

Harnett County, North Carolina

Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2014

Prepared by the Harnett County Finance Office
Kimberly A. Honeycutt, Finance Officer

HARNETT COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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December 12, 2014

Board of County Commissioners
Harnett County, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) of Harnett County (the “County”) for the fiscal year ended June 30, 2014. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin, Starnes & Associates, P.A. and that firm’s unmodified opinion is included in the Financial Section of this report.

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

North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local governments have an audit of their accounts including a complete set of financial statements presented in conformity with generally accepted accounting principle in the United States (GAAP) as soon as possible after the close of each fiscal year by a certified public accountant. The audited financial report is submitted to the Local Government Commission (LGC), which is established by statute to oversee local government financial affairs. The Commission is authorized to issue rules and regulations regarding such audits. The LGC approves all audit contracts for audits of units of local government. LGC policy requires audited financial reports to be submitted within four months of the end of the fiscal year. If the audited financial report is submitted later than five months after the end of the fiscal year the audit contract must be amended and that amendment approved by the LGC before final payment is made to the auditor.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Harnett County MD&A can be found immediately following the report of the independent auditors.

HARNETT COUNTY GOVERNMENT PROFILE

The County, formed in 1855, is located in the south central portion of North Carolina. It lies partially in the Coastal Plain and partially in the Piedmont section. Harnett County is the 23rd largest county in the State based on the US Census Bureau's population estimate for 2013 of 124,987. The county seat, the Town of Lillington, has a population of 3,346 while the City of Dunn, the largest municipality located in the County, has a population of 9,584. These two municipalities comprise approximately 10.30% of the total County population.

The County contains 594.99 square miles of land. The Cape Fear River, which flows from the northwest to the southeast part of the County, is the County's main drainage system. The chief tributaries include the Upper Little River system, Lower Little River, and the Black River. Generally, the eastern two-thirds of the County exhibits topographic features common to the Coastal Plain of North Carolina. It is an area of level to gently rolling terrain with elevations ranging from 100 to 300 feet above sea level. Undeveloped lands are covered by pines and low-growing shrubs. The major underlying geological formation includes sedimentary rocks consisting mostly of unconsolidated sands and clays. Topographic features in the western part of the County resemble the Piedmont region of North Carolina. It is an area of steeper hills with elevations as high as 450 feet above sea level. Undeveloped lands are also covered by pines and low-growing shrubs. The major underlying geological formation includes crystalline rocks, such as granite and slate.

The County is governed by a Board of Commissioners (the "Board"). The Board consists of five members who are elected from districts, on a partisan basis, by a district vote and serve staggered four-year terms. Elections for the Board are held in November of even-numbered years. The Commissioners take office at the first meeting in December following the November election. At that time, the Board elects a Chairman and a Vice Chairman from among its members. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the County Manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides its citizens with a wide range of services including: public safety, human services, culture and recreation development, environmental protection, sanitation, and general government services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the Harnett County Board of Education, Central Carolina Community College, the Mid-Carolina Council of Governments, and Sandhills Mental Health. This report includes the County's activities in maintaining these services.

As required by accounting principles generally accepted in the United States of America, the financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The County has one component unit, the Harnett County Industrial Facility and Pollution control Financing Authority, which has no financial transactions or account balances; therefore, it does not appear in the basic financial statements. The Harnett Water and Sewer Districts (the "Districts") are blended component units of the County, although they are legally separate entities, are in substance, part of the County's operations. The Districts exist to provide and maintain a water system for the county residents within the districts. Under State law

G.S. 162A-89J, the County's board of commissioners also serves as the governing board for the Districts; therefore, the Districts are reported as enterprise funds in the County's financial statements and do not issue separate financial statements. The County entered into an agreement during the fiscal year 1998, with each existing District that transferred all assets, liabilities (excluding bond indebtedness, loans, and installment notes, along with accrued interest payable), operational rights, and responsibilities to the County. The County agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes. The County maintains the Districts' assets, provides water and sewer operations and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County's financial statements reflect the assets and debts in the Harnett County Public Utilities Fund.

The County has 27 schools and a community college (Central Carolina Community College). The County has evaluated its relationship with each of these entities. The school administrative units and the community college are entities independent of the County because County allocations do not constitute a major portion of their revenues, and because the County has no authority to designate their management. These entities are excluded from this report. The notes to the combined financial statements provide a detailed explanation of the County's relationship to each of these entities and the reasons for their exclusion. The reader is referred to the annual financial reports issued by each of these entities.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. As a part of the County's single audit (discussed in more detail in a later paragraph), the independent auditor performed a review of the County's internal control structure. This review was not an audit and no opinion was issued on the County's internal control structure.

LOCAL ECONOMY

Harnett County is located in the center of North Carolina, on the Cape Fear River. The County's close proximity to the metropolitan areas of Raleigh, Durham, Chapel Hill and Research Triangle Park (RTP), as well as Fayetteville and Fort Bragg, enhances the profitability for business and industry. The State of North Carolina is divided into seven metropolitan statistical areas (MSA's) and Harnett County is located in two of the seven – Cumberland and Wake County. Harnett County is part of the Research Triangle Regional Partnership, a sixteen-county region, whose primary responsibility is to market the region and attract industry. Interstate 95, located in eastern Harnett County, provides easy north-south access. Interstate 40, located seven miles north of the Harnett County line, provides equally important east-west access. Harnett County is located within two hours of the deep water ports of Wilmington and Morehead City, and the Raleigh-Durham International Airport is located within 45 miles. Thirteen universities including Duke University in Durham, the University of North Carolina at Chapel Hill and North Carolina State University, in Raleigh, are within an hour's drive. These attributes, plus an excellent workforce, make Harnett County an attractive location for industries who are seeking a site for expansion.

Tourism continues to be a key part of Harnett County's economy. The County offers 13 hotels, over 700 hotel rooms and more than 40 restaurants. Most of these are located in the Dunn area, along the I-95 corridor. Attractions most frequently visited were Averasboro Civil War Battleground, the General William C. Lee Airborne Museum and Raven Rock State Park.

Campbell University, located in Buies Creek, is one of the largest private institutions of higher education in North Carolina and is home to more than 7,000 students representing all 50 states and more than 40 countries. It maintains campuses in Harnett County, Research Triangle Park, Raleigh, Camp Lejeune and Fort Bragg. The University is known for its high quality education with a low student-teacher ratio. It offers over 100 undergraduate tracks and majors as well as professional and graduate programs in law, pharmacy and health sciences, business, education, divinity and medicine. The Campbell University College of Pharmacy & Health Sciences was established in 1986 as the first new school of pharmacy to open in the United States in 35 years and has maintained a 98% passage rate on the North American Pharmacy Licensure Exam. The Norman Adrian Wiggins School of Law, located in downtown Raleigh, has been recognized by the American Bar Association (ABA) as having the nation's top Professionalism Program and by the American Academy of Trial Lawyers for the nation's best Trial Advocacy Program. Campbell Law students ranked second among the seven North Carolina law schools for first-time bar passage on the July 2014 North Carolina bar exam and Campbell Law is the only law school in North Carolina to place in the top two for first-time test takers on the July bar exam in each of the past four years. In 2013, Campbell opened the School of Osteopathic Medicine, the first of its kind in North Carolina and the state's first new medical school in 35 years. Additional health science programs have also been introduced, including the Physician Assistant Program, Master of Public Health and a Doctor of Physical Therapy degree program. The university also began offering fully-online degree programs and announced plans to create an engineering degree program to begin in the Fall of 2016.

Through its Harnett County campus, Central Carolina Community College ("Central Carolina") provides courses and programs that directly benefit local industries and businesses and offers customized training to area businesses and industries in a variety of technical and professional areas. These programs are designed to train workers with the essential, specific skills needed for local industry. The growing campus also offers a variety of high tech, public service, health, industrial and engineering programs as well as university transfer. The Harnett County campus is home to the largest Laser and Electro-Optics Technology program between Boston and Florida and is the only such program in the Southeastern United States. The Central Carolina Small Business Center operates three centers in Chatham, Harnett and Lee counties. The centers are divergent in geographic location and service niche and respond to business needs by providing counseling and other valuable services to budding entrepreneurs. They also assist companies with 25 or fewer employees that are already in business, but want to become more successful. The College has a new health science building to expand the health sciences and curriculum offered to students. Through partnerships with Central Harnett Hospital, the Campbell University School of Osteopathic Medicine and a variety of companies requiring health care employees, the students will gain valuable internship experience and grow in their skill sets from hands on experience.

The County continues its efforts to broaden the tax base. The Harnett Forward Together Committee (HFTC), a county-wide volunteer organization, is a group of over 100 businesses and individuals that develop programs and activities to increase economic development in the County. The Harnett County Economic Development Commission, in partnership with the HFTC, has made significant strides during the past year toward attracting new economic activity. Growth in the County's local economy included the following:

- The 227-acre Western Harnett Industrial Park is heavily marketed to defense, distribution, manufacturing companies and others desiring a location in proximity to Fort Bragg. Rapid population growth along the Hwy 87 corridor encourages companies to consider the park's location as a viable business site. Completion of the 421/87 bypass will also add connectivity as a key to the park's attractiveness. In 2011 a "virtual," 28,000 square foot building added to the marketing efforts and with a guaranteed 90 day delivery date, enhanced opportunities for new businesses.
- Central Carolina Community College's Western Harnett Campus has seen a significant increase in students and program offerings and is nearing capacity.
- HFTC continued to work with Parks and Recreation for the development of the 1,000-plus acre Anderson Creek Park to include maintenance and enhancements to trails and a roadway. The park's first phase opened in April and includes more than three miles of walking trails, a disc golf course, picnic shelter, playground, restrooms, pond overlook and multiple areas for environmental education. Future phases will include equestrian and bicycle trails, as well as other opportunities for environmental education. The Harnett County School system in partnership with Parks and Recreation conducted its annual nature day to school children from across the county. Recent grants are adding to the amenities available to park users and enhancing the options for recreation for residents.
- The Cape Fear River Park in Erwin continues to attract visitors from across the region to the Cape Fear River. The park is part of the over 100-mile-long Cape Fear Paddle Trail that ends in Wilmington and features walking trails, river overlooks, restrooms, a shelter and space for outdoor education, and a canoe/kayak access. HFTC recently sold the former Erwin Weave Plant, setting aside more than 10 acres of the property to be added to the river park and extend the Dunn-Erwin Rail Trail to the park.
- The Brightwater non-profit continues to conduct marketing and sales in the Brightwater Science and Technology Campus as well as the Brightwater Business Park. A partner with HFTC, the Brightwater Board of Directors participated in the groundbreaking for the Harnett Health System's hospital on 20 acres in the park. Grant awards have enabled the construction of infrastructure to include roads to serve the park and the hospital. Harnett Health System opened in 2013. Construction of the Health Science Building for Central Carolina Community College also took place at Brightwater and opened for classes in the Fall of 2013. The balance of the park is marketed to commercial as well as industrial prospects by Avison Young, a renowned commercial real estate firm.

- The 19-acre Brightwater Business Park includes First Choice Community Health Center in its 32,000 square foot facility and saw the opening in March of East Carolina University's (ECU) nearly 10,000-square-foot facility to train 4th year dental students. One of only nine sites chosen state-wide the choice by ECU of this site will greatly enhance medical services provided to area residents.
- A number of prospects are currently considering locations in the Campus and the Park. As the existing facilities grow so will the desire by others to be located nearby.
- Following an extensive multi-state search, Rooms To Go announced a 1.1 million square foot warehouse and retail showroom expansion. Rooms To Go, America's largest independent retailer of home furnishing, will bring approximately 250 new jobs. The facility is currently under construction along I-95 in Dunn.
- Good Hope Mental Health Center in Erwin provides another quality medical facility for patient treatment in Harnett County with 16 inpatient mental health beds in the former Good Hope Hospital.

LONG-TERM FINANCIAL PLANNING

Harnett County continues to prepare for the future through various initiatives that will enhance the services provided by the County well into the new century. Utilizing policy initiatives, as well as infrastructure improvements, the County is making great strides in many areas. As a demonstration of the County's commitment to financial planning and fiscal health, unassigned fund balance in the general fund was \$18,732,095 or 18.12% of total general fund expenditures and transfers out.

The County's investment in economic development efforts of the past few years continue to result in new investments in the County by new and existing industry. The County's continued aggressive approach to economic development is illustrated in current projects as the County responds to the needs associated with being the third fastest growing County in the state. These efforts place Harnett County in the forefront of economic development efforts in North Carolina and have prepared our County for investment in a growing economy. Over the next ten years Harnett County's growth is expected to be 24% surpassed only by growth in Wake and Johnston Counties. It should be noted that this success requires the continued involvement of the County as well as a variety of private and public groups dedicated to its success. The major partner of the County in this regard remains the Harnett Forward Together Committee, which serves as the main focus of the overall development program. Highway 87, a four-lane highway continues to see strong growth from the growth at Fort Bragg as thousands of new residents have chosen homes along the corridor. The United States Army Forces Command Headquarters and the United States Army Reserve Command began operation at Fort Bragg in October, 2011. These headquarters continue to aid in luring defense related companies into the area so they can have strong relationships with the entities who contract for all defense services and support those in uniform. Additional public/private efforts will be required to meet the need not only in Western Harnett County but in other areas with access to Fort Bragg and Raleigh.

Assistance to our existing businesses and industries continues through a strong existing industry support program. Annual visits, newsletters, roundtables and an annual golf outing dedicated to industries aids in maintaining a strong bond between companies and the EDC office.. These efforts place Harnett County in the forefront of economic development efforts in North Carolina and have prepared our County for investment in a growing economy. Continued growth requires that the County continue developing infrastructure and, at the same time, ensure that the growth experienced by our communities takes place in a planned and positive manner. The capital needs of public education will continue to challenge our community as well as the needs of other services. Additional schools will be required to serve the children coming with the Fort Bragg expansion. It is estimated that this includes two high schools, one middle school and two elementary schools.

During the fiscal year, the County began the following projects:

- Community Development Urgent Repair Project - This project will be used to account for the expenditures associated with the rehabilitation of fourteen homes whose owners meet certain age, income and needs. This project is funded by a grant through the North Carolina Housing Finance Agency.
- Jetport Drainage Outfall and Approach Clearance Project – This project will be used to account for the expenditures associated with drainage outfall improvements at Runway 5 as well as the clearing of approximately 15 acres of uplands and wetlands on the approach. This project and will be partially funded through a grant from the North Carolina Department of Transportation, Division of Aviation.
- Radio Upgrade Project – This project will be used to account for the upgrade of the radio communication system in Harnett County to P25 compliance and will include the replacement of all radios and upgrades or replacements to towers as well as the addition of tower sites. The Harnett County Board of Commissioner's has agreed to fund the initial upgrade of radios for all emergency services personnel within the County.
- Sheriff's Training Facility Project – This project will be used to account for expenditures associated with the construction of a weapons and firearms training facility for County law enforcement personnel. The cost associated with this project will be funded by asset forfeiture funds received by the County.

Our Public Utilities Department continues work on several capital projects. During the fiscal year, the following project began:

- West Central Transmission Project - This project will consist of the construction of approximately 58,000 linear feet of 16 inch ductile iron water transmission line and a new booster pump station to serve the West Central portion of Harnett.

Infrastructure improvements continue throughout the County in response to the growth which the County continues to experience. A map which details the location and size of the waterlines throughout the County can be viewed on the County's website at www.harnett.org by clicking on *Departments*, *GIS/Land Records* and then *GIS Map Gallery*.

Improvements also continue in a variety of departments and in a variety of service areas. In particular, several ordinances and planning policies continue to be revised and strengthened in an attempt to deal with ongoing development issues and challenges. In addition, efforts continue in the preparation for the relocation of troops to our area as a result of the BRAC process. Finally, in regards to overall public service, departments continue to strive to improve the level of service provided our citizens. As a result, Harnett County Government has become a model for other counties in our State. This recognition, as well as the enhanced services we provide our citizens, is the result of these efforts and the dedication of our employees.

FINANCIAL INFORMATION

The North Carolina Local Government Budget and Fiscal Control Act govern all local governments and their agencies in North Carolina. The budget is an integral part of a unit's accounting system and daily operations and the County's budgets are adopted as required by the North Carolina General Statutes by July 1 of each year. Formal budgetary accounting is employed as a management control for all funds of the County. Annual budget ordinances are adopted each fiscal year, and amended as required, for the General Fund, all debt service funds, all special revenue funds and for the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital project funds. In accordance with State law, the County's budget is prepared on the modified accrual basis, and its accounting records are maintained on that basis. Under modified accrual accounting, revenues are recorded when measurable and available. Expenditures are recorded when a fund liability is incurred, except for unmatured principal and interest on long-term debt and certain compensated absences. Governmental Fund Types, such as the County's General Fund, Special Revenue Funds and Capital Project Funds are reported on the modified accrual basis in the financial statements. The County's Trust and Agency Funds are reported on the accrual basis to recognize receivables and payables. The County's Enterprise funds are reported on the full accrual basis in the financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

For internal accounting purposes, budgetary control is maintained on a specific line-item basis by the use of an encumbrance system. As purchase orders are issued, corresponding appropriations are reserved for later payment. If an over-encumbrance of balances would result, purchase orders are not written until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at June 30, 2014.

The legal level of control over expenditures is at the department level for the General Fund, Special Revenue funds, and Enterprise funds. The balances in the Capital Reserve Funds will be appropriated when transferred to the General Fund or their respective capital project funds. The County Manager is authorized by the budget ordinance to transfer amounts between line item expenditures within a department without limitation with an official report on such transfers at the next regular meeting of the board of commissioners. These changes should not result in changes in recurring obligations such as salaries. The manager may not transfer amounts between departments of the same fund or transfer amounts between funds or from any contingency appropriation within a fund. All other transfers, as well as any revisions that alter the total expenditures of any fund, require prior approval by the board of

commissioners. County management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. 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 evaluation of costs and benefits requires estimates and judgments by management.


The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The County is self insured for workers compensation up to \$600,000 per loss and excess coverage is through Safety National with limits in accordance with current North Carolina workers compensation statutes. Safety National also provides employers liability with limits of \$1,000,000. The County also carries flood insurance through the National Flood Insurance Plan and is also eligible and has purchased commercial flood insurance. Additional information on the County's risk management can be found in Note 8 in the notes to the financial statement.

AWARDS AND ACKNOWLEDGMENTS

Harnett County intends to submit this report to the Government Finance Officers Association ("GFOA") for its Certificate of Achievement for Excellence in Financial Reporting Program. This program recognizes governmental units that publish easily read and efficiently organized Comprehensive Annual Financial Reports that conform to program standards. A Certificate of Achievement is the highest form of recognition awarded in the field of government financial reporting. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Harnett County for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the twenty-first consecutive year that the County has received this prestigious award.

Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Department. Each member of the Finance Department has my sincere appreciation for their contributions. I would also like to thank the members of the Board of Commissioners and the County Manager for their continued support throughout the past year.

Respectfully submitted,


Kimberly A. Honeycutt, CLGFO
Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Harnett County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended











June 30, 2013

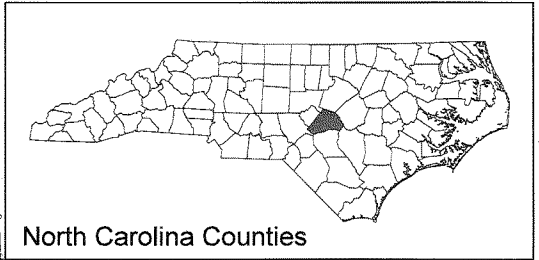
Executive Director/CEO

Harnett County North Carolina

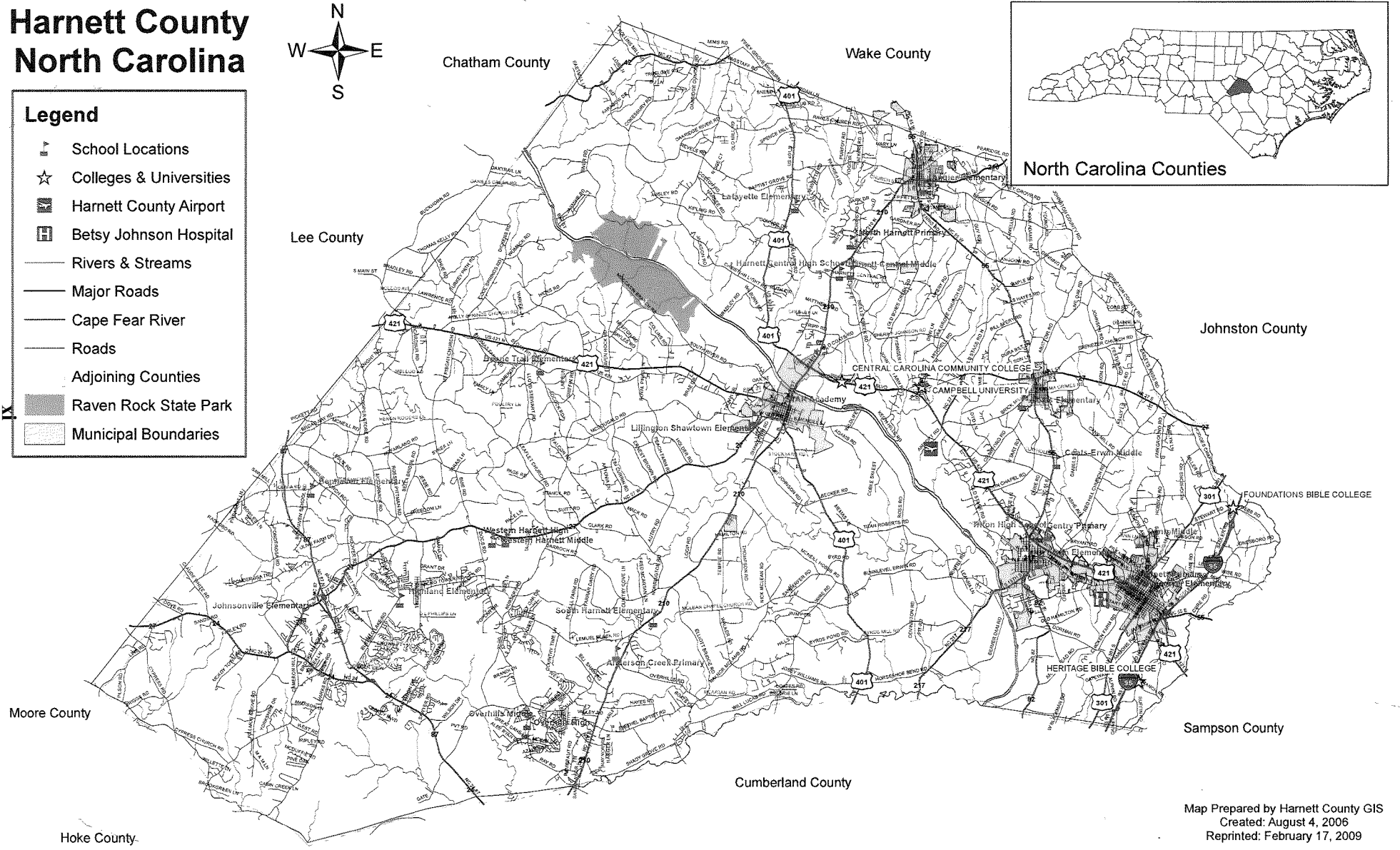


Legend

-  School Locations
-  Colleges & Universities
-  Harnett County Airport
-  Betsy Johnson Hospital
-  Rivers & Streams
-  Major Roads
-  Cape Fear River
-  Roads
-  Adjoining Counties
-  Raven Rock State Park
-  Municipal Boundaries

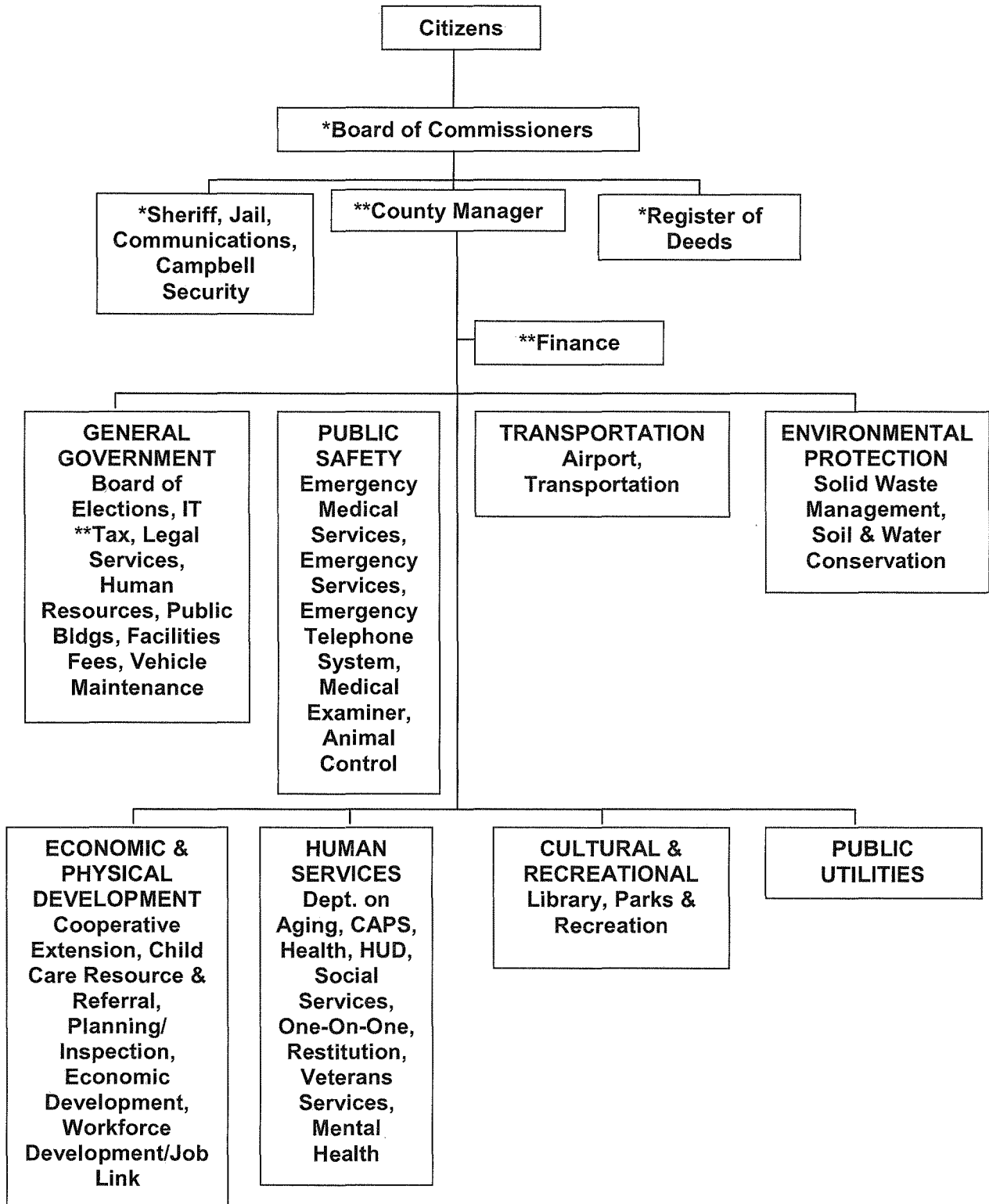


North Carolina Counties



Map Prepared by Harnett County GIS
 Created: August 4, 2006
 Reprinted: February 17, 2009

HARNETT COUNTY ORGANIZATIONAL CHART



* Elected Positions
 ** Appointed Positions

HARNETT COUNTY, NORTH CAROLINA

Board of County Commissioners



Gary A. House
Vice-Chairman



Beatrice B. Hill



Joe Miller
Chairman



Jim Burgin



Gordon Springle

County Officers

Tommy Burns, *County Manager*

Joseph D. Jeffries, *Deputy County Manager*

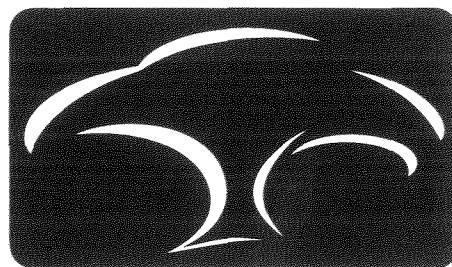
Kimberly A. Honeycutt CLGFO, *Finance Officer*

Allen L. Coats CLGFO, *Deputy Finance Officer*

Larry Rollins
Sheriff

Kimberly S. Hargrove
Register of Deeds

Dwight Snow
County Attorney



Harnett
C O U N T Y
NORTH CAROLINA

James Currin
Chairman
Board of Elections

Bain & McRae
Public Utilities Attorney

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FINANCIAL SECTION

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Harnett County
Lillington, 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, and the aggregate remaining fund information of Harnett County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 of material misstatement.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, and the Other Post-Employment Benefit's Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, 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 assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harnett County's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and the accompanying Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the 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 12, 2014, on our consideration of Harnett 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 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 Harnett County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 12, 2014

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Management's Discussion and Analysis

As management of Harnett County, we offer readers of Harnett County's financial statements this narrative overview and analysis of the financial activities of Harnett County for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here, in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

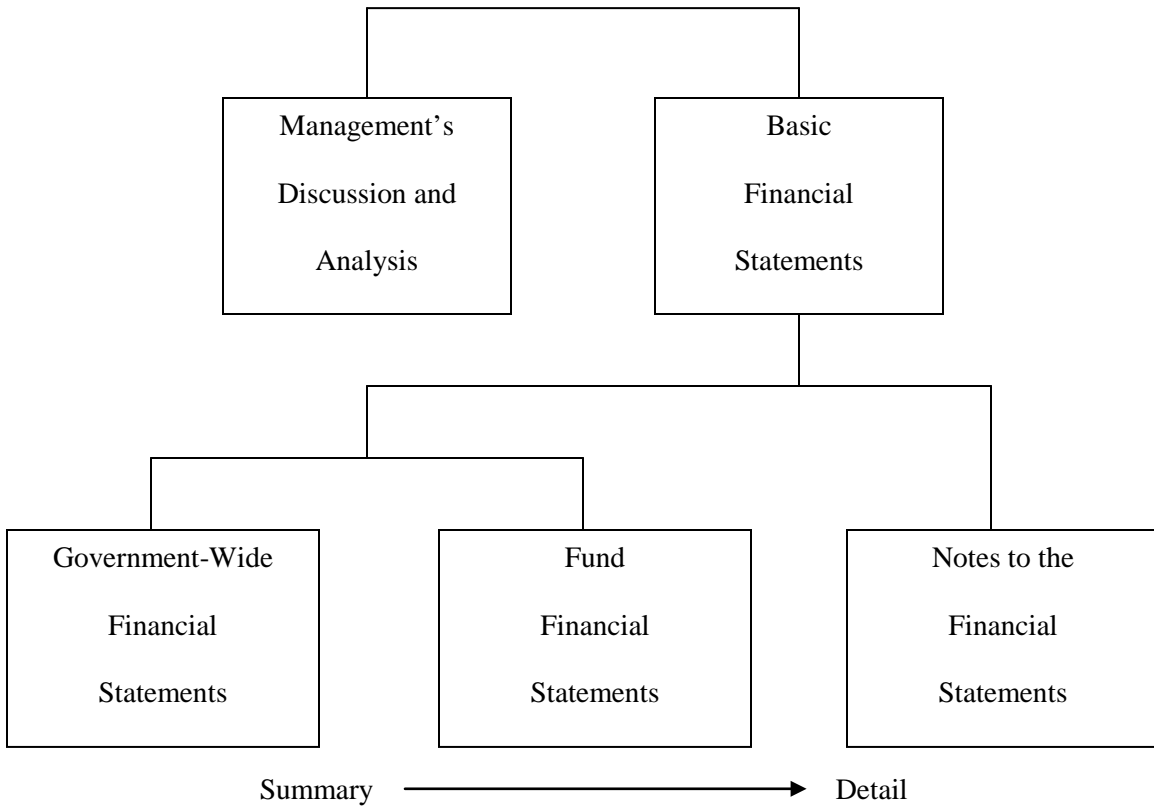
Financial Highlights

- The assets and deferred outflows of resources of Harnett County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$267,956,682 (net position).
- The government's total net position increased by \$15,031,318. This increase was due to charges for water and sewer services, capital contributions for the business-type activities and projects, increase in the receipt of local option sales tax, and a decrease in governmental and enterprise expenditures.
- In accordance with North Carolina law, liabilities of the County include approximately \$110.8 million in long-term debt associated with assets belonging to the Harnett County Board of Education and the Central Carolina Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a corresponding lower net position amount.
- As of the close of the current fiscal year, Harnett County's governmental funds reported combined ending fund balances of \$42,409,217, a decrease of \$8,872,571 in comparison with the prior year. Approximately 40 percent of this total amount, or \$16,827,371, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,732,095, or 18.13 percent of total General Fund expenditures for the fiscal year.
- Harnett County's long-term obligations decreased by \$27,642,122 (11.41 percent) during the current fiscal year. This decrease was due to the payment of debt throughout the year and the reclassification of the GO district bonds from outstanding debt to a due to/due from.
- Harnett County held A3 and A+ bond ratings for Certificates of Participation, A2 and AA- ratings for Issuer Ratings, and A2 and AA- ratings for Revenue Bonds as assigned by Moody's and Standard & Poor's, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Harnett County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Harnett County.

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

The first two statements (Exhibits A and B) 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 (Exhibits C through J) 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 statement. The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's nonmajor governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services, such as general government, public safety, environmental protection, transportation, economic and physical development, human services, cultural and recreational, and education. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste services offered by Harnett County.

The government-wide financial statements are part of basic financial statements of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. 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. Harnett County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Harnett County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental 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.

Harnett 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 balances. The statement shows four columns:

1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Harnett County has one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Harnett County uses enterprise funds to account for its water and sewer activity and for its solid waste management fund. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Agency Funds – Agency funds are used to account for assets the County holds on behalf of others. The County has four agency funds.

Internal Service Funds – The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County has three internal service funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements directly follow the basic financial statements of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Harnett County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found directly following the notes to the financial statements.

Government-Wide Financial Analysis

Harnett County is in its eleventh year of financial reporting based on the requirements of GASB 34. Effective with fiscal year 2004, all units of government across the United States were required to comply with this accounting standard. Prior to fiscal year 2003, Harnett County maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net position of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of Harnett County. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$267,956,682 as of June 30, 2014. The County's net position increased by \$15,031,318 for the fiscal year ended June 30, 2014.

The largest portion totaling \$308,096,809 reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Harnett County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Harnett 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 totaling \$11,787,945, (4.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(51,928,072) is unrestricted.

Harnett County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets						
Cash and cash equivalents	\$ 28,931,092	\$ 23,830,421	\$ 34,741,296	\$ 21,634,699	\$ 63,672,388	\$ 45,465,120
Taxes receivable, net	989,000	1,486,014	-	-	989,000	1,486,014
Accounts receivable, net	7,897,045	14,795,966	4,273,921	6,311,135	12,170,966	21,107,101
Due from other governments	8,065,827	-	53,494	58,926	8,119,321	58,926
Internal balance	(28,422)	(33,060)	28,422	33,060	-	-
Inventories	9,782	14,170	560,559	547,326	570,341	561,496
Prepaid items	101,399	438,660	131,451	151,070	232,850	589,730
Restricted assets:						
Cash and cash equivalents	9,952,670	25,265,373	2,413,586	7,390,965	12,366,256	32,656,338
Investment in district bonds	-	-	-	20,065,000	-	20,065,000
Capital assets:						
Land and construction						
in progress	12,235,524	3,286,370	152,757,321	157,066,059	164,992,845	160,352,429
Other capital assets, net	61,822,306	63,074,863	185,207,397	179,030,427	247,029,703	242,105,290
Total assets	<u>129,976,223</u>	<u>132,158,777</u>	<u>380,167,447</u>	<u>392,288,667</u>	<u>510,143,670</u>	<u>524,447,444</u>
Deferred Outflows of Resources	<u>-</u>	<u>420,696</u>	<u>686,752</u>	<u>300,929</u>	<u>686,752</u>	<u>721,625</u>
Liabilities						
Accounts payable	4,006,834	5,731,141	1,881,977	4,144,037	5,888,811	9,875,178
Customer deposits	-	-	1,793,622	1,700,866	1,793,622	1,700,866
Unearned revenue	-	-	164,026	154,456	164,026	154,456
Current portion of						
compensated absences	1,815,230	1,815,230	468,204	468,204	2,283,434	2,283,434
Claims payable - current	1,179,973	404,854	-	-	1,179,973	404,854
Long-term liabilities:						
Non-current portion of						
compensated absences	573,305	681,082	32,238	138,976	605,543	820,058
Claims payable - non-current	2,009,144	1,435,393	-	-	2,009,144	1,435,393
Due in less than one year	9,955,359	8,405,261	4,611,274	5,074,841	14,566,633	13,480,102
Due in more than one year	142,653,291	146,047,254	71,443,685	95,773,107	214,096,976	241,820,361
Total liabilities	<u>162,193,136</u>	<u>164,520,215</u>	<u>80,395,026</u>	<u>107,454,487</u>	<u>242,588,162</u>	<u>271,974,702</u>
Deferred Inflows of Resources	<u>285,578</u>	<u>269,003</u>	<u>-</u>	<u>-</u>	<u>285,578</u>	<u>269,003</u>
Net Position						
Net investment in capital assets	42,280,456	62,464,192	265,816,353	243,042,418	308,096,809	305,506,610
Restricted for:						
Stabilization for State Statute	10,608,840	9,990,991	-	-	10,608,840	9,990,991
Register of Deeds	194,437	175,384	-	-	194,437	175,384
General government	19,368	11,370	-	-	19,368	11,370
Public safety	963,270	818,195	-	-	963,270	818,195
Memorials	2,030	2,030	-	-	2,030	2,030
Unrestricted	<u>(86,570,892)</u>	<u>(105,671,907)</u>	<u>34,642,820</u>	<u>42,092,691</u>	<u>(51,928,072)</u>	<u>(63,579,216)</u>
Total net position	<u>\$ (32,502,491)</u>	<u>\$ (32,209,745)</u>	<u>\$ 300,459,173</u>	<u>\$ 285,135,109</u>	<u>\$ 267,956,682</u>	<u>\$ 252,925,364</u>

As with many counties in the State of North Carolina, the County's unrestricted net position is low or negative due primarily to the portion of the County's outstanding debt incurred for the County Board of Education (the "school system") and the Central Carolina Community College (CCCC). 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. 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 \$110.8 million of the outstanding debt on the County's financial statements was related to assets included in the school systems' financial statements. However, the school system's related debt is installment purchases financed by the governmental funds and are repaid from the resources of the General Fund. 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 which they become due.

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

- Continued low cost of debt due to the County's high bond rating
- Accounts receivable for the governmental activities increased due to an increase in revenue for grant revenue for various programs, sales tax revenue and increased ambulance services.
- Prepaid items decreased due to the elimination of employer contribution of funds to a health savings account for the employees for the 2013-2014 fiscal year.
- Cash and cash equivalents increased due to the continued diligence in collecting property taxes and due to the implementation of the State's "Tax and Tags" program for collecting motor vehicle taxes. The State now collects the property tax due at the time the vehicle registration is renewed and then remits the funds to the County.
- Cash and cash equivalents increased for the business-type activities due to the increase in the amount of water sold and service connections, the number of sewer connections and gallons treated, and the cash associated with various projects.
- Accounts payable for business-type activities decreased due to the reduction in the amount of construction-related costs as various projects near completion.

Harnett County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 13,815,846	\$ 19,127,671	\$ 39,643,493	\$ 35,604,682	\$ 53,459,339	\$ 54,732,353
Operating grants and contributions	25,051,745	21,462,199	-	-	25,051,745	21,462,199
Capital grants and contributions	978,203	730,636	8,967,389	14,719,996	9,945,592	15,450,632
General revenues:						
Property taxes	64,309,216	60,032,767	-	-	64,309,216	60,032,767
Local option sales tax	14,884,498	14,238,193	-	-	14,884,498	14,238,193
Other taxes and licenses	2,505,838	2,069,801	237,297	227,228	2,743,135	2,297,029
Unrestricted intergovernmental	38,861	45,956	-	-	38,861	45,956
Investment earnings	2,677	18,991	543	5,961	3,220	24,952
Total revenues	121,586,884	117,726,214	48,848,722	50,557,867	170,435,606	168,284,081
Expenses:						
General government	13,333,033	11,810,197	-	-	13,333,033	11,810,197
Public safety	34,627,720	34,473,682	-	-	34,627,720	34,473,682
Transportation	276,823	344,069	-	-	276,823	344,069
Environmental protection	138,994	135,892	-	-	138,994	135,892
Economic and physical development	3,809,848	5,969,164	-	-	3,809,848	5,969,164
Human services	25,863,878	26,073,115	-	-	25,863,878	26,073,115
Cultural and recreation	1,473,554	1,458,094	-	-	1,473,554	1,458,094
Education	36,423,566	30,159,562	-	-	36,423,566	30,159,562
Interest on long-term debt	6,332,214	5,279,472	-	-	6,332,214	5,279,472
Landfill	-	-	4,474,124	4,586,311	4,474,124	4,586,311
Water and sewer	-	-	28,650,534	28,120,698	28,650,534	28,120,698
Total expenses	122,279,630	115,703,247	33,124,658	32,707,009	155,404,288	148,410,256
Increase in net position before transfers	(692,746)	2,022,967	15,724,064	17,850,858	15,031,318	19,873,825
Transfers	400,000	400,000	(400,000)	(400,000)	-	-
Increase/(decrease) in net position	(292,746)	2,422,967	15,324,064	17,450,858	15,031,318	19,873,825
Net position, July 1	(32,209,745)	(34,632,712)	285,135,109	267,684,251	252,925,364	233,051,539
Net position, June 30	\$ (32,502,491)	\$ (32,209,745)	\$ 300,459,173	\$ 285,135,109	\$ 267,956,682	\$ 252,925,364

Governmental Activities. Governmental activities decreased the County's net position by \$292,746. Key elements of this increase are as follows:

- The most significant change in the governmental activities net position over the prior fiscal year was the expenses reported for education which increased \$6,264,004, or 20.76 percent. This increase was due to project cost associated with the Highland Middle School project.
- Property taxes increased \$4,276,449, or 7.12 percent. This increase was due to the continued diligence in collecting property taxes and due to the implementation of the State's "Tax and Tags" program for collecting motor vehicle taxes.
- Operating grants and contributions increased \$3,589,546, or 16.72 percent due to the receipt of State and Federal grants for various programs.
- Another area of governmental activity which saw an increase in expenditures was the General Government which increased \$1,522,836, or 12.89 percent. The most significant area of change was for building lease for the new facilities for Central Carolina Health Building.

Business-Type Activities. Business-type activities increased Harnett County's net position by \$15,324,064. Key elements of this increase are as follows:

- Charges for services increased \$4,038,811, or 11.34 percent, due to an increase in fees, the number of service connections, customer activity, and due diligence in the collection of accounts. The daily average treatment of sewer increased from 5.5 million to 9.1 million gallons per day and water increased slightly from 13,270,531 to 13,458,193.
- Capital Grants and Contributions decreased \$5,752,607, or 39.08 percent from \$14,719,996. The decrease in revenue reported in this category continues to be associated with the declining project costs with various projects which are currently underway in the Public Utilities Department. The Fort Bragg Water and Wastewater Project consists of the 8 mgd expansion of the Harnett County Regional Water Treatment Plant, the design of an 8 mgd expansion to the currently designed South Harnett Regional Wastewater Treatment Plant, and the installation of waterlines and wastewater force main to serve Fort Bragg. The project also consists of the interim operations of the existing water and wastewater treatment plants located on Fort Bragg until these construction improvements are made. The Water Plant Expansion Project consists of the construction of an 18 mgd expansion of the Harnett Regional Treatment Plant, which will bring the total water treatment capacity of the plant to 36 million gallons per day. Several local governments have purchased capacity in the plant.
- Water and sewer expenditures increased 1.88 percent from \$28,120,698 to \$28,650,534. Expenditures associated with salaries, chemicals, utilities, and treatment costs contributed to the modest increase.

Financial Analysis of the County's Funds

As noted earlier, Harnett County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Harnett County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Harnett County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Harnett County. At the end of the current fiscal year, the County's fund balance available in the General Fund was \$21,925,906, while total fund balance reached \$31,298,039, an increase of 12.4 percent. A portion of this increase was the result of the continued diligence in the collection of property taxes as reflected in the collection rate increasing from 97.59 to 98.66 percent, increase in permits and fees, concealed gun permit and finger print fees, and register of deeds. This increase in fund balance was also due to the continued diligence as departments minimized spending for operating materials and supplies and the continued delay in the hiring of vacant positions. The economy continues to impact local sales and the construction of new homes, but recent operating indicators reflect a positive turn. Although the economy has impacted the entire State, the County continues to experience a significant population growth with the expanding number of school-aged children enrolling in Harnett County. Additionally, this added growth has placed demands on County services, such as public safety, law enforcement, and emergency services. The governing body of Harnett County has determined that the County should maintain an available fund balance of 15 percent of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 21 percent of General Fund expenditures and transfers to other funds, while total fund balance represents 29.74 percent of that same amount.

At June 30, 2014, the governmental funds of Harnett County reported a combined fund balance of \$42,409,217, a 17.30 percent decrease over last year. The primary reason for this decrease was in the fund balance for the other governmental funds.

Proprietary Funds. Harnett County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Landfill Fund at the end of the fiscal year amounted to \$(240,727), and those for the Water and Sewer Fund equaled \$34,855,125. The total growth in net position for both funds was \$817,448 and \$14,511,254, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of Harnett County's business-type activities.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$2,655,290 and expenditures by \$339,471 a material amount. Following are the main components of this increase:

- \$1,495,000 supplemental appropriations for ad valorem taxes, an increase of 2.65 percent to reflect an increase in the receipt of motor vehicle taxes collected through the North Carolina Department of Motor Vehicles Tax and Tag program.
- \$265,834 for restricted intergovernmental revenues due to Federal and State grants for the Health, Cooperative Extension, Sheriff, and Emergency Management Departments, which were either awarded for the fiscal year or adjusted from the original budget ordinance once final grant funding confirmations were received. During the budget process, the County budgets a portion of the grant program revenues (normally three months) pending final confirmation or denial by the grantor. Once a grant amount is confirmed by the funding agency, the budget is adjusted to reflect the final award.
- \$943,427 supplemental appropriations for human services to budget for various grant programs approved throughout the year.

- \$382,355 supplemental appropriations for public safety for the Sheriff and jail due to costs associated with the housing of Federal inmates and general operating expenses as the inmate population increased. This category also received funds for various Edward Byrne Justice Grants.

Capital Asset and Debt Administration

Capital Assets. Harnett County’s capital assets for its governmental and business–type activities as of June 30, 2014, totals \$412,022,548 (net of accumulated depreciation). These assets include buildings, land, construction in progress, buildings, land improvements, furniture, computer hardware, computer software, fixtures, machinery and equipment, park facilities, vehicles and plant distribution, and collection systems.

Major capital asset transactions during the year include:

- Purchased computers and software for various departments in the County
- Replaced wrecked vehicles for the Sheriff and Emergency Services Departments
- Addition of construction in progress on water and sewer plant facilities and airport construction projects
- Addition of several contributed water lines

Harnett County’s Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,819,535	\$ 2,219,535	\$ 2,139,814	\$ 2,739,814	\$ 4,959,349	\$ 4,959,349
Plant, distribution, and collection systems	-	-	167,600,172	161,096,086	167,600,172	161,096,086
Buildings	52,082,726	52,737,656	16,260,285	16,621,356	68,343,011	69,359,012
Land Improvements	7,020,240	7,670,295	-	-	7,020,240	7,670,295
Furniture, fixtures, and equipment	520,915	587,643	1,014,652	963,651	1,535,567	1,551,294
Computer hardware	79,355	157,975	-	-	79,355	157,975
Computer software	158,625	287,589	-	-	158,625	287,589
Vehicles	1,960,445	1,633,705	332,288	349,334	2,292,733	1,983,039
Construction in progress	9,415,989	1,066,835	150,617,507	154,326,245	160,033,496	155,393,080
Total	<u>\$ 74,057,830</u>	<u>\$ 66,361,233</u>	<u>\$ 337,964,718</u>	<u>\$ 336,096,486</u>	<u>\$ 412,022,548</u>	<u>\$ 402,457,719</u>

Additional information on the County’s capital assets can be found in the notes to the basic financial statements.

Long-Term Debt. As of June 30, 2014, Harnett County had total debt outstanding of \$214,622,675. Of this amount, \$13,626,000 represents general obligation bonds issued by the County’s water and sewer districts to fund the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

At June 30, 2014, the County’s outstanding debt consisted of:

Harnett County’s Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Installment purchase	\$ 137,149,779	\$ 145,136,042	\$ 3,399,695	\$ 4,756,014	\$ 140,549,474	\$ 149,892,056
General obligation bonds	-	-	13,626,000	34,056,000	13,626,000	34,056,000
Capitalized leases	5,458,532	215,511	630,642	-	6,089,174	215,511
Limited obligation bonds	-	-	19,695,000	20,065,000	19,695,000	20,065,000
Special obligation bonds	-	-	1,594,000	1,750,000	1,594,000	1,750,000
Revenue bonds	-	-	11,650,000	12,240,000	11,650,000	12,240,000
State bond loan	-	-	21,419,027	24,046,230	21,419,027	24,046,230
Total	\$ 142,608,311	\$ 145,351,553	\$ 72,014,364	\$ 96,913,244	\$ 214,622,675	\$ 242,264,797

Harnett County’s total debt decreased by \$27,642,122 (11.41 percent) during the past fiscal year, primarily due to the addition of limited obligation bonds.

As mentioned in the financial highlights section of this document, Harnett County held A3 and A+ bond ratings for Certificates of Participation, A2 and AA- ratings for Issuer Ratings, and A2 and AA- ratings for Revenue Bonds as assigned by Moody’s and Standard & Poor’s, respectively. These bond ratings are a clear indication of the sound financial condition of Harnett County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Harnett County is \$419,513,081.

Additional information regarding Harnett County’s long-term debt can be found in notes to the basic financial statements of this report.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

The unemployment rate for Harnett County for the fiscal year ending June 30, 2014, was 7.4 percent, which is a decrease from a rate of 10.5 percent a year ago. Compared to the State average of 6.5 percent for the same period, the County is above the State average.

The Research Triangle Park Region is noted for development of biotechnology and science clusters as a successful model, which for Harnett County, reinforces the efforts of the Harnett Forward Together Committee and its investment in the Brightwater Science and Technology Campus. The 19-acre Brightwater Business Park includes a health center and saw the opening in March of East Carolina University's (ECU) dental students. Central Carolina Community College also constructed a new Health Science Building for Central Carolina Community College and opened for classes in the Fall of 2013. Harnett County has planned well and is prepared for both population growth and the infrastructure to support business expansion and investment.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities. A property tax increase and revenues from sales and services are expected to lead the increase in revenue projections, and the County will use these increases to finance programs currently in place. Harnett County continually evaluates property on a yearly basis. The County's continued aggressive tax collection effort provides an analysis of future income.

Expenditures in the General Fund have been budgeted at \$114,237,797 and include amounts appropriated for interfund transfers and debt service. The budget increased \$1,793,645 over the fiscal year ended 2014 budget. The 2014-2015 budget contains moderate forecast estimates for sales tax and growth. Departments have been asked to continue to do more with less, manage expenses very conservatively, and prioritize services based on the resources available. Harnett County was recently identified by the US Census Bureau as the number one micro area in the country, having gained more new residents in the past 15 months ending July 2011 than any other micro area in the nation. The County stands poised in terms of job creation and service expansion as evidenced by the Highway 421 medical corridor and its pending and ongoing construction. The Board of Commissioners understands this growth and the potential impact it has upon the County. Based upon this, the budget contains an appropriated fund balance of \$3,193,811 which includes capital expense to purchase 18 additional patrol vehicles to replace an aging fleet.

Business-Type Activities. The residential water and sewer rates for the 2014-2015 fiscal year remained unchanged over the prior year, while energy charges for out-of-county municipal bulk customers and basic facilities fees for septic haulers was increased. The rates for landfill services also remained unchanged for the 2014-2015 fiscal year. Expenditures for public utilities and solid waste for the fiscal year have been budgeted at \$29,119,365 and \$5,358,790, respectively. These budgeted expenditures will cover personnel, supplies, and operating costs associated with the increasing demand for utility and landfill services due to growth.

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 Director of Finance, Harnett County, P.O. Box 760, 102 East Front Street, Lillington, North Carolina 27546.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as a condensed introduction to the more detailed statements that follow.

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HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 28,931,092	\$ 34,741,296	\$ 63,672,388
Taxes receivable, net	989,000	-	989,000
Accounts receivable, net	7,897,045	4,273,921	12,170,966
Due from other governments	8,065,827	53,494	8,119,321
Internal balance	(28,422)	28,422	-
Inventories	9,782	560,559	570,341
Prepaid items	101,399	131,451	232,850
Restricted assets:			
Cash and cash equivalents	9,952,670	2,413,586	12,366,256
Capital assets:			
Land and construction in progress	12,235,524	152,757,321	164,992,845
Other capital assets, net	61,822,306	185,207,397	247,029,703
Total assets	<u>129,976,223</u>	<u>380,167,447</u>	<u>510,143,670</u>
Deferred Outflows of Resources	<u>-</u>	<u>686,752</u>	<u>686,752</u>
Liabilities:			
Accounts payable	4,006,834	1,881,977	5,888,811
Customer deposits paid from restricted assets	-	1,793,622	1,793,622
Unearned revenues	-	164,026	164,026
Current portion of compensated absences	1,815,230	468,204	2,283,434
Claims payable current	1,179,973	-	1,179,973
Long-term liabilities:			
Non-current portion of compensated absences	573,305	32,238	605,543
Claims payable, non-current	2,009,144	-	2,009,144
Due within one year	9,955,359	4,611,274	14,566,633
Due in more than one year	142,653,291	71,443,685	214,096,976
Total liabilities	<u>162,193,136</u>	<u>80,395,026</u>	<u>242,588,162</u>
Deferred Inflows of Resources	<u>285,578</u>	<u>-</u>	<u>285,578</u>
Net Position:			
Net investment in capital assets	42,280,456	265,816,353	308,096,809
Restricted for:			
Stabilization by State statute	10,608,840	-	10,608,840
Register of Deeds	194,437	-	194,437
General government	19,368	-	19,368
Public safety	963,270	-	963,270
Memorials	2,030	-	2,030
Unrestricted	(86,570,892)	34,642,820	(51,928,072)
Total net position	<u>\$ (32,502,491)</u>	<u>\$ 300,459,173</u>	<u>\$ 267,956,682</u>

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 13,333,033	\$ 4,207,620	\$ 1,874,813	\$ -
Public safety	34,627,720	7,243,162	747,873	-
Transportation	276,823	1,444	3,957,957	-
Environmental protection	138,994	-	-	-
Economic and physical development	3,809,848	8,085	41,017	978,203
Human services	25,863,878	2,315,561	15,504,353	-
Cultural and recreational	1,473,554	39,974	162,175	-
Education	36,423,566	-	2,763,557	-
Interest on long-term debt	6,332,214	-	-	-
Total governmental activities	<u>122,279,630</u>	<u>13,815,846</u>	<u>25,051,745</u>	<u>978,203</u>
Business-Type Activities:				
Water and sewer	28,650,534	34,620,175	-	8,937,389
Solid waste	4,474,124	5,023,318	-	30,000
Total business-type activities	<u>33,124,658</u>	<u>39,643,493</u>	<u>-</u>	<u>8,967,389</u>
Total primary government	<u>\$ 155,404,288</u>	<u>\$ 53,459,339</u>	<u>\$ 25,051,745</u>	<u>\$ 9,945,592</u>

General Revenues:

Ad valorem taxes
 Local option sales tax
 Other taxes and licenses
 Unrestricted intergovernmental revenues
 Interest earned on investments, unrestricted
 Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net Position:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (7,250,600)	\$ -	\$ (7,250,600)
(26,636,685)	-	(26,636,685)
3,682,578	-	3,682,578
(138,994)	-	(138,994)
(2,782,543)	-	(2,782,543)
(8,043,964)	-	(8,043,964)
(1,271,405)	-	(1,271,405)
(33,660,009)	-	(33,660,009)
(6,332,214)	-	(6,332,214)
<u>(82,433,836)</u>	<u>-</u>	<u>(82,433,836)</u>
-	14,907,030	14,907,030
-	579,194	579,194
<u>-</u>	<u>15,486,224</u>	<u>15,486,224</u>
<u>(82,433,836)</u>	<u>15,486,224</u>	<u>(66,947,612)</u>
64,309,216	-	64,309,216
14,884,498	-	14,884,498
2,505,838	237,297	2,743,135
38,861	-	38,861
2,677	543	3,220
<u>81,741,090</u>	<u>237,840</u>	<u>81,978,930</u>
<u>400,000</u>	<u>(400,000)</u>	<u>-</u>
<u>82,141,090</u>	<u>(162,160)</u>	<u>81,978,930</u>
(292,746)	15,324,064	15,031,318
<u>(32,209,745)</u>	<u>285,135,109</u>	<u>252,925,364</u>
<u>\$ (32,502,491)</u>	<u>\$ 300,459,173</u>	<u>\$ 267,956,682</u>

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

HARNETT COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General</u>	<u>Highland Middle School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments	\$ 23,863,305	\$ 506,509	\$ 1,803,267	\$ 26,173,081
Taxes receivable, net	825,951	-	163,049	989,000
Accounts receivable, net	6,540,491	-	1,347,888	7,888,379
Due from other funds	497,400	-	-	497,400
Due from other governments	8,065,827	-	-	8,065,827
Inventories	9,782	-	-	9,782
Prepaid items	101,399	-	-	101,399
Restricted assets:				
Restricted cash and cash equivalents	-	8,085,461	1,867,209	9,952,670
Total assets	<u>\$ 39,904,155</u>	<u>\$ 8,591,970</u>	<u>\$ 5,181,413</u>	<u>\$ 53,677,538</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,651,821	\$ 1,095,977	\$ 905,779	\$ 3,653,577
Due to other funds	-	-	497,400	497,400
Total liabilities	<u>1,651,821</u>	<u>1,095,977</u>	<u>1,403,179</u>	<u>4,150,977</u>
Deferred Inflows of Resources:				
Prepaid taxes	285,578	-	-	285,578
Unavailable revenue	5,842,766	-	-	5,842,766
Property tax receivable	825,951	-	163,049	989,000
Total deferred inflows of resources	<u>6,954,295</u>	<u>-</u>	<u>163,049</u>	<u>7,117,344</u>
Fund Balances:				
Non-spendable<				
Inventories	9,782	-	-	9,782
Prepaid items	101,399	-	-	101,399
Restricted for stabilization for State statute	9,260,952	-	1,347,888	10,608,840
Restricted for Register of Deeds	-	-	194,437	194,437
Restricted for general government	-	-	1,886,577	1,886,577
Restricted for education	-	8,085,461	-	8,085,461
Restricted for public safety	-	-	963,270	963,270
Restricted for memorials	-	-	2,030	2,030
Committed	-	-	475,891	475,891
Assigned	3,193,811	-	60,348	3,254,159
Unassigned	18,732,095	(589,468)	(1,315,256)	16,827,371
Total fund balances	<u>31,298,039</u>	<u>7,495,993</u>	<u>3,615,185</u>	<u>42,409,217</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,904,155</u>	<u>\$ 8,591,970</u>	<u>\$ 5,181,413</u>	<u>\$ 53,677,538</u>

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

HARNETT COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - modified accrual	\$ 42,409,217
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	74,057,830
Long-term debt and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities	(144,406,203)
Compensated absences	(2,388,535)
Accrued interest payable	(353,257)
Other post-employment benefits	(7,479,869)
Unfunded pension	(722,578)
Claims payable	
Consolidation of Internal Service Fund	(450,862)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>6,831,766</u>
Net position of governmental activities (Exhibit A)	<u><u>\$ (32,502,491)</u></u>

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Highland Middle School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 58,191,905	\$ -	\$ 6,614,325	\$ 64,806,230
Other taxes and licenses	15,922,217	-	1,468,119	17,390,336
Unrestricted intergovernmental revenues	38,861	-	-	38,861
Restricted intergovernmental revenues	19,454,443	-	5,090,790	24,545,233
Permits and fees	2,818,638	-	867,582	3,686,220
Sales and services	7,303,303	-	75,000	7,378,303
Investment earnings	2,602	75	-	2,677
Other general revenues	3,637,804	403,475	-	4,041,279
Total revenues	<u>107,369,773</u>	<u>403,550</u>	<u>14,115,816</u>	<u>121,889,139</u>
Expenditures:				
Current:				
General government	10,902,022	-	5,717,424	16,619,446
Public safety	25,654,860	-	8,290,739	33,945,599
Transportation	369,745	-	-	369,745
Environmental protection	128,133	-	-	128,133
Economic and physical development	3,388,742	-	4,373,116	7,761,858
Human services	25,287,199	-	-	25,287,199
Cultural and recreation	1,391,118	-	-	1,391,118
Education	21,476,411	14,674,013	273,142	36,423,566
Debt service:				
Principal repayments	8,240,495	-	-	8,240,495
Interest and fees	6,491,804	-	-	6,491,804
Total expenditures	<u>103,330,529</u>	<u>14,674,013</u>	<u>18,654,421</u>	<u>136,658,963</u>
Revenues over (under) expenditures	<u>4,039,244</u>	<u>(14,270,463)</u>	<u>(4,538,605)</u>	<u>(14,769,824)</u>
Other Financing Sources (Uses):				
Capital lease issued	830,155	-	4,667,098	5,497,253
Transfers to other funds	(1,903,876)	-	(316,589)	(2,220,465)
Transfers from other funds	488,337	-	2,132,128	2,620,465
Total other financing sources (uses)	<u>(585,384)</u>	<u>-</u>	<u>6,482,637</u>	<u>5,897,253</u>
Net change in fund balances	3,453,860	(14,270,463)	1,944,032	(8,872,571)
Fund Balances:				
Beginning of year - July 1	<u>27,844,179</u>	<u>21,766,456</u>	<u>1,671,153</u>	<u>51,281,788</u>
End of year - June 30	<u>\$ 31,298,039</u>	<u>\$ 7,495,993</u>	<u>\$ 3,615,185</u>	<u>\$ 42,409,217</u>

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

HARNETT COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ (8,872,571)
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:</p>	
Property taxes	(497,014)
Ambulance/other miscellaneous revenues	(279,257)
<p>Expenses related to other post-employment benefits, claims payable, and pension that do not require current financial resources are not reported as expenditures in the governmental funds statement.</p>	
	(1,212,296)
<p>Expenses related to accrued interest and prepaid tax penalties that do not require current financial resources are not reported as expenditures in the governmental funds statement.</p>	
	159,590
Contributed capital from Public Utilities	600,000
<p>Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.</p>	
	10,009,845
<p>Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.</p>	
	(2,888,269)
Loss on sale of asset	(24,978)
<p>Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.</p>	
	8,240,495
Consolidation of Internal Service Fund	(31,038)
<p>Premium from the issuance of debt and the issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, proceeds from the issuance of debt are not a revenue, rather they are an increase in liabilities.</p>	
	<u>(5,497,253)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (292,746)</u>

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

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 56,211,479	\$ 57,706,479	\$ 58,191,905	\$ 485,426
Other taxes and licenses	14,879,834	14,939,668	15,922,217	982,549
Unrestricted intergovernmental revenues	39,000	39,000	38,861	(139)
Restricted intergovernmental revenues	19,738,348	20,004,182	19,454,443	(549,739)
Permits and fees	2,637,114	2,945,278	2,818,638	(126,640)
Sales and services	8,086,703	7,862,717	7,303,303	(559,414)
Investment earnings	8,400	8,400	2,602	(5,798)
Other general revenues	2,959,904	3,710,348	3,637,804	(72,544)
Total revenues	<u>104,560,782</u>	<u>107,216,072</u>	<u>107,369,773</u>	<u>153,701</u>
Expenditures:				
General government	11,700,126	12,110,564	10,902,022	1,208,542
Public safety	27,117,291	27,371,007	25,654,860	1,716,147
Transportation	392,630	398,330	369,745	28,585
Environmental protection	141,688	141,688	128,133	13,555
Economic and physical development	3,555,708	3,596,801	3,388,742	208,059
Human services	27,934,059	28,877,486	25,287,199	3,590,287
Cultural and recreation	1,545,712	1,553,391	1,391,118	162,273
Education	21,451,411	21,476,411	21,476,411	-
Debt service:				
Principal repayments	10,681,718	8,501,466	8,240,495	260,971
Interest and fees	5,680,462	6,513,132	6,491,804	21,328
Total expenditures	<u>110,200,805</u>	<u>110,540,276</u>	<u>103,330,529</u>	<u>7,209,747</u>
Revenues over (under) expenditures	<u>(5,640,023)</u>	<u>(3,324,204)</u>	<u>4,039,244</u>	<u>7,363,448</u>
Other Financing Sources (Uses):				
Transfers to other funds	(36,667)	(1,903,876)	(1,903,876)	-
Transfers from other funds	2,425,000	461,897	488,337	26,440
Long-term debt issued	851,690	830,155	830,155	-
Appropriated fund balance	2,400,000	3,936,028	-	(3,936,028)
Total other financing sources (uses)	<u>5,640,023</u>	<u>3,324,204</u>	<u>(585,384)</u>	<u>(3,909,588)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,453,860</u>	<u>\$ 3,453,860</u>
Fund Balance:				
Beginning of year - July 1			<u>27,844,179</u>	
End of year - June 30			<u>\$ 31,298,039</u>	

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	
Assets:				
Current assets:				
Cash and cash investments	\$ 33,398,250	\$ 1,343,046	\$ 34,741,296	\$ 2,758,011
Accounts receivable, net	4,074,853	199,068	4,273,921	8,666
Restricted intergovernmental receivables	-	53,494	53,494	-
Prepaid items	131,451	-	131,451	-
Inventory	560,559	-	560,559	-
Restricted assets:				
Cash and investments, restricted	2,109,852	303,734	2,413,586	-
Total current assets	<u>40,274,965</u>	<u>1,899,342</u>	<u>42,174,307</u>	<u>2,766,677</u>
Non-current assets:				
Due from the districts	-	-	-	-
Land and construction in progress	150,383,086	2,374,235	152,757,321	-
Other capital assets, net	181,951,906	3,255,491	185,207,397	-
Total non-current assets	<u>332,334,992</u>	<u>5,629,726</u>	<u>337,964,718</u>	<u>-</u>
Total assets	<u>372,609,957</u>	<u>7,529,068</u>	<u>380,139,025</u>	<u>2,766,677</u>
Deferred Outflows of Resources	<u>686,752</u>	<u>-</u>	<u>686,752</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	952,117	253,558	1,205,675	-
Claims payable	-	-	-	1,179,973
Accrued interest	652,061	24,241	676,302	-
Prepaid fees	103,080	60,946	164,026	-
Customer deposits	1,793,622	-	1,793,622	-
Compensated absences, current	421,963	46,241	468,204	-
Current portion of long-term debt	3,977,407	633,867	4,611,274	-
Total current liabilities	<u>7,900,250</u>	<u>1,018,853</u>	<u>8,919,103</u>	<u>1,179,973</u>
Non-current liabilities:				
Compensated absences, non-current	19,050	13,188	32,238	-
Claims payable	-	-	-	2,009,144
Non-current portion of long-term debt	65,452,024	4,691,872	70,143,896	-
Other post-employment benefits	1,161,717	138,072	1,299,789	-
Total non-current liabilities	<u>66,632,791</u>	<u>4,843,132</u>	<u>71,475,923</u>	<u>2,009,144</u>
Total liabilities	<u>74,533,041</u>	<u>5,861,985</u>	<u>80,395,026</u>	<u>3,189,117</u>
Net Position:				
Net investment in capital assets	263,908,543	1,907,810	265,816,353	-
Unrestricted	34,855,125	(240,727)	34,614,398	(422,440)
Total net position	<u>\$ 298,763,668</u>	<u>\$ 1,667,083</u>	<u>300,430,751</u>	<u>\$ (422,440)</u>
Adjustment to reflect consolidation of Internal Service Fund			<u>28,422</u>	
Net position			<u>\$ 300,459,173</u>	

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds		Total	Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund		
Operating Revenues:				
Charges for services	\$ 27,976,628	\$ 5,000,915	\$ 32,977,543	\$ -
Water and sewer taps	294,745	-	294,745	-
Johnson County	3,703	-	3,703	-
County contributions	-	-	-	3,646,276
Other operating revenues	6,349,023	23,117	6,372,140	-
Total operating revenues	<u>34,624,099</u>	<u>5,024,032</u>	<u>39,648,131</u>	<u>3,646,276</u>
Operating Expenses:				
Water distribution and sewage treatment	17,364,629	-	17,364,629	-
Solid waste	-	4,072,766	4,072,766	-
Benefits and premiums	-	-	-	3,681,953
Depreciation	6,122,500	289,683	6,412,183	-
Total operating expenses	<u>23,487,129</u>	<u>4,362,449</u>	<u>27,849,578</u>	<u>3,681,953</u>
Operating income (loss)	<u>11,136,970</u>	<u>661,583</u>	<u>11,798,553</u>	<u>(35,677)</u>
Non-Operating Revenues (Expenses):				
Miscellaneous	-	13,100	13,100	-
Solid waste disposal tax	-	237,297	237,297	-
Interest earned on investments	300	243	543	-
Interest and fees	(5,163,405)	(124,775)	(5,288,180)	-
Total non-operating revenues (expenses)	<u>(5,163,105)</u>	<u>125,865</u>	<u>(5,037,240)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	5,973,865	787,448	6,761,313	(35,677)
Capital contributions	<u>8,937,389</u>	<u>30,000</u>	<u>8,967,389</u>	<u>-</u>
Income (loss) before transfers	<u>14,911,254</u>	<u>817,448</u>	<u>15,728,702</u>	<u>(35,677)</u>
Transfers:				
Transfers out	<u>(400,000)</u>	<u>-</u>	<u>(400,000)</u>	<u>-</u>
Change in net position	14,511,254	817,448	15,328,702	(35,677)
Net Position:				
Beginning of year - July 1	<u>284,252,414</u>	<u>849,635</u>		<u>(386,763)</u>
End of year - June 30	<u>\$ 298,763,668</u>	<u>\$ 1,667,083</u>		<u>\$ (422,440)</u>
Adjustment to reflect consolidation of Internal Service Fund			<u>(4,638)</u>	
Change in net position			<u>\$ 15,324,064</u>	

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 36,180,487	\$ 5,110,132	\$ 41,290,619	\$ 3,637,610
Cash paid for goods and services	(11,640,747)	(3,678,874)	(15,319,621)	(2,333,157)
Cash paid to employees for services	(7,359,748)	(833,337)	(8,193,085)	-
Other revenues	-	250,397	250,397	-
Customer deposits received	92,756	-	92,756	-
Net cash provided (used) by operating activities	<u>17,272,748</u>	<u>848,318</u>	<u>18,121,066</u>	<u>1,304,453</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers out	(400,000)	-	(400,000)	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(4,465,285)	(399,148)	(4,864,433)	-
Principal paid on long-term debt	(4,791,114)	(339,834)	(5,130,948)	-
Interest and fees	(5,163,405)	(124,775)	(5,288,180)	-
Capital contributions	5,661,170	30,000	5,691,170	-
Net cash provided (used) for capital and related financing activities	<u>(8,758,634)</u>	<u>(833,757)</u>	<u>(9,592,391)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	300	243	543	-
Net increase (decrease) in cash and cash equivalents	8,114,414	14,804	8,129,218	1,304,453
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>27,393,688</u>	<u>1,631,976</u>	<u>29,025,664</u>	<u>1,453,558</u>
End of year - June 30	<u>\$ 35,508,102</u>	<u>\$ 1,646,780</u>	<u>\$ 37,154,882</u>	<u>\$ 2,758,011</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 11,136,970	\$ 661,583	\$ 11,798,553	\$ (35,677)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	6,122,500	289,683	6,412,183	-
Other revenues	-	250,397	250,397	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	1,550,535	79,708	1,630,243	(8,666)
Increase (decrease) in accounts payable and accrued liabilities	(1,726,183)	(441,269)	(2,167,452)	1,348,796
Increase (decrease) in prepaid items	13,619	6,000	19,619	-
Increase (decrease) in unearned revenues	5,853	3,717	9,570	-
Increase (decrease) in landfill post-closure	-	(42,800)	(42,800)	-
(Increase) decrease in inventory	(13,233)	-	(13,233)	-
Increase (decrease) in customer deposits	92,756	-	92,756	-
Increase (decrease) in accrued vacation pay	(117,310)	10,572	(106,738)	-
Increase (decrease) in OPEB payable	207,241	30,727	237,968	-
Net cash provided (used) by operating activities	<u>\$ 17,272,748</u>	<u>\$ 848,318</u>	<u>\$ 18,121,066</u>	<u>\$ 1,304,453</u>
Non-Cash Transactions:				
Contributed capital from developers	\$ 3,276,219	\$ -	\$ -	\$ -
Capital lease issued	\$ -	\$ 739,763	\$ -	\$ -
Contributed land to General Fund	\$ 600,000	\$ -	\$ -	\$ -

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2014

	<u>Agency Funds</u>
Assets:	
Cash and investments	<u>\$ 341,011</u>
Liabilities:	
Accounts payable	<u>\$ 341,011</u>

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

A. Summary of Significant Accounting Policies

The accounting policies of Harnett County (the “County”) and its 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 five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute (“G.S.”) 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. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the basic financial statements. The blended component units, although they are legally separate entities, are in substance, part of the County’s operations.

Blended Component Units

Harnett Water and Sewer Districts

Harnett County Water and Sewer Districts (the “Districts”) exist to provide and maintain a water system for the county residents within the districts. Under State law G.S. 162A-89J, the County’s Board of Commissioners also serves as the governing board for the Districts. Therefore, the Districts are reported as enterprise funds in the County’s financial statements.

The County has the following nine water and sewer districts, which are accounted for as enterprise funds:

Northeast Metro Water and Sewer District	Southwest Water and Sewer District
Bunnlevel/Riverside Water and Sewer District	South Central Water and Sewer District
Southeast Water and Sewer District	West Central Water and Sewer District
East Central Water and Sewer District	Northwest Water and Sewer District
Riverside Water and Sewer District	

The County entered into an agreement during fiscal year 1998, with each existing District and which will encompass additional Districts as they are created, that transferred all assets, liabilities (excluding bond indebtedness, loans, and installment notes, along with accrued interest payable), operational rights, and responsibilities to the County. In consideration for this agreement, along with related accrued interest payables, the County agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County maintains the Districts' assets, provides water and sewer operations and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County's financial statements reflect the assets and debts in the Harnett County Public Utilities Fund. The Board of Commissioners sits as the Board of each District. No separate financial statements are issued by these Districts as they have no operations, only certain outstanding debt that is paid on their behalf by the County pursuant to the agreement noted above.

Other Component Unit

Harnett County Industrial Facility and Pollution Control Financing Authority

Harnett 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 is governed by a seven-member Board of Commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

The County reports the following major governmental funds:

General Fund. The General Fund is the County's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highland Middle School Capital Project Fund. The Highland Middle School Capital Project Fund is used for the construction of the Highland Middle School.

The County reports the following nonmajor governmental funds:

Special Revenue Funds. The Special Revenue Funds account for the proceeds of special revenue sources that are legally restricted to the expenditure for special purposes. All of these funds are annually budgeted except for the AMPI Unrecoverable Cost Fund. The County reports the following special revenue funds: Article 46 Sales Tax; Special Districts; Emergency Telephone System; Automation Enhancement & Preservation; Emergency Response Planning; Sheriff's Execution; Harnett Memorial; Abandoned Manufactured Homes; WIA Youth Program; AMPI Unrecoverable Cost; Asset Forfeiture; Employment Transportation; Law Enforcement; and Electronics Management.

Capital Project Funds. The Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities. The County reports the following capital project funds: DP6 Generator Switch; Scattered Site Housing II; Single Family Rehab 2013; Good Hope Mental Health Fund; Highland Middle School; Jetport Runway & Rehab Strengthen; Taxiways and Apron Rehabilitation; Runway 5 Approach/Clearance; Airport Capital Reserve; Airport Drainage Outfall; Radio Upgrade; Transportation Facility and Design; Airport Projects; Anderson Creek; and Sheriff Training Facility.

The County reports all enterprise funds as major. Harnett County maintains one enterprise fund to account for the operations of the water and sewer districts. The County maintains nine additional funds to account for the debt service for each district. The County maintains a separate enterprise fund for the operations of the landfill. The County's enterprise funds consist of the following:

Harnett County Public Utilities Fund. The Harnett County Public Utilities Fund is used to account for the operations of the nine water and sewer districts, which provide water and sewer to the residents of the County.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Individual Water and Sewer Funds. The Individual Water and Sewer Funds are used to account for the debt service for each of the water and sewer districts. These funds are consolidated with the Public Utilities Fund for reporting. These funds are the Northeast Metro Water and Sewer District, the South Central Water and Sewer District, the West Central Water and Sewer District, the Northwest Water and Sewer District, the Southwest Water and Sewer District, the Bunnlevel / Riverside Water and Sewer District, the Southeast Water and Sewer District, the East Central Water and Sewer District, and Riverside Water and Sewer District.

The Harnett County Public Utilities Fund also includes the following projects:

Erwin Wastewater Project; East Central Improvements Project; Fort Bragg Water & Waste Water Project; Water Plant Expansion Project; Buffalo Lakes Wastewater Project; South West Northern Training Area/Cameron Hill Project; South Central Waste Water 1B-1 Project; South Central Waste Water 1B-2 Project; South Central Waste Water 1C-1 Project; South Central Waste Water 1C-2 Project; Brightwater Infrastructure Project; Campbell Osteopathic; NE Wastewater Extension; and West Central Transmission Project.

Solid Waste Management Fund. The Solid Waste Management Fund is used to account for the operations of the Harnett County Landfill. The Solid Waste Management Fund also includes the Dunn Erwin Corrective Action Project Fund.

Agency Funds. The Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets held by the County as an agent on behalf of others. The County maintains six agency funds: the Social Services Trust Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Tax Collection Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; the Jail Canteen Fund, which accounts for monies deposited by inmates; the State Vehicle Tax Fund, which accounts for the 3 percent interest penalty on past due motor vehicle property tax bills that are remitted to the North Carolina Department of Motor Vehicles; and the Fines and Forfeitures Fund, which accounts for the collection and payment of fines and forfeitures to the Board of Education.

Internal Service Funds. The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, on a cost-reimbursement basis. Harnett County has three internal service funds, the Workers' Compensation Fund, the Unemployment Insurance Fund, and the Group Insurance Fund. The Workers' Compensation Fund is used to account for the County's decision to finance workers' compensation insurance coverage internally rather than through a private insurance carrier. The General Insurance Fund is used to account for liabilities that have been incurred from prior years when the County was self-funded. The Unemployment Insurance Fund is used to account for the funds set aside for unemployment claims processed by the North Carolina Department of Commerce, Division of Employment Security. Internal service funds are accounted for in the governmental activities in the government-wide financial statements and the individual fund data is provided in the Internal Service Fund section of the report.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

C. Measurement Focus and Basis of Accounting

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from 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. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected, and held by the State at year-end on behalf of the County are recognized as revenue.

Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. Formal budgetary accounting is employed as a management control for all funds of the County. Annual budget ordinances are adopted each fiscal year, and amended as required, for the General Fund, all special revenue funds (except for the AMPI Unrecoverable Cost Fund) and for the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions.

The Workers' Compensation Fund, Unemployment Insurance Fund and Group Insurance Fund (Internal Service Funds) operate under financial plans that were adopted by the governing Board at the time the County's budget ordinance was approved.

The legal level of control over expenditures is at the department level for the General Fund, special revenue funds, and enterprise funds. The balances in the capital reserve funds will be appropriated when transferred to the General Fund or their respective capital project funds. The County Manager is authorized by the budget ordinance to transfer amounts between line item expenditures within a department without limitation with an official report on such transfers at the next regular meeting of the board of commissioners. These changes should not result in changes in recurring obligations such as salaries. The manager may not transfer amounts between departments of the same fund or transfer amounts between funds or from any contingency appropriation within a fund. All other transfers, as well as any revisions that alter the total expenditures of any fund, require prior approval by the board of commissioners. During the year, a significant number of amendments to the original budget were necessary.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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.

March 20 Each department head submits to the budget officer the budget requests and revenue estimates for their department for the budget year.

May 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.

June 19 The budget ordinance shall be adopted by the governing board.

E. Assets, Liabilities, and Fund Equity

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County 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 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 banker's acceptances; and the North Carolina Capital Management Trust ("NCCMT").

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

Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The investment income is allocated based on each fund's monthly balance in relation to the total pooled cash balance.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

For purposes of the Statement of Cash Flows, the County's proprietary funds consider equity in pooled cash and investments to be cash equivalents as they are essentially demand deposit accounts.

Restricted Assets

The unexpended bond proceeds of the Water and Sewer Fund Serial Bonds issued by the County are considered restricted assets (i.e., cash and investments) for the Enterprise Funds because their use is completely restricted to the purpose for which the bonds were originally issued. Unexpended bond proceeds for the capital project funds and Solid Waste Fund are shown as restricted cash as well. Such amounts are included in cash and investments and are described in the footnotes. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

Governmental Activities:

Highland Middle School Capital Project Fund:

Highland Middle School

Capital Outlays - Unexpended bond proceeds \$ 8,085,461

Radio Upgrade Project Fund:

Capital Outlays - Unexpended bond proceeds 1,867,209

Total governmental activities 9,952,670

Business-Type Activities:

Solid Waste Fund:

Unexpended bond proceeds 303,734

Water and Sewer Fund:

Unexpended bond proceeds 316,230

Customer deposits 1,793,622

Total business-type activities 2,413,586

Total restricted cash \$ 12,366,256

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013 as allowed by state law; the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the General Fund, ad valorem tax revenues are reported net of such discounts.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of allowance for doubtful accounts. These amounts are estimated by analyzing the percentage of receivables, which are not expected to be collected.

Inventory and Prepaid Items

Inventory is determined by physical count and valued at cost, which approximates market. The inventory of the General Fund consists of expendable supplies held for consumption that are recorded as expenditures when purchased. The inventory of the enterprise funds consists of chemicals, meters and meter boxes, fuel oil, tubing and other supplies held for consumption. In each case, the cost of the inventory carried in the County's enterprise fund is recorded as an expense when the inventory is consumed.

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.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The minimum capitalization threshold is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The County does not own any infrastructure assets.

The County holds title to certain Harnett 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 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 Harnett County Board of Education.

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

Buildings and improvements	50 years
Plant, distribution and collection system	20 to 40 years
Furniture	10 years
Equipment	5 years
Computer hardware	3 years
Computer software	3 years
Vehicles	6 years

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets the criterion for this category – deferred outflow for bond refunding in the prior year.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category – prepaid taxes, other receivables and property tax receivable.

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

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

Compensated Absences

The vacation policy of the County provides that vacation leave may be accumulated without any applicable maximum until December 31st of each calendar year. On December 31st, all vacation leave exceeding 240 hours per employee is transferred to sick leave. For the government-wide financial statements and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The County's sick leave policy provides for an unlimited 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. Because the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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:

Non-Spendable 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.

Prepays – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources.

Inventory – 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 amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization by State Statute – portion of fund balance that is not an available resource for appropriation in accordance with State law (G.S. 159-8(a)).

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities such as police and fire.

Restricted for Education – portion of fund balance restricted by revenue source for education.

Restricted for General Government – portion of fund balance restricted by revenue source for general government.

Restricted for Memorials – represents the portion of fund balance restricted by revenue source to construct memorials in the County.

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

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended debt proceeds of \$9,952,670 at June 30, 2014.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Committed Fund Balance. This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of County's governing body (highest level of decision making authority, the County Commissioners) that can be adopted by ordinance to commit fund balance. Any changes or removal of specific purpose restrictions requires majority action by the governing body (the adoption of another ordinance).

Committed for Economic Development – portion of fund balance that can only be used for economic development. This includes the Transportation Facility Design project, the Airport Capital Reserve project, and the Jetport Runway project.

Committed for Human Services Capital Projects – portion of fund balance that can only be used for human services. This includes the Good Hope Mental Health project.

Committed fund balance at June 30, 2014, is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Economic Development	\$ 465,689
Human Services Capital Projects	<u>10,202</u>
Total	<u>\$ 475,891</u>

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that the County intends to use for specific purposes. The County's governing body has the authority to assign fund balances.

Assigned for Public Safety – portion of fund balance budgeted by the governing body for the Emergency Response Planning Fund.

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.

Education – portion of fund balance budgeted by the governing body for school expenditures related to educational needs.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Assigned fund balance at June 30, 2014, is as follows:

Purpose	General Fund	Other Governmental Funds
Subsequent year's expenditures	\$ 3,193,811	\$ -
Public safety	-	60,137
Education Special Revenue Fund	-	211
Total	\$ 3,193,811	\$ 60,348

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund.

Harnett County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-County funds, and 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 is in the best interest of the County or when required by grant or other contractual agreements.

The County Board has approved a fund balance policy which strives to maintain a fund balance of 15 percent.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 31,298,039
Less:	
Prepays	101,399
Inventory	9,782
Stabilization by State statute	9,260,952
Total available fund balance	\$ 21,925,906

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Reclassifications

Certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are: allowance for doubtful accounts, depreciation lives, other post-employment benefits, and law enforcement officers' pension obligations.

B. Detail Notes On All Funds

A. Deposits

All of the County'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 are collateralized with securities held by the County's agent in the County's name. 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, these deposits are considered to be held by the County's agent in the County's name.

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 or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, 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. The County has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2014 the County's deposits had a carrying amount of \$51,538,197 and a bank balance of \$80,646,471. Of the bank balance, \$875,056 was covered by federal depository insurance and \$79,771,415 was covered by collateral held under the Pooling Method.

At June 30, 2014, Harnett County had \$5,010 cash on hand.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

B. Investments

At June 30, 2014, the County's investments consisted of \$24,836,448 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on interest rate risk or credit risk.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. Public Utilities investments in the Water & Sewer Districts General Obligation Refunding Bonds, Series 12 are rated Aa3 by Moody's Investors Service.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County had no policy on custodial credit risk.

C. Property Tax Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forest land may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year			
Levied	Tax	Interest	Total
2010	\$ 4,586,161	\$ 1,570,302	\$ 6,156,463
2011	4,526,667	1,142,983	5,669,650
2012	4,524,439	735,221	5,259,660
2013	4,559,672	330,576	4,890,248
Total	<u>\$ 18,196,939</u>	<u>\$ 3,779,082</u>	<u>\$ 21,976,021</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

D. Allowances for Doubtful Accounts

Taxes and accounts receivable as of year-end are shown on the accompanying statements net of the allowance for doubtful accounts, as follows:

<u>Fund</u>	<u>Allowance for Doubtful Accounts</u>
General	\$ 8,163,303
Nonmajor governmental	116,939
Governmental activities	<u>8,280,242</u>
Public utility	882,603
Solid waste	<u>153,794</u>
Business-type activities	<u>1,036,397</u>
Total	<u>\$ 9,316,639</u>

Due from Other Governments – Disaggregate Information

Due from other governments at the government-wide level at June 30, 2014:

<u>Governmental Activities</u>	
Local option sales tax	\$ 4,431,879
Other taxes and licenses	440,760
DSS receivable	2,312,967
Sales tax refund receivable	<u>880,221</u>
Total	<u>\$ 8,065,827</u>

<u>Business-Type Activities</u>	
Solid waste disposal tax	<u>\$ 53,494</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a charge on refunding debt of \$686,752.

The balance in deferred inflows of resources in the governmental fund statements at year-end is composed of the following elements:

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Prepaid taxes not yet earned (General)	\$ -	\$ 285,578
Accounts receivable (General)	5,842,766	-
Taxes receivable, net (General)	825,951	-
Taxes receivable, net (Other governmental funds)	<u>163,049</u>	<u>-</u>
Total	<u>\$ 6,831,766</u>	<u>\$ 285,578</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

E. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 2,219,535	\$ -	\$ -	\$ 600,000	\$ 2,819,535
Construction in progress	1,066,835	8,966,169	-	(617,015)	9,415,989
Total capital assets not being depreciated	3,286,370	8,966,169	-	(17,015)	12,235,524
Capital Assets Being Depreciated:					
Buildings	64,531,835	16,936	-	592,429	65,141,200
Land improvements	13,445,069	-	-	24,586	13,469,655
Furniture	162,749	-	-	-	162,749
Equipment	4,359,597	116,750	-	-	4,476,347
Computer hardware	439,910	-	(9,453)	-	430,457
Computer software	2,655,293	-	-	-	2,655,293
Vehicles	7,812,393	909,990	(1,288,836)	-	7,433,547
Total capital assets being depreciated	93,406,846	1,043,676	(1,298,289)	617,015	93,769,248
Less Accumulated Depreciation:					
Buildings	11,794,179	1,264,294	-	-	13,058,474
Land improvements	5,774,774	674,641	-	-	6,449,415
Furniture	83,449	8,764	-	-	92,213
Equipment	3,851,254	174,714	-	-	4,025,968
Computer hardware	281,935	69,167	-	-	351,102
Computer software	2,367,704	128,964	-	-	2,496,668
Vehicles	6,178,688	567,725	(1,273,311)	-	5,473,102
Total accumulated depreciation	30,331,983	\$ 2,888,269	\$ (1,273,311)	\$ -	31,946,942
Total capital assets being depreciated, net	63,074,863				61,822,306
Governmental activities capital assets, net	\$ 66,361,233				\$ 74,057,830

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

General government	\$ 774,312
Public safety	1,437,182
Transportation	529,955
Economic and physical development	72,380
Human services	42,402
Cultural and recreational	32,038
Total	\$ 2,888,269

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Business-Type Capital Assets

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-Type Activities:					
Public Utilities:					
Capital Assets Not Being Depreciated:					
Land	\$ 1,827,526	\$ -	\$ -	\$ (600,000)	\$ 1,227,526
Construction in progress	<u>153,651,529</u>	<u>3,780,262</u>	<u>-</u>	<u>(8,276,231)</u>	<u>149,155,560</u>
Total capital assets not being depreciated	<u>155,479,055</u>	<u>3,780,262</u>	<u>-</u>	<u>(8,876,231)</u>	<u>150,383,086</u>
Capital Assets Being Depreciated:					
Plant, distribution, and collection systems	215,162,052	3,691,179	-	8,276,231	227,129,462
Buildings and building improvements	14,580,453	-	-	-	14,580,453
Furniture, fixtures, and equipment	616,649	139,178	-	(13,007)	742,820
Vehicles	<u>1,324,872</u>	<u>130,885</u>	<u>(493,031)</u>	<u>-</u>	<u>962,725</u>
Total capital assets being depreciated	<u>231,684,026</u>	<u>3,961,242</u>	<u>(493,031)</u>	<u>8,263,224</u>	<u>243,415,460</u>
Less Accumulated Depreciation:					
Plant, distribution, and collection systems	54,065,935	5,463,355	-	-	59,529,290
Buildings and building improvements	361,273	295,844	-	-	657,117
Furniture, fixtures, and equipment	438,781	124,288	-	(13,007)	550,062
Vehicles	<u>981,104</u>	<u>239,013</u>	<u>(493,031)</u>	<u>-</u>	<u>727,086</u>
Total accumulated depreciation	<u>55,847,093</u>	<u>\$ 6,122,500</u>	<u>\$ (493,031)</u>	<u>\$ (13,007)</u>	<u>61,463,555</u>
Total capital assets being depreciated, net	<u>175,836,933</u>				<u>181,951,906</u>
Public Utilities capital assets, net	<u>331,315,988</u>				<u>332,334,992</u>
Solid Waste Management:					
Capital Assets Not Being Depreciated:					
Land	912,288	\$ -	\$ -	\$ -	912,288
Construction in progress	<u>674,716</u>	<u>787,231</u>	<u>-</u>	<u>-</u>	<u>1,461,947</u>
Total capital assets not being depreciated	<u>1,587,004</u>	<u>787,231</u>	<u>-</u>	<u>-</u>	<u>2,374,235</u>
Capital Assets Being Depreciated:					
Buildings and building improvements	3,003,989	-	-	-	3,003,989
Furniture, fixtures, and equipment	1,205,391	276,780	-	13,007	1,495,178
Vehicles	<u>48,996</u>	<u>74,900</u>	<u>-</u>	<u>-</u>	<u>123,896</u>
Total capital assets being depreciated	<u>4,258,376</u>	<u>351,680</u>	<u>-</u>	<u>13,007</u>	<u>4,623,063</u>
Less Accumulated Depreciation:					
Buildings and building improvements	601,813	65,227	-	-	667,040
Furniture, fixtures, and equipment	451,210	209,068	-	13,007	673,285
Vehicles	<u>11,859</u>	<u>15,388</u>	<u>-</u>	<u>-</u>	<u>27,247</u>
Total accumulated depreciation	<u>1,064,882</u>	<u>\$ 289,683</u>	<u>\$ -</u>	<u>\$ 13,007</u>	<u>1,367,572</u>
Total capital assets being depreciated, net	<u>3,193,494</u>				<u>3,255,491</u>
Solid Waste Management capital assets, net	<u>4,780,498</u>				<u>5,629,726</u>
Business-type activities capital assets, net	<u>\$ 336,096,486</u>				<u>\$ 337,964,718</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

At June 30, 2014, construction in progress for the business type activities consists of the following projects:

	Project Authorization	Expended To Date
Erwin Wastewater	\$ 10,249,100	\$ 9,973,548
West Central Transmission	4,983,435	130,500
Fort Bragg Water & WW	55,239,002	55,036,326
Water Plant Expansion	62,595,014	61,672,377
Dunn Erwin Corrective Action	1,780,000	1,463,370
SWEST NTA/Cameron Hill	5,045,501	4,603,025
South Central WW 1B-1	6,159,253	4,185,789
South Central WW 1B-2	6,319,152	4,658,199
Brightwater Infrastructure	3,774,241	3,544,565
South Central WW 1C-1	4,432,665	2,529,759
South Central WW 1C-2	4,475,318	2,380,302
Campbell Osteopathic	849,530	441,171
Total	\$ 165,902,211	\$ 150,618,931

Net Investment in Capital Assets

The total invested in capital assets, net of related debt at June 30, 2014 is composed of the following elements:

	Governmental	Business-Type		Total
	Governmental	Water/Sewer	Solid Waste	Business-Type
Capital assets	\$ 74,057,830	\$ 332,334,992	\$ 5,629,726	\$ 337,964,718
Total debt	144,406,203	69,429,431	4,025,650	73,455,081
Deferred outflows of resources	-	686,752	-	686,752
Debt not related to capital assets	110,761,620	-	-	-
Capital related unspent debt proceeds	1,867,209	316,230	303,734	619,964
Total capital debt	31,777,374	68,426,449	3,721,916	72,148,365
Net investment in capital assets	\$ 42,280,456	\$ 263,908,543	\$ 1,907,810	\$ 265,816,353

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

F. Payables

Payables at the government-wide level at June 30, 2014, were as follows:

	Accounts Payable Note Disclosure					
	Governmental Activities			Business-Type Activities		Total
	General Fund	Highlands Middle School	Nonmajor	Public Utilities	Solid Waste	
Payables:						
Accounts and vouchers	\$ 1,518,225	\$ 1,095,977	\$ 896,282	\$ 933,660	\$ 252,267	\$ 4,696,411
Accrued payroll and related liabilities	133,596	-	9,497	18,457	1,291	162,841
Accrued interest payable	-	-	-	652,061	24,241	676,302
Total accounts payable and accrued liabilities	\$ 1,651,821	\$ 1,095,977	\$ 905,779	\$ 1,604,178	\$ 277,799	\$ 5,535,554

Adjustments to full-accrual include \$353,257 related to recording accrued interest on general long-term debt. Finally, the fiduciary fund financial statements include \$341,011 in accounts payable and accrued liabilities recorded in agency funds. This amount is excluded from the foregoing schedule and represents amounts due to various other agencies, individuals or governments.

G. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County is with a guaranteed cost program with One Beacon and VFIS. VFIS insures only Emergency Services for general liability and auto lines. One Beacon insures County property under a blanket limit of \$284,637,724. Replacement cost coverage is provided for any property losses. General Liability limits are \$1,000,000 per occurrence and \$2,000,000 aggregate. A \$1,000,000 umbrella policy is in place, along with a \$4,000,000 umbrella for auto liability. Cyber Liability limits are \$1,000,000. One Beacon covers the County for property, auto (excluding Emergency Services), general liability (excluding Emergency Services), inland marine, crime, employment practices liability, public officials liability, and law enforcement liability. Auto losses are paid under actual cash value (ACV). Crime coverage limit is \$250,000. VFIS insures Emergency Services which includes EMS, Emergency Management, and Fire Marshall divisions. General Liability limits are \$1,000,000 per occurrence and \$3,000,000 aggregate. A \$2,000,000 umbrella policy is also in place. Auto losses are paid under an agreed value plan. There have been no significant reductions in insurance coverage from previous years and settled claims have not exceeded coverage in any of the past three fiscal years.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated an “A” area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County is also eligible to and has purchased commercial flood insurance for another \$500,000 of coverage per structure.

In accordance with G.S. 159-29, the County’s employees that have access to \$100 or more at any given time of the County’s funds are performance bonded through a commercial surety bond. The Director of Finance and the Tax Collector are individually bonded for \$200,000. The Register of Deeds is bonded for \$10,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County is self-insured for workers compensation up to \$750,000 per loss. Excess coverage is through Safety National with limits in accordance with current North Carolina workers compensation statutes. Safety National also provides employers liability with limits of \$1,000,000.

The County uses a third party administrator to process workers’ compensation. At June 30, 2014, a liability for claims of \$3,189,117 included on the accompanying Statement of Net Position for governmental activities. An analysis for the County is presented below:

	June 30,	
	2014	2013
Liability as of beginning of the year	\$ 1,840,247	\$ 1,928,617
Current year claims and changes in estimates	2,546,733	876,858
Actual claim payments	<u>(1,197,863)</u>	<u>(965,228)</u>
Liability as of end of the year	<u>\$ 3,189,117</u>	<u>\$ 1,840,247</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

H. Capital Lease Obligations

The County has entered into agreements to lease certain equipment. At June 30, 2014, the original cost of equipment under these leases is approximately \$6,958,417. Title passes to the County at the end of the lease term. These agreements are in substance lease-purchases.

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>	
				<u>Governmental</u>	<u>Business-Type</u>
Capitalized Lease Obligations:					
Motorola Solutions Radio Lease	\$ 5,059,009	0.98%	December 2018	\$ 4,667,093	\$ -
EMS Remount/Sheriff Vehicles	830,160	1.70%	September 2018	721,618	-
Solid Waste Equipment Lease	739,763	1.70%	August 2018	-	630,642
Sheriff's Dept Vehicle Lease	249,485	1.97%	November 2014	42,606	-
EMS Conversion Van & Chassis	80,000	2.07%	June 2015	27,215	-
Total	<u>\$ 6,958,417</u>			<u>\$ 5,458,532</u>	<u>\$ 630,642</u>

The following is a schedule of minimum future payments required under capital lease obligations:

<u>Year Ending</u>	<u>Future Payments</u>
2015	\$ 982,444
2016	1,490,604
2017	1,490,604
2018	1,490,604
2019	<u>836,139</u>
Total minimum lease payments	6,290,395
Less amount representing interest	<u>(201,221)</u>
Present value of the minimum lease payments	<u>\$ 6,089,174</u>

At June 30, 2014, the net book value of capital assets (cost and accumulated depreciation) associated with leases is \$ 6,448,655.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

I. Long Term Obligations

Installment purchases financed by the governmental funds are repaid from the resources of the General Fund. The installment purchases, general obligation bonds, state bonds, and revenue bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by resources from users are reported as long-term debt in the enterprise funds. All bonds are collateralized by the full faith, credit and taxing power of the district in which the obligations originate. Principal and interest requirements are appropriated when due.

	Issue Date	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
					Governmental	Business-Type
Governmental						
Installment Purchase Agreements:						
Agriculture Center	January 2005	\$ 2,845,000	3.39%	June 2020	\$ 1,365,517	\$ -
COPS 2011 Refunding (2002)			2.535%			
97% Construction of School Facilities	November 2011	24,033,690		December 2023	21,889,278	-
3% Public Utilities Projects		743,310		December 2023	-	643,200
COPS 2007	May 2007		4%-5%	December 2027		
53% Jail Facility		23,220,225			20,257,641	-
42% Construction of School Facilities		18,279,775			14,855,054	-
5% Solid Waste Transfer Station		2,000,000			-	1,744,828
Partial Refunding of COPS 2000		4,765,000			4,765,000	-
COPS 2009						
School Construction	February 2009	35,075,000	3%-5%	June 2029	30,075,000	-
2010 Refinancing	November 2010		3.35%	June 2028		
Angier Elementary School		14,004,000			10,915,000	-
Qualified Zone Academy Bonds	May 2004	4,000,000	0.00%	May 2020	2,022,101	-
Qualified Zone Academy Bonds	October 2005	789,500	0.00%	October 2021	465,188	-
Qualified School						
Construction Bonds (Taxable)	November 2012	29,435,000	4.638%	November 2035	29,435,000	-
Limited Obligation						
Bonds (School Construction)	November 2012	1,105,000	2.000%	November 2015	1,105,000	-
Harnett County Installment Purchase						
Wellons Buyout	December 1999	4,675,000	5.30%	December 2014	-	311,667
Harnett County Installment Purchase						
Sanitary Sewer Hwy 87	June 2004	2,100,000	4.51%	June 2019	-	700,000
Total		<u>\$ 167,070,500</u>			<u>\$ 137,149,779</u>	<u>\$ 3,399,695</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

General Obligation Bonds

All general obligation bonds issued by the County's water and sewer districts are to fund the acquisition and construction of major capital facilities. The County entered into an agreement during the fiscal year 1998, with each existing District, that transferred all assets, liabilities (excluding bond indebtedness, loans, and installment notes) operational rights, and responsibilities to the County. As such, general obligation bonds are direct obligations and pledge full faith and credit of the District which the County has entered into a contractual agreement to pay.

	<u>Enterprise - General Obligation Bonds</u>				<u>Amount</u>
	<u>Issue Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding Business-Type</u>
General Obligation Bonds:					
South Central Refunding Series 2004	May 2004	\$ 2,625,000	2.5%-5.25%	June 2028	\$ 389,704
South Central Water & Sewer 2013 Series A	January 2013	3,449,000	3.125%	June 2052	3,449,000
South Central Water & Sewer 2013 Series B	January 2013	3,937,000	3.125%	June 2052	3,937,000
South Central Water & Sewer 2013 Series C	January 2013	3,239,000	2.50%	June 2052	3,239,000
South Central Water & Sewer 2013 Series D	January 2013	2,586,000	2.50%	June 2052	2,586,000
South Central Refunding Series 2013	April 2013	10,395,000	2.5%-5.00%	June 2043	10,250,000
Bunnlevel Riverside Refunding Series 2004	May 2004	170,000	2.5%-5.25%	June 2028	25,296
West Central Refunding Series 2013	April 2013	1,485,000	3.00%-5.00%	June 2028	1,485,000
Northwest Refunding Series 2013	April 2013	1,085,000	2.00%-5.00%	June 2028	1,005,000
Southwest Refunding Series 2013	April 2013	2,315,000	3.00%-5.00%	June 2028	2,315,000
Southeast Refunding Series 2013	April 2013	1,000,000	2.00%-5.00%	June 2033	960,000
East Central Refunding Series 2013	April 2013	2,765,000	2.00%-5.00%	June 2035	2,680,000
Riverside Refunding Series 2013	April 2013	1,020,000	2.00%-5.00%	June 2041	1,000,000
Total		<u>\$ 36,071,000</u>			<u>\$ 33,321,000</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Revenue Bond Loans:

	Issue Date	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
					Governmental	Business-Type
Enterprise System						
Revenue Bond Loans:						
Series 2007 A (Tax Exempt)	May 2007	\$ 13,235,000	4%-5%	May 2028	\$ -	\$ 11,650,000
Total Business-Type Activities		\$ 13,235,000			\$ -	\$ 11,650,000

State Bond Loans:

Harnett/Wake Transmission Line	March 2001	\$ 864,047	5.25%	May 2020	\$ -	\$ 259,214
Expansion of Water Treatment Plant	June 1996	3,000,000	5.85%	May 2016	-	300,000
Expansion of Water Treatment Plant	June 1997	3,000,000	3.22%	May 2017	-	450,000
Southwest Water and Sewer District	July 1998	2,683,000	5.30%	November 2011	-	423,631
Southwest Regional III	March 2003	1,000,000	4.02%	May 2022	-	421,050
Erwin WW Project Revolving Loan	February 2012	7,007,100	2.46%	May 2033	-	5,885,268
East Central Project Revolving Loan	February 2011	4,366,515	2.22%	May 2032	-	3,929,864
Harnett County Sanitary Sewer Revolving Loan	March 2005	15,000,000	2.21%	May 2027	-	9,750,000
Total Business-Type Activities		\$ 36,920,662			\$ -	\$ 21,419,027

Special Obligation Bonds

Enterprise Fund Special

Obligation Bond Loan:

Solid Waste Fund	January 2013	\$ 1,750,000	2.49%	February 2023	\$ -	\$ 1,594,000
Total Business-Type Activities Special		\$ 1,750,000			\$ -	\$ 1,594,000

Limited Obligation Bonds

Enterprise Fund Limited

Obligation Bond Loan:

Public Utilities Fund Series 2013	April 2013	\$ 20,065,000	2.00%-5.00%	June 2043	\$ -	\$ 19,695,000
Total Business-Type Activities Special		\$ 20,065,000			\$ -	\$ 19,695,000

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following is a summary of changes in long-term obligations for the year ended June 30, 2014:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2014</u>	<u>Due in Less Than One Year</u>
Governmental Activities:					
Capitalized leases	\$ 215,511	\$ 5,497,253	\$ 254,232	\$ 5,458,532	\$ 762,300
Installment purchase agreements	145,136,042	-	7,986,263	137,149,779	8,956,973
Premium	2,033,978	-	236,086	1,797,892	236,086
Total debt	<u>147,385,531</u>	<u>5,497,253</u>	<u>8,476,581</u>	<u>144,406,203</u>	<u>9,955,359</u>
Other long-term liabilities:					
Compensated absences	2,496,310	1,539,226	1,647,001	2,388,535	1,815,230
Law Enforcement Officers'					
Special Separation Allowance	673,247	167,628	118,297	722,578	-
Other post-employment benefits	6,393,737	1,570,305	484,173	7,479,869	-
Total	<u>\$ 156,948,825</u>	<u>\$ 8,774,412</u>	<u>\$ 10,726,052</u>	<u>\$ 154,997,185</u>	<u>\$ 11,770,589</u>

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Decreases</u>	<u>Defeased Refunded</u>	<u>June 30, 2014</u>	<u>Due in Less Than One Year</u>
Water and Sewer Fund:						
Installment purchase						
agreements	\$ 2,936,474	\$ -	\$ 1,280,992	\$ 614	\$ 1,654,868	\$ 525,286
Limited obligation bonds	20,065,000	-	370,000	-	19,695,000	795,000
Premium	1,465,439	-	80,903	-	1,384,536	-
General obligations	34,056,000	-	20,430,000	-	13,626,000	227,000
Revenue bonds	12,240,000	-	590,000	-	11,650,000	615,000
State bond loans	24,046,230	-	1,815,122	812,081	21,419,027	1,815,121
Total debt	<u>94,809,143</u>	<u>-</u>	<u>24,567,017</u>	<u>812,695</u>	<u>69,429,431</u>	<u>3,977,407</u>
Other long-term liabilities:						
Compensated absences	558,323	499,999	617,309	-	441,013	421,963
Other post-employment						
benefits	954,476	224,615	17,374	-	1,161,717	-
Total	<u>\$ 96,321,942</u>	<u>\$ 724,614</u>	<u>\$ 25,201,700</u>	<u>\$ 812,695</u>	<u>\$ 71,032,161</u>	<u>\$ 4,399,370</u>

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2014</u>	<u>Due in Less Than One Year</u>
Solid Waste Fund:					
Capitalized leases	\$ -	\$ 739,763	\$ 109,121	\$ 630,642	\$ 147,545
Installment purchase agreements	1,819,540	-	74,713	1,744,827	96,322
Premium	64,555	-	8,374	56,181	-
Special obligation bonds	<u>1,750,000</u>	<u>-</u>	<u>156,000</u>	<u>1,594,000</u>	<u>160,000</u>
Total debt	<u>3,634,095</u>	<u>739,763</u>	<u>348,208</u>	<u>4,025,650</u>	<u>403,867</u>
Other long-term liabilities:					
Accrued landfill closure and post-closure care costs	1,342,889	-	42,800	1,300,089	230,000
Compensated absences	48,857	29,154	18,582	59,429	46,241
Other post-employment benefits	<u>107,345</u>	<u>40,532</u>	<u>9,805</u>	<u>138,072</u>	<u>-</u>
Total	<u>\$ 5,133,186</u>	<u>\$ 809,449</u>	<u>\$ 419,395</u>	<u>\$ 5,523,240</u>	<u>\$ 680,108</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following is a summary of the future maturities for the long-term obligations for the year ended June 30, 2014:

	<u>Installment Purchase</u>		<u>General Obligation Bonds</u>		<u>Capitalized Leases</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental Activities:								
2015	\$ 8,956,973	\$ 5,383,756	\$ -	\$ -	\$ 762,300	\$ 63,588	\$ -	\$ -
2016	9,475,726	5,048,829	-	-	1,284,210	49,838	-	-
2017	10,109,827	4,724,409	-	-	1,298,054	35,994	-	-
2018	8,767,182	4,415,204	-	-	1,312,054	21,993	-	-
2019	8,739,468	4,130,430	-	-	801,914	8,128	-	-
2020-2024	42,816,783	16,372,954	-	-	-	-	-	-
2025-2029	31,167,312	9,660,459	-	-	-	-	-	-
2035-2036	4,920,205	2,047,793	-	-	-	-	-	-
Total governmental activities	<u>137,149,779</u>	<u>58,609,811</u>	<u>-</u>	<u>-</u>	<u>5,458,532</u>	<u>179,541</u>	<u>-</u>	<u>-</u>
	<u>Installment Purchase</u>		<u>General Obligation Bonds</u>		<u>Capitalized Leases</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Business-Type Activities:								
2015	621,608	134,283	227,000	397,288	147,545	9,011	615,000	545,238
2016	333,190	112,430	227,480	390,525	149,923	6,633	635,000	520,638
2017	338,216	98,503	233,480	383,500	152,339	4,217	665,000	492,063
2018	332,306	85,145	239,480	376,306	154,795	1,761	695,000	463,138
2019	331,016	71,469	251,176	368,938	26,040	52	730,000	428,387
2020-2024	934,622	218,864	1,125,000	1,825,000	-	-	4,175,000	1,615,138
2025-2029	508,737	50,856	1,325,000	1,800,000	-	-	4,135,000	497,450
2030-2034	-	-	1,625,000	1,500,000	-	-	-	-
2035-2039	-	-	1,750,000	1,250,000	-	-	-	-
2040-2044	-	-	2,250,000	1,100,000	-	-	-	-
2045-2049	-	-	2,750,000	925,000	-	-	-	-
2050-2052	-	-	1,622,384	87,563	-	-	-	-
Total business-type activities	<u>3,399,695</u>	<u>771,550</u>	<u>13,626,000</u>	<u>10,404,120</u>	<u>630,642</u>	<u>21,674</u>	<u>11,650,000</u>	<u>4,562,052</u>
Total government	<u>\$ 140,549,474</u>	<u>\$ 59,381,361</u>	<u>\$ 13,626,000</u>	<u>\$ 10,404,120</u>	<u>\$ 6,089,174</u>	<u>\$ 201,215</u>	<u>\$ 11,650,000</u>	<u>\$ 4,562,052</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Limited Obligation Bonds</u>		<u>Special Obligation Bonds</u>		<u>State Bond Loan</u>		<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental Activities:								
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,719,273	\$ 5,447,344
2016	-	-	-	-	-	-	10,759,936	5,098,667
2017	-	-	-	-	-	-	11,407,881	4,760,403
2020-2024	-	-	-	-	-	-	42,816,783	16,372,954
2025-2029	-	-	-	-	-	-	31,167,312	9,660,459
2030-2034	-	-	-	-	-	-	12,196,303	6,825,977
2035-2036	-	-	-	-	-	-	4,920,205	2,047,793
Total governmental activities	-	-	-	-	-	-	142,608,311	58,789,352
Business-Type Activities:								
2015	795,000	736,900	160,000	39,691	1,815,121	517,197	5,176,274	3,116,508
2016	805,000	713,050	164,000	35,707	1,815,121	465,271	4,936,234	2,957,304
2017	755,000	688,900	168,000	31,623	1,665,121	420,170	4,733,676	2,807,876
2018	770,000	666,250	173,000	27,440	1,373,911	377,131	4,510,012	2,663,421
2019	780,000	643,150	177,000	23,132	1,373,911	343,758	4,450,967	2,522,036
2020-2024	4,220,000	2,682,250	752,000	47,385	6,591,481	1,233,927	22,251,103	10,203,408
2025-2029	4,305,000	1,720,188	-	-	4,890,383	510,783	19,669,120	6,001,502
2030-2034	2,815,000	1,089,500	-	-	1,893,978	105,125	9,124,978	3,559,638
2035-2039	2,425,000	625,000	-	-	-	-	6,691,000	2,284,669
2040-2044	2,025,000	182,881	-	-	-	-	6,168,000	1,122,156
2045-2049	-	-	-	-	-	-	2,440,000	435,938
2050-2052	-	-	-	-	-	-	1,558,000	87,563
Total business-type activities	19,695,000	9,748,069	1,594,000	204,978	21,419,027	3,973,362	91,709,364	37,762,019
Total government	<u>\$ 19,695,000</u>	<u>\$ 9,748,069</u>	<u>\$ 1,594,000</u>	<u>\$ 204,978</u>	<u>\$ 21,419,027</u>	<u>\$ 3,973,362</u>	<u>\$ 234,317,675</u>	<u>\$ 96,551,371</u>

The County is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the County may have outstanding to eight percent of the appraised value of property subject to taxation. At June 30, 2014, such statutory limit for the County was \$589,556,674 providing a legal debt margin of approximately \$419,513,081.

As of June 30, 2014 the County was in compliance with covenants associated with its debt.

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

In prior years, the County has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

reporting purposes, the debt has been considered defeased and, therefore, removed from the County's liabilities. As of June 30, 2014, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted to \$812,695.

Prior year defeasance of debt. In prior years, the government defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements.

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$15,310,000 in enterprise system revenue bonds issued on May 23, 2007. Proceeds from the bonds provided financing for extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the enterprise systems. The bonds are payable only from water and sewer customer net revenues and are payable through 2028. The total principal and interest remaining to be paid on the bonds is \$16,212,052. Principal and interest paid for the current year and total customer revenues were \$1,158,838 and \$27,976,628 respectively.

Revenue Bonds

The County issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. The revenue bonds outstanding are being retired by the resources of the Water and Sewer Fund. Revenue bonds outstanding at year-end are as follows:

\$13,235,000 Public Utilities Revenue Bonds, Series 2007A (Tax Exempt), interest only payments of \$295,719 due semi-annually until May 2013, followed by semi-annual payments of principal and interest due in amounts ranging from \$23,744 to \$1,133,744 through May 2028, interest rate varying between 4.00% and 5.00 %.	<u>\$ 11,650,000</u>
Total	<u><u>\$ 11,650,000</u></u>

The County has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 6.6 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2007A (Tax Exempt), 2007B (Taxable) since their adoption. Section 6.6 of the Bond Order requires that rates and charges will produce (a) Revenues which together with 20 percent of the balance in the Surplus Account at the end of the preceding fiscal year at least equal in such fiscal year to the total of (i) the Operating Expenses budgeted for such fiscal year, as may be amended from time to time, plus (ii) 120 percent of the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus (iii) 100 percent of the Principal and Interest Requirements on General Obligation Indebtedness and Subordinate Indebtedness to become due in such fiscal year plus (iv) 100 percent of the Principal and Interest on Other Indebtedness to become due in such fiscal year plus (v) 100 percent of the amount required to reimburse the provider of a Qualified Reserve Fund Substitute for any amounts owing hereunder and (b) Revenues at least equal in such fiscal year to the total of (i) the Operating Expenses

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

budgeted for such Fiscal Year, as may be amended from time to time, plus (ii) 100 percent of the Principal and Interest Requirements on the Bonds to become due during that fiscal year plus (iii) 100 percent of the Principal and Interest Requirements on General Obligation Indebtedness and Subordinate Indebtedness to become due in such fiscal year plus (iv) 100 percent of the Principal and Interest Requirements on Other Indebtedness to become due in such fiscal year plus (v) 100 percent of the amount required to reimburse the provider of a Qualified Reserve Fund Substitute for any amounts owing hereunder. The debt service coverage calculation for the year ended June 30, 2014, is as follows:

Operating revenues	\$ 34,624,099
Operations and maintenance expenses	<u>(17,364,629)</u>
Operating income before depreciation & amortization	17,259,470
Depreciation and amortization expense	<u>(6,122,500)</u>
Operating income	11,136,970
Non-operating revenues	300
Non-operating expenses	<u>(5,163,405)</u>
Net income	<u>\$ 5,973,865</u>
Determination of income available for debt service	
Net income	\$ 5,973,865
Adjustments:	
Bond interest expense	5,163,405
Bond service expense	<u>4,110,876</u>
Income available for debt service	15,248,146
20% of unrestricted net assets	<u>6,971,025</u>
Income available for debt service plus 20% of unrestricted net assets	<u>\$22,219,171</u>
Debt service requirements and coverage	
Parity debt service:	
Revenue bonds	<u>\$ 1,158,838</u>
Debt service coverage - Parity indebtedness	19.174
Revenue bond covenant requirement	1.200
Other indebtedness:	
Installment purchases	\$ 1,654,867
GO bonds	1,999,733
State bond loans	<u>1,690,771</u>
Sum of parity and GO debt service	<u>\$ 5,345,371</u>
Debt service coverage - sum of parity and system GO indebtedness	4.157
Revenue bond covenant requirement	1.000

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

J. Pension Plan Obligations

A. Multiple-Employer Plans

Plan Description

Local Governmental Employees' Retirement System

All regular full-time employees participate in the state-wide Local Governmental Employee's Retirement System (the "System"), a multiple-employer, cost-sharing, defined benefit pension plan administered by the State of North Carolina. The System provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the NC General Assembly. The 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 State Controller, 1410 Mail Service Center, Raleigh, NC 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07 and 7.28 percent respectively of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2013, and 2014 were \$2,236,503, \$2,264,595 and \$2,396,186 respectively. The contributions made by the County equaled the required contributions for each year.

B. Single-Employer Plan

Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single-employer; defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of credible service. The retirement benefits are not subject to any increase 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

Retirees receiving benefits	8
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>122</u>
Total	<u><u>130</u></u>

A separate report was not issued for the plan.

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.

Method Used to Value Investments. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the fiscal year ended June 30, 2014 was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5 percent investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 to 7.85 percent per year. The inflation component was 3 percent. The assumptions do not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level of percentage of pay on a closed basis. The remaining amortization period at December 31, 2012, was 18 years.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Annual Pension Cost and Net Pension Obligation. The County’s annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 188,817
Interest on net pension obligation	33,662
Adjustment to annual required contribution	<u>(54,851)</u>
Annual pension cost	167,628
Contributions made	<u>118,297</u>
Increase in net pension obligation	49,331
Net pension obligation:	
Beginning of year - July 1	<u>673,247</u>
End of year - June 30	<u><u>\$ 722,578</u></u>

Three-Year Trend Information

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation End of Year</u>
6/30/2012	\$ 157,130	55.93%	\$ 617,250
6/30/2013	163,688	65.79%	673,247
6/30/2014	167,628	70.57%	722,578

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,666,878. The covered payroll (annual payroll of active employees covered by the plan) was \$5,277,037 and the ratio of the UAAL to the covered payroll was 31.59 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefit.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the “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. 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 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.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month, an amount equal to 5 percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014 were \$393,499 which consisted of \$264,232 from the County and \$129,267 from the law enforcement officers.

D. Supplemental Retirement Income Plan

Plan Description. The County administers a supplemental retirement benefit plan for all of its full-time employees that are not involved with law enforcement, through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The County does not match the employee’s contribution. All contributed amounts plus investment earnings allocated to the employee’s accounts are fully vested immediately. The County established the plan and may amend it at its discretion. Total voluntary contributions by covered employees were \$605,567.

E. Registers of Deeds’ Supplemental Pension Fund

Plan Description. The County also contributes to the Register of Deeds’ Supplemental Pension Fund (the “Fund”), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Governmental Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds’ Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Register of Deeds’ Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Funding Policy. On a monthly basis, the County remits to the department of State Treasurer, an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$9,169.

K. Other Post-Employment Benefits

Plan Description. At retirement all employees have the option to purchase basic medical insurance at the County's group rate. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the "HCB Plan"). This plan provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees Retirement System, have at least 15 years of creditable service with the County, and are actively employed with the County at the time of retirement. The County is fully insured for health insurance through Blue Cross Blue Shield. The entire cost for individual only coverage is paid by the County for those employees, until age 65, who retire with 30 years of service. Those employees who retire with less than 30 years of service with the County receive benefits on a prorated basis. A separate report is not issued for the plan. Shown below is the prorated basis:

30	100%
29	96%
28	94%
27	91%
26	88%
25	85%
24	83%
23	81%
22	79%
21	77%
20	75%
19	70%
18	65%
17	60%
16	55%
15	50%

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Membership of the HCB Plan consisted of the following as December 31, 2012, the date of the latest actuarial valuation:

Retirees members	104
General employees	714
Law enforcement members	<u>120</u>
Total	<u><u>938</u></u>

Funding Policy. Currently, the County pays the individual portion of the Health Care Benefits Plan on active employees. Retirees not eligible for Medicare are enrolled in the same plan as active County employees. Retirees may be eligible to participate in the County's Group Health Plan until they reach age 65 or become Medicare eligible. At age 65, or Medicare eligible, retirees may then receive reimbursement up to the \$200 monthly maximum for their individual Medicare Supplement. The Board of Commissioners has established the contribution requirements of the plan and may amend the plan. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. For the fiscal year ended June 30, 2014, the County made payments for post-retirement health benefit premiums of \$511,352. The current annual required contribution (ARC) rate is 5.47 percent of annual covered payroll.

Summary of Significant Accounting Policies

Post-employment expenditures are made from the operating budget which is maintained on the modified accrual basis of accounting. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in the accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	1,822,125
Interest on net pension obligation		298,222
Adjustment to annual required contribution		<u>(284,895)</u>
Annual OPEB cost		1,835,452
Contributions made		<u>511,352</u>
Increase in net OPEB obligation		1,324,100
Net OPEB obligation, beginning of year		<u>7,455,558</u>
Net OPEB obligation, end of year	\$	<u><u>8,779,658</u></u>

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

Year Ended <u>June 30</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net Pension <u>Obligation</u>
2012	\$ 1,941,154	27.70%	\$ 5,983,629
2013	2,001,653	26.50%	7,455,558
2014	1,835,452	27.86%	8,779,658

Funding Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$19,369,766. The covered payroll (annual payroll of active employees covered by the plan) was \$33,301,419 and the ratio of the UAAL to the covered payroll was 58.2 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. Costs were determined using the Projected Unit Credit Actuarial Cost Method. The annual service cost is the present value of the portion of the projected benefit attributable to participation service during the upcoming year, and the accumulated postretirement benefit obligation (APBO) is equal to the present value of the portion. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of the short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.5 to 5 percent annually. Both rates included a 3 percent inflation assumption. The actuarial value of the assets, if any, was determined using techniques that spread the effects of short term volatility in the market value of investments over a 5-year period. The UAAL is amortized as level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

L. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), 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. The employee's beneficiary will receive a lump-sum payment equal to the employee's highest twelve (12) months' consecutive salary during the preceding twenty-four (24) months, but no less than \$25,000 and not to exceed \$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. Due to a surplus, employer contributions to the LGERS Death Benefit Plan have stopped to create a temporary relief period. The length of the temporary relief period will be based upon the number of years the County has contributed to the Death Benefit Plan as of December 31, 2010.

The County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

M. Closure and Post-Closure Care Costs – Dunn-Erwin Solid Waste Landfill

State and federal laws and regulations require the County to close, or in other words, place a final protective containment cover on each phase of the landfill at both the Dunn-Erwin Solid Waste Facility and the Anderson Creek Solid Waste Facility when each phase of the landfills stop accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although a majority of closure costs will be paid 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 and phases that have been closed as of each financial statement date. Post-closure care costs begin immediately upon each phase closure and per State and Federal regulations; post-closure care must be maintained for a minimum of a 30-year timeframe after closure. Expenditures of \$42,800 have been applied to the liability during the current fiscal year. The \$1,300,089 post-closure care liability at June 30, 2014 represents a cumulative amount reported to date based on the use of 100 percent of the total estimated capacity of the landfill. The County closed the Municipal Solid Waste (MSW) cell at Dunn-Erwin Solid Waste Landfill on January 1, 1998, with other phases being closed previous to that date at both Dunn-Erwin and the Anderson Creek Solid Waste Facilities. These amounts are based on what it would cost to perform all closure and post-closure care in 2014. Actual costs may be higher due to inflation, changes in technology, changes in regulations, or changes in landfill capacity.

N. Commitments and Contingencies

The County had Commitments under uncompleted construction contracts in the Enterprise Funds totaling \$15,283,281 and in the Governmental Funds totaling \$8,675,861 at June 30, 2014.

O. Arbitrage

The arbitrage rebate payments are due on the fifth anniversary of the bond issue date. It is management's belief that the County's future rebate liability, if any, will be immaterial and, therefore, no liability has been recorded. The County reviews its potential liability for the penalty annually. It is management's belief that no additional arbitrage rebate will be payable.

P. Claims and Judgments

At June 30, 2014, the County was a defendant in various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

Q. Federal and State-Assisted Programs

The County has received proceeds from several federal and State awards. Periodic audits of these awards are required and certain costs may be questioned as not being appropriate expenditures under the award agreements. Such audits could result in the refund of award monies 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 refund of award monies.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

R. Interfund Balances and Activities

Transfers in (out) for the year ended June 30, 2014, are summarized below:

From the General Fund to:

The Radio Upgrade Project for the County's contribution to the project	\$ 1,867,209
The Airport Capital Reserve Fund for the County's contribution to the fund	<u>36,667</u>

Total transfers out from the General Fund	<u>1,903,876</u>
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From the Airport Capital Reserve to the following Capital Projects:

Jetport Rehabilitation & Strengthening	9,395
Weather Observation Jetport - Airport Projects	2,459
Airport Drainage Outfall	3,964
Runway 5 Approach/Clearance	<u>3,434</u>

From the Abandoned Manufactured Home Special Revenue Fund to the General Fund to close the fund:	5,944
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From the Transportation Facility Capital Project Fund to the General Fund to close the project:	27,393
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From the Emergency Response Planning Fund to the General Fund to supplement other funding sources	25,000
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From the Asset Forfeiture Fund to the Sheriff's Training Facility Fund to supplement other funding sources	209,000
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From the Asset Forfeiture Fund to the General Fund to supplement other funding sources	<u>30,000</u>
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Total Transfer out from Nonmajor Governmental Funds	<u>316,589</u>
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From Public Utilities to the Water & Sewer district Funds to cover debt service (Northeast Metro, Buies Creek/Coats, South Central, West Central, Northwest, Southwest, Bunnlevel/Riverside, Southeast, East Central and Riverside Water & Sewer Districts)	2,586,371
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From Public Utilities to the following Capital Projects:

Water Plant Expansion	1,529,033
West Central Transmission	<u>183,435</u>
	1,712,468

From the following Capital Projects to the Public Utilities to close the projects:

NE Wastewater Extension	271,850
East Central Improvements	331,116
Buffalo Lakes Wastewater	<u>20,715</u>
	623,682

From Public Utilities to the General Fund for economic development and for professional services	<u>400,000</u>
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Total transfers out from the Enterprise Funds	<u>5,322,521</u>
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Total	<u><u>\$ 7,542,986</u></u>
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HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Transfers between the major funds and other nonmajor governmental are summarized below:

Interfund balances at June 30, 2014, consist of the following:

Nonmajor Governmental Funds:

WIA Youth Program Fund for short term cash	\$ 143,601
Airport Drainage Outfall to supplement other funding sources	26,192
Runway 5 Approach Clearance to supplement other funding sources	12,673
DP6 Generator Switch to supplement other funding sources	37,703
Single Family to supplement other funding sources	17,045
Scattered Site to supplement other funding sources	3,154
Anderson Creek to supplement other funding sources	<u>257,032</u>
Total due to the General Fund	<u>\$ 497,400</u>

The balances above are advances from the General Fund. Grant funds have been requested to repay the General Fund. Capital project advances will be repaid from grant and project revenues. Advances to enterprise funds will be repaid from receipts.

The internal balance on exhibit A is the result of the consolidation of the county's Internal Service Funds.

S. Joint Ventures

The County, in conjunction with seven other counties, participates in the Sandhills Center for Mental Health, Developmental Disabilities & Substance Abuse Services, an Area Authority/Local Management Entity. Harnett County appoints four members to the 26-member board. The Authority is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility for the Authority because the Authority's continued existence depends on the participating governments' continued funding. The County contributed \$199,679 to the Authority during the fiscal year ended June 30, 2014. Neither of the participating governments has any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2014. Complete financial statements for the Sandhills Center can be obtained from their administrative office at 1120 Seven Lakes Drive or P.O. Box 9, West End, North Carolina 27376.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County, in conjunction with the State of North Carolina, Lee County, Chatham County, and the Lee County Board of Education, participates in a joint venture to operate Central Carolina Community College. The County appoints two members of the 17-member board of trustees of the community college. The president of the community college's student government association serves as a non-voting, ex-officio member of the board of trustees.

The County has the basic responsibility for providing funding for the Harnett County facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's Harnett County facilities. The County contributed \$927,711 to the community college for operating purposes during the fiscal year ended June 30, 2014. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2014. Complete financial statements for the community college may be obtained from the community college's administrative offices at 1105 Kelly Drive, Sanford, North Carolina 27330.

The County, in conjunction with the City of Dunn and the Dunn Area Chamber of Commerce, participates in the Averasboro Township Tourism Development Authority. The Authority is a joint venture established to receive the net proceeds of the room occupancy and tourism development tax levied in Averasboro Township in Harnett County. The Authority may spend these proceeds to develop, promote, and advertise travel and tourism in Averasboro Township, to sponsor tourist-oriented events and activities for Averasboro Township, to operate and maintain museums and historic sites throughout Averasboro Township, and to purchase, operate, and maintain a convention facility for Averasboro Township. The County appoints two members to the seven-member board. The County has an ongoing financial responsibility for the Authority because the Authority's continued existence depends on the participating governments' continued funding. The County remitted \$429,248 to the Authority during the fiscal year ended June 30, 2014. Neither of the participants has any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2014. Complete financial statements for the Authority can be obtained from the Dunn Area Chamber of Commerce at 209 West Divine Street, Post Office Box 548, and Dunn, North Carolina 28335.

T. Jointly Governed Organization

The County, in conjunction with two other counties and twenty municipalities, established the Mid-Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$30,964 to the Council during fiscal year ended June 30, 2014.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

U. Benefit Payments Issued by State

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

	<u>Federal</u>	<u>State</u>
Medicaid Assistance Programs - Medicaid Title XIX	\$ 87,796,067	\$ 47,424,031
State Children's Health Insurance Program	2,450,678	771,778
Temporary Assistance for Needy Families	441,897	(17)
Special Assistance to Adults	-	869,382
Low Income Home Energy Assistance	242,900	-
Child Welfare Services - Adoptive Subsidy	-	420,752
Title IV-E Adoption Subsidy	891,631	233,820
Special Supplemental Food Program for Women, Infants and Children	<u>2,680,813</u>	<u>-</u>
Total	<u><u>\$ 94,503,986</u></u>	<u><u>\$ 49,719,746</u></u>

V. Stewardship, Compliance, and Accountability

At June 30, 2014, the following individual funds had a deficit in fund equity:

Special Revenue Funds:

Law Enforcement Fund	\$ 2,835
Sheriff Execution Fund	200
WIA Youth Program Fund	4,367

Capital Project Funds:

DP 6 Generator Switch Fund	37,703
Jetport Runway	14,536

Internal Service Fund:

Workers' Compensation Fund	1,419,264
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The deficits occurred because of the timing of payments. Management intends to appropriate funds as necessary to cover deficit fund balance.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by accounting principles generally accepted in the United States of America.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officer's Special Separation Allowance
- Schedule of Funding Progress for the Post-Employment Benefit Retiree Healthcare Plan
- Notes to the Required Schedules for the Post-Employment Benefit Retiree Healthcare Plan

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HARNETT COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 953,625	\$ 953,625	0.00%	\$ 4,133,872	23.07%
12/31/2008	-	956,814	956,814	0.00%	4,381,562	21.84%
12/31/2009	-	1,350,543	1,350,543	0.00%	4,482,025	30.13%
12/31/2010	-	1,316,456	1,316,456	0.00%	4,775,956	27.56%
12/31/2011	-	1,376,768	1,376,768	0.00%	4,770,805	28.86%
12/31/2012	-	1,462,707	1,462,707	0.00%	5,160,490	28.34%
12/31/2013	-	1,666,878	1,666,878	0.00%	5,277,037	31.59%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2008	\$ 100,775	75.47%
2009	112,213	74.62%
2010	119,535	73.23%
2011	159,402	55.13%
2012	162,421	54.11%
2013	171,237	62.89%
2014	188,817	62.65%

Notes to the Required Schedules:

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

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25% to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

HARNETT COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2014**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2007	\$ -	\$ 15,836,928	\$ 15,836,928	0.00%	\$ 28,925,039	54.75%
12/31/2008	-	17,839,619	17,839,619	0.00%	30,636,815	58.20%
12/31/2010	-	19,467,163	19,467,163	0.00%	33,178,627	58.70%
12/31/2012	-	19,369,766	19,369,766	0.00%	33,301,419	58.20%

Schedule of Employer Contributions

Year Ended June 30	Annual		Percentage of ARC Contributed
	Required Contribution (ARC)	Amount Contributed By Employer	
2010	\$ 1,872,656	\$ 320,284	17%
2011	1,942,881	499,567	26%
2012	1,932,968	537,082	28%
2013	1,990,957	529,725	27%
2014	1,822,125	511,352	28%

Notes to the Required Schedules:

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

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	8.5%-5.0%
Year of ultimate trend rate	2018
* Includes inflation at 3.00%	

MAJOR FUNDS – GOVERNMENTAL

The General Fund accounts for resources traditionally associated with government which are not required legally or by financial management to be accounted for in another fund.

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HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 57,141,479	\$ 57,592,341	\$ 450,862	\$ 53,650,644
Penalties and interest	565,000	599,564	34,564	622,836
Total	57,706,479	58,191,905	485,426	54,273,480
Other Taxes and Licenses:				
Local option sales tax	13,839,668	14,884,498	1,044,830	14,238,193
Cable franchise license	225,000	197,213	(27,787)	196,216
Occupancy taxes	450,000	430,146	(19,854)	412,486
Excise stamp - real property	425,000	410,360	(14,640)	401,847
Total	14,939,668	15,922,217	982,549	15,248,742
Unrestricted Intergovernmental:				
ABC Boards	14,000	15,995	1,995	15,934
Controlled substance	15,000	13,739	(1,261)	19,493
Civil license revenue	10,000	9,127	(873)	10,529
Total	39,000	38,861	(139)	45,956
Restricted Intergovernmental:				
Federal and State grants	19,183,832	18,845,359	(338,473)	19,121,066
Court facility fees	820,350	609,084	(211,266)	1,186,046
Total	20,004,182	19,454,443	(549,739)	20,307,112
Permits and Fees:				
Filing and registration fees	94,400	119,395	24,995	142,301
Dog warden fees	123,664	113,353	(10,311)	57,463
Register of Deeds' fees	673,000	573,853	(99,147)	697,657
Inspection fees	1,469,000	1,376,568	(92,432)	1,587,844
Planning fees	113,733	113,306	(427)	129,223
Other fees	471,481	522,163	50,682	476,762
Total	2,945,278	2,818,638	(126,640)	3,091,250

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Sales and Services:				
Rents, concessions, and fees	159,950	134,334	(25,616)	489,441
Court costs and fees	235,000	232,721	(2,279)	265,959
Jail fees	30,000	33,499	3,499	35,878
Ambulance fees	4,339,889	4,831,883	491,994	5,878,831
Library fees	20,000	18,384	(1,616)	19,905
Health fees	3,077,878	2,052,482	(1,025,396)	2,498,207
Total	<u>7,862,717</u>	<u>7,303,303</u>	<u>(559,414)</u>	<u>9,188,221</u>
Investment Earnings	<u>8,400</u>	<u>2,602</u>	<u>(5,798)</u>	<u>10,752</u>
Other General Revenues:				
Sale of assets	13,000	78,544	65,544	10,065
Miscellaneous revenues	3,492,259	3,378,290	(113,969)	3,016,204
Donations	205,089	180,970	(24,119)	132,523
Total	<u>3,710,348</u>	<u>3,637,804</u>	<u>(72,544)</u>	<u>3,158,792</u>
Total revenues	<u>107,216,072</u>	<u>107,369,773</u>	<u>153,701</u>	<u>105,324,305</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	89,274	88,490		79,910
Other operating expenditures	131,450	76,141		100,944
Total	<u>220,724</u>	<u>164,631</u>	<u>56,093</u>	<u>180,854</u>
Administration:				
Salaries and employee benefits	257,590	247,929		322,243
Other operating expenditures	37,196	27,572		17,479
Total	<u>294,786</u>	<u>275,501</u>	<u>19,285</u>	<u>339,722</u>
Legal Services:				
Salaries and employee benefits	66,174	65,034		85,590
Other operating expenditures	43,556	35,949		36,480
Total	<u>109,730</u>	<u>100,983</u>	<u>8,747</u>	<u>122,070</u>

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Human Resources:				
Salaries and employee benefits	217,720	207,962		163,732
Other operating expenditures	65,576	46,776		61,089
Total	283,296	254,738	28,558	224,821
Board of Elections:				
Salaries and employee benefits	269,269	223,719		268,330
Other operating expenditures	146,443	94,391		105,903
Total	415,712	318,110	97,602	374,233
Finance:				
Salaries and employee benefits	537,113	514,400		688,310
Other operating expenditures	285,189	199,969		269,092
Total	822,302	714,369	107,933	957,402
Facility Fees:				
Other operating expenditures	84,124	77,704		98,086
Total	84,124	77,704	6,420	98,086
IT:				
Salaries and employee benefits	721,601	705,633		702,625
Other operating expenditures	625,530	595,995		459,504
Capital outlay	-	-		94,844
Total	1,347,131	1,301,628	45,503	1,256,973
Tax:				
Salaries and employee benefits	478,621	371,293		501,807
Other operating expenditures	1,280,087	1,176,087		1,150,408
Total	1,758,708	1,547,380	211,328	1,652,215
Register of Deeds:				
Salaries and employee benefits	572,662	526,557		550,571
Other operating expenditures	235,666	203,609		210,702
Total	808,328	730,166	78,162	761,273

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		Variance Over /Under	2013
	Budget	Actual		Actual
Public Buildings:				
Salaries and employee benefits	651,394	609,705		1,325,097
Other operating expenditures	2,852,797	2,646,051		1,947,755
Capital outlay	146,392	145,131		12,626
Total	3,650,583	3,400,887	249,696	3,285,478
General Services:				
Salaries and employee benefits	293,174	291,652		159,276
Other operating expenditures	458,435	287,680		307,549
Capital outlay	-	-		6,934
Total	751,609	579,332	172,277	473,759
Transportation:				
Salaries and employee benefits	584,827	532,361		575,727
Other operating expenditures	538,628	471,905		348,188
Capital outlay	-	-		16,291
Total	1,123,455	1,004,266	119,189	940,206
GIS:				
Salaries and employee benefits	393,716	390,445		392,415
Other operating expenditures	46,360	41,882		48,316
Total	440,076	432,327	7,749	440,731
Total general government	12,110,564	10,902,022	1,208,542	11,107,823
Public Safety:				
Sheriff:				
Salaries and employee benefits	8,415,487	8,110,999		7,636,444
Other operating expenditures	1,540,259	1,337,272		1,259,687
Capital outlay	36,327	36,327		447,876
Total	9,992,073	9,484,598	507,475	9,344,007
Campbell Campus Deputies:				
Salaries and employee benefits	407,757	340,946		342,977
Other operating expenditures	63,600	13,286		14,926
Total	471,357	354,232	117,125	357,903

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Sheriff Department Grants:				
Other operating expenditures	16,820	15,213		38,810
Total	16,820	15,213	1,607	38,810
Communications:				
Salaries and employee benefits	1,119,572	1,088,195		965,115
Other operating expenditures	191,272	130,947		151,414
Total	1,310,844	1,219,142	91,702	1,116,529
Jail:				
Salaries and employee benefits	3,137,096	2,927,149		2,777,526
Other operating expenditures	1,478,650	1,379,341		1,409,738
Total	4,615,746	4,306,490	309,256	4,187,264
Lee/Harnett Criminal Justice:				
Salaries and employee benefits	76,203	68,239		48,027
Other operating expenditures	41,835	11,880		5,809
Total	118,038	80,119	37,919	53,836
Child Support Enforcement:				
Salaries and employee benefits	66,172	63,647		62,711
Other operating expenditures	10,700	2,610		4,481
Total	76,872	66,257	10,615	67,192
Governor's Highway Safety:				
Salaries and employee benefits	26,540	26,536		112,332
Total	26,540	26,536	4	112,332
Emergency Services:				
Salaries and employee benefits	630,021	614,081		586,894
Other operating expenditures	185,330	122,940		126,066
Total	815,351	737,021	78,330	712,960

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Emergency Medical Services:				
Salaries and employee benefits	3,479,747	3,305,132		3,257,038
Other operating expenditures	574,088	538,295		3,748,073
Capital outlay	-	-		400,012
Total	4,053,835	3,843,427	210,408	7,405,123
Emergency Medical Transport:				
Salaries and employee benefits	1,065,514	959,674		860,204
Other operating expenditures	127,347	111,494		100,166
Capital outlay	13,651	12,150		-
Total	1,206,512	1,083,318	123,194	960,370
Emergency Telephone System:				
Salaries and employee benefits	211,152	187,374		201,126
Other operating expenditures	369,663	308,351		516,675
Capital outlay	105,500	45,000		-
Total	686,315	540,725	145,590	717,801
Life Is Fragile:				
Other operating expenditures	-	-		29,531
Total	-	-	-	29,531
Rescue Districts:				
Other operating expenditures	3,314,704	3,314,704	-	-
Medical Examiner:				
Other operating expenditures	50,000	50,000	-	40,200
Public Safety Appropriations:				
Other operating expenditures	124,773	124,334		126,278
Total	124,773	124,334	439	126,278
Emergency Services Grant:				
Other operating expenditures	37,592	32,000		1,000
Total	37,592	32,000	5,592	1,000

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Animal Control:				
Salaries and employee benefits	357,380	292,391		305,444
Other operating expenditures	96,255	84,353		76,304
Total	453,635	376,744	76,891	381,748
Total public safety	27,371,007	25,654,860	1,716,147	25,652,884
Transportation Administration:				
Airport:				
Other operating expenditures	219,409	194,790	24,619	188,721
Transportation:				
Airport:				
Other operating expenditures	178,921	174,955	3,966	179,592
Total transportation	398,330	369,745	28,585	368,313
Environmental Protection:				
Soil and Water:				
Salaries and employee benefits	115,043	113,470		114,490
Other operating expenditures	12,645	10,663		5,108
Total	127,688	124,133	3,555	119,598
Environmental Protection Allocation:				
Other operating expenditures	14,000	4,000		4,000
Total	14,000	4,000	10,000	4,000
Total environmental protection	141,688	128,133	13,555	123,598
Economic and Physical Development:				
Planning and Inspections:				
Salaries and employee benefits	1,255,740	1,236,658		1,266,947
Other operating expenditures	121,607	86,042		170,657
Total	1,377,347	1,322,700	54,647	1,437,604

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Economic Development:				
Salaries and employee benefits	34,350	34,341		264,717
Other operating expenditures	759,426	741,960		1,198,008
Total	793,776	776,301	17,475	1,462,725
Cooperative Extension:				
Salaries and employee benefits	594,363	536,500		641,831
Other operating expenditures	201,251	156,741		148,173
Total	795,614	693,241	102,373	790,004
Abandoned Manufactured Homes:				
Salaries and employee benefits	44,715	31,903		-
Total	44,715	31,903	12,812	-
Forestry Program:				
Operating expenditures	114,849	114,849	-	113,334
Economic and Physical Development Appropriations:				
Operating expenditures	470,500	449,748	20,752	1,509,397
Total economic and physical development	3,596,801	3,388,742	208,059	5,313,064
Human Services:				
Health:				
Salaries and employee benefits	4,835,425	4,204,506		4,254,575
Other operating expenditures	2,261,665	1,582,512		1,677,621
Total	7,097,090	5,787,018	1,310,072	5,932,196
Social Services:				
Salaries and employee benefits	9,328,539	8,797,017		8,822,703
Other operating expenditures	793,593	563,594		568,292
Capital outlay	-	-		37,461
Total	10,122,132	9,360,611	761,521	9,428,456

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Restitution:				
Salaries and employee benefits	94,474	91,308		92,613
Operating expenditures	22,569	19,061		15,736
Capital outlay	-	-		19,416
Total	117,043	110,369	6,674	127,765
Veterans Services:				
Salaries and employee benefits	167,081	161,953		157,306
Other operating expenditures	13,481	10,244		9,273
Total	180,562	172,197	8,365	166,579
Department on Aging:				
Salaries and employee benefits	114,515	105,528		106,781
Other operating expenditures	187,222	177,804		187,044
Total	301,737	283,332	18,405	293,825
Nutrition:				
Salaries and employee benefits	57,477	56,240		55,349
Other operating expenditures	381,411	321,847		350,196
Total	438,888	378,087	60,801	405,545
Community Alternatives Program:				
Salaries and employee benefits	292,861	280,793		247,505
Other operating expenditures	58,556	45,990		43,676
Total	351,417	326,783	24,634	291,181
Mental Health:				
Other operating expenditures	815,679	815,679		615,679
Total	815,679	815,679	-	615,679
RSVP:				
Salaries and employee benefits	62,521	61,268		59,260
Other operating expenditures	15,535	12,008		13,592
Total	78,056	73,276	4,780	72,852

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Family Caregivers Grant:				
Salaries and employee benefits	47,601	41,908		31,838
Other operating expenditures	14,559	9,861		6,461
Total	62,160	51,769	10,391	38,299
Human Services Appropriations:				
Other operating expenditures	100,280	99,840		174,635
Total	100,280	99,840	440	174,635
Public Assistance:				
TANF	5,000	-		1,290
Aid to the aged and blind	948,896	869,382		911,465
Medicaid	30,000	(9,727)		12,489
Aid to the blind	5,649	5,649		5,571
County assistance	147,734	2,743		4,680
CP&L Project SHARE	8,746	7,819		6,165
Crisis intervention	448,727	448,727		660,844
Adoption Assistance - IV-B	125,000	125,000		119,329
Adoption IV-B vendor	40,000	25,310		26,365
Adoption IV-E vendor	20,000	10,050		21,510
Adoption assistance -IV- E	240,000	234,472		250,992
Foster care - other	3,000	2,778		1,703
Title IV-E - foster care	470,000	445,797		421,782
Foster care County payments	5,000	1,367		1,845
State foster home care	505,000	512,274		418,356
Special services - foster care	33,000	18,253		23,551
Vendor transportation	565,000	529,575		397,081
Independent living - foster care	8,000	5,447		6,962
Day care	4,656,860	4,194,874		4,191,954
All County clothing allowance	8,000	9,904		7,203
Professional services	30,000	5,992		12,444
WorkFirst - emergency cash	5,000	4,963		4,999
WorkFirst transportation grant	28,605	-		7,926
WorkFirst	53,000	37,430		40,883
Contracted services	28,000	8,004		13,837
Child support enforcement	77,000	40,910		18,879
LIEAP	635,751	242,900		294,200

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Donations	8,309	2,983		4,412
Food stamp issuance	35,000	28,105		27,651
Special needs adoption	38,165	17,257		18,540
Total	9,212,442	7,828,238	1,384,204	7,934,908
Total human services	28,877,486	25,287,199	3,590,287	25,481,920
Cultural and Recreation:				
Parks and Recreation:				
Salaries and employee benefits	163,769	156,163		142,081
Other operating expenditures	224,737	198,248		172,173
Capital outlay	8,600	8,600		5,000
Total	397,106	363,011	34,095	319,254
Libraries:				
Salaries and benefits	733,092	667,007		627,010
Other operating expenditures	323,193	261,100		254,496
Total	1,056,285	928,107	128,178	881,506
Culture and Recreation Appropriations:				
Other operating expenditures	100,000	100,000	-	167,000
Total cultural and recreation	1,553,391	1,391,118	162,273	1,367,760
Education:				
CCCC campus	927,711	927,711		638,841
CCCC campus capital outlay	25,000	25,000		23,973
Public schools - current expenses	20,523,700	20,523,700		20,288,004
Total education	21,476,411	21,476,411	-	20,950,818
Debt Service:				
Principal retirement	8,501,466	8,240,495		6,424,014
Interest and fees	6,513,132	6,491,804		5,062,698
Total debt service	15,014,598	14,732,299	282,299	11,486,712
Total expenditures	110,540,276	103,330,529	7,209,747	101,852,892

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over /Under	Actual
Revenues over (under) expenditures	(3,324,204)	4,039,244	7,363,448	3,471,413
Other Financing Sources (Uses):				
Transfer out	(1,903,876)	(1,903,876)	-	(528,881)
Transfer in	461,897	488,337	26,440	1,577,145
Long-term debt issued	830,155	830,155	-	-
Appropriated fund balance	3,936,028	-	(3,936,028)	-
Total other financing sources (uses)	3,324,204	(585,384)	(3,909,588)	1,048,264
Net change in fund balance	\$ -	3,453,860	\$ 3,453,860	4,519,677
Fund Balance:				
Beginning of year - July 1		27,844,179		23,324,502
End of year - June 30		\$ 31,298,039		\$ 27,844,179

HARNETT COUNTY, NORTH CAROLINA

HIGHLAND MIDDLE SCHOOL CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 125,000	\$ -	\$ -	\$ -	\$ (125,000)
Investment earnings	6,100	7,854	75	7,929	1,829
Sales tax	416,871	103,033	403,475	506,508	89,637
Total revenues	<u>547,971</u>	<u>110,887</u>	<u>403,550</u>	<u>514,437</u>	<u>(33,534)</u>
Expenditures:					
Education:					
Legal and administrative	8,813	8,198	290	8,488	325
Land	820,693	-	-	-	820,693
Engineering	1,484,224	199,047	396,680	595,727	888,497
Construction	22,886,177	8,338,870	13,623,407	21,962,277	923,900
Materials and supplies	40,000	-	-	-	40,000
Furniture and Fixtures	3,910,389	-	653,636	653,636	3,256,753
Contingency	1,124,359	-	-	-	1,124,359
Debt issue costs	390,345	390,345	-	390,345	-
Total expenditures	<u>30,665,000</u>	<u>8,936,460</u>	<u>14,674,013</u>	<u>23,610,473</u>	<u>7,054,527</u>
Revenues over (under) expenditures	<u>(30,117,029)</u>	<u>(8,825,573)</u>	<u>(14,270,463)</u>	<u>(23,096,036)</u>	<u>7,020,993</u>
Other Financing Sources (Uses):					
Transfers out	(475,000)	-	-	-	475,000
Bond premium	52,029	52,029	-	52,029	-
Bond proceeds	30,540,000	30,540,000	-	30,540,000	-
Total other financing sources (uses)	<u>30,117,029</u>	<u>30,592,029</u>	<u>-</u>	<u>30,592,029</u>	<u>475,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 21,766,456</u>	<u>(14,270,463)</u>	<u>\$ 7,495,993</u>	<u>\$ 7,495,993</u>
Fund Balance:					
Beginning of year - July 1			<u>21,766,456</u>		
End of year - June 30			<u>\$ 7,495,993</u>		

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NONMAJOR FUNDS - GOVERNMENTAL

Special revenue funds account for the proceeds of special revenue sources that are legally restricted to the expenditure for special purposes.

INDIVIDUAL FUND DESCRIPTIONS:

Section 8 Housing Fund – accounts for grant funds provided to support the County’s Section 8 Existing and Modified Rehabilitation Housing programs.

Special Districts Fund – accounts for revenues of 18 rescue/fire districts and one special school district in Harnett County.

Law Enforcement Fund – accounts for the handgun assessed fees that are charged for concealed weapons permits.

Emergency Telephone System Fund – accounts for the surcharge fees billed to telephone customers and the expenditures related to the implementation of the Emergency Telephone System.

Automation Enhancement and Preservation Fund – accounts for 10 percent of fees collected in the Register of Deeds’ office. These fees are set aside and used to finance expenditures on computers and imaging technology for the Register of Deeds’ office.

Emergency Response Planning Fund – accounts for the expenditures and revenues for emergency response readiness for the fixed nuclear facility.

Harnett Memorial Fund – accounts for funds received from citizens for the construction of memorials in the County.

Abandoned Manufactured Homes Fund – accounts for funds received from citizens for the removal of abandoned mobile homes to the County landfill.

Workforce Investment Act Youth Program – accounts for the grant funds to provide job placement and educational opportunities to eligible participants in Harnett and Sampson Counties.

NONMAJOR FUNDS – GOVERNMENTAL

AMPI Unrecoverable Cost Fund – accounts for the expenditures and revenues for the public assistance program that aides property owners in the removal of abandoned manufactured housing. Eligible sites may be located within both municipal and County jurisdictional boundaries.

Asset Forfeiture Funds – accounts for the revenues of assets seized as a result of criminal activity. These funds are forwarded to the County by the State. Pursuant to 21 U.S.C. § 881(e)(1) and nbsp;U.S.C. § 1616a, as made applicable by 21 U.S.C. § 881(d) and other statutes, the Attorney General has the authority to equitably transfer forfeited property and cash to State and local agencies that directly participate in the law enforcement effort leading to the seizure and forfeiture of the property.

Employment Transportation – accounts for grant funding from the NC Department of Transportation which provides assistance to workforce investment participants.

Electronics Management – accounts for activity related to the processing of electronic recycling.

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Assets:			
Cash and investments	\$ 1,452,699	\$ 350,568	\$ 1,803,267
Taxes receivable, net	163,049	-	163,049
Accounts receivable, net	980,453	367,435	1,347,888
Cash and cash equivalents, restricted	-	1,867,209	1,867,209
Total assets	<u>\$ 2,596,201</u>	<u>\$ 2,585,212</u>	<u>\$ 5,181,413</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 748,298	\$ 157,481	\$ 905,779
Due to other funds	143,601	353,799	497,400
Total liabilities	<u>891,899</u>	<u>511,280</u>	<u>1,403,179</u>
Deferred Inflows of Resources:			
Property tax receivable	163,049	-	163,049
Total deferred inflows of resources	<u>163,049</u>	<u>-</u>	<u>163,049</u>
Fund Balances:			
Non-spendable:			
Restricted for stabilization for State statute	980,453	367,435	1,347,888
Restricted for Register of Deeds	194,437	-	194,437
Restricted for general government	19,368	1,867,209	1,886,577
Restricted for public safety	755,845	207,425	963,270
Restricted for memorials	2,030	-	2,030
Committed	-	475,891	475,891
Assigned	60,348	-	60,348
Unassigned	<u>(471,228)</u>	<u>(844,028)</u>	<u>(1,315,256)</u>
Total fund balances	<u>1,541,253</u>	<u>2,073,932</u>	<u>3,615,185</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,596,201</u>	<u>\$ 2,585,212</u>	<u>\$ 5,181,413</u>

HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Revenues:			
Ad valorem taxes	\$ 6,614,325	\$ -	\$ 6,614,325
Other taxes and licenses	1,468,119	-	1,468,119
Restricted intergovernmental	1,138,962	3,951,828	5,090,790
Permits and fees	867,582	-	867,582
Sales and services	75,000	-	75,000
Total revenues	<u>10,163,988</u>	<u>3,951,828</u>	<u>14,115,816</u>
Expenditures:			
Current:			
General government	1,012,623	4,704,801	5,717,424
Public safety	8,289,164	1,575	8,290,739
Economic and physical development	-	4,373,116	4,373,116
Education	273,142	-	273,142
Total expenditures	<u>9,574,929</u>	<u>9,079,492</u>	<u>18,654,421</u>
Revenues over (under) expenditures	<u>589,059</u>	<u>(5,127,664)</u>	<u>(4,538,605)</u>
Other Financing Sources (Uses):			
Transfers in	-	2,132,128	2,132,128
Transfers (out)	(269,944)	(46,645)	(316,589)
Total other financing sources (uses)	<u>(269,944)</u>	<u>6,752,581</u>	<u>6,482,637</u>
Net change in fund balances	319,115	1,624,917	1,944,032
Fund Balances:			
Beginning of year - July 1	<u>1,222,138</u>	<u>449,015</u>	<u>1,671,153</u>
End of year - June 30	<u>\$ 1,541,253</u>	<u>\$ 2,073,932</u>	<u>\$ 3,615,185</u>

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HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

	Special Districts Fund	Article 46 Sales Tax	Law Enforcement Fund	Emergency Telephone System Fund	Automation Enhancement and Preservation Fund	Emergency Response Planning Fund
Assets:						
Cash and investments	\$ 168,196	211	\$ 3,445	\$ 920,680	\$ 194,437	\$ 60,137
Taxes receivable, net	163,049	-	-	-	-	-
Accounts receivable, net	335,503	424,471	165	60,403	-	-
Total assets	<u>\$ 666,748</u>	<u>\$ 424,682</u>	<u>\$ 3,610</u>	<u>\$ 981,083</u>	<u>\$ 194,437</u>	<u>\$ 60,137</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable	\$ 471,946	\$ -	\$ 6,445	\$ 248,310	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>471,946</u>	<u>-</u>	<u>6,445</u>	<u>248,310</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:						
Property tax receivable	<u>163,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Non-spendable						
Restricted for stabilization						
for State statute	335,503	424,471	165	60,403	-	-
Restricted for Register of Deeds	-	-	-	-	194,437	-
Restricted for general government	-	-	-	-	-	-
Restricted for public safety	-	-	-	672,370	-	-
Restricted for memorials	-	-	-	-	-	-
Assigned	-	211	-	-	-	60,137
Unassigned	(303,750)	-	(3,000)	-	-	-
Total fund balances	<u>31,753</u>	<u>424,682</u>	<u>(2,835)</u>	<u>732,773</u>	<u>194,437</u>	<u>60,137</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 666,748</u>	<u>\$ 424,682</u>	<u>\$ 3,610</u>	<u>\$ 981,083</u>	<u>\$ 194,437</u>	<u>\$ 60,137</u>

Harnett Memorial Fund	Abandoned Manufactured Homes Fund	WIA Youth Program Fund	AMPI Unrecoverable Cost Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Employment Transportation Fund	Electronics Management Fund	Total
\$ 2,030	\$ -	\$ -	\$ 7,500	\$ 83,475	\$ 720	\$ 3,592	\$ 8,276	\$ 1,452,699
-	-	-	-	-	-	-	-	163,049
-	-	159,911	-	-	-	-	-	980,453
<u>\$ 2,030</u>	<u>\$ -</u>	<u>\$ 159,911</u>	<u>\$ 7,500</u>	<u>\$ 83,475</u>	<u>\$ 720</u>	<u>\$ 3,592</u>	<u>\$ 8,276</u>	<u>\$ 2,596,201</u>
\$ -	\$ -	\$ 20,677	\$ -	\$ -	\$ 920	\$ -	\$ -	\$ 748,298
-	-	143,601	-	-	-	-	-	143,601
-	-	164,278	-	-	920	-	-	891,899
-	-	-	-	-	-	-	-	163,049
-	-	159,911	-	-	-	-	-	980,453
-	-	-	-	-	-	-	-	194,437
-	-	-	7,500	-	-	3,592	8,276	19,368
-	-	-	-	83,475	-	-	-	755,845
2,030	-	-	-	-	-	-	-	2,030
-	-	-	-	-	-	-	-	60,348
-	-	(164,278)	-	-	(200)	-	-	(471,228)
<u>2,030</u>	<u>-</u>	<u>(4,367)</u>	<u>7,500</u>	<u>83,475</u>	<u>(200)</u>	<u>3,592</u>	<u>8,276</u>	<u>1,541,253</u>
<u>\$ 2,030</u>	<u>\$ -</u>	<u>\$ 159,911</u>	<u>\$ 7,500</u>	<u>\$ 83,475</u>	<u>\$ 720</u>	<u>\$ 3,592</u>	<u>\$ 8,276</u>	<u>\$ 2,596,201</u>

HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Article 46 Sales Tax</u>	<u>Special Districts Fund</u>	<u>Law Enforcement Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Automation Enhancement and Preservation Fund</u>	<u>Emergency Response Planning Fund</u>
Revenues:						
Ad valorem taxes	\$ -	\$ 6,614,325	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	424,682	1,043,437	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-
Permits and fees	-	-	83,015	724,829	59,738	-
Sales and services	-	-	-	-	-	75,000
Total revenues	<u>424,682</u>	<u>7,657,762</u>	<u>83,015</u>	<u>724,829</u>	<u>59,738</u>	<u>75,000</u>
Expenditures:						
General government	-	-	-	-	40,685	-
Public safety	-	7,379,508	85,790	718,184	-	60,902
Education	-	273,142	-	-	-	-
Total expenditures	<u>-</u>	<u>7,652,650</u>	<u>85,790</u>	<u>718,184</u>	<u>40,685</u>	<u>60,902</u>
Revenues over (under) expenditures	424,682	5,112	(2,775)	6,645	19,053	14,098
Other Financing Sources (Uses):						
Transfers (out)	-	-	-	-	-	(25,000)
Net change in fund balances	424,682	5,112	(2,775)	6,645	19,053	(10,902)
Fund Balances:						
Beginning of year - July 1	<u>-</u>	<u>26,641</u>	<u>(60)</u>	<u>726,128</u>	<u>175,384</u>	<u>71,039</u>
End of year - June 30	<u>\$ 424,682</u>	<u>\$ 31,753</u>	<u>\$ (2,835)</u>	<u>\$ 732,773</u>	<u>\$ 194,437</u>	<u>\$ 60,137</u>

Harnett Memorial Fund	Abandoned Manufactured Homes Fund	WIA Youth Program Fund	AMPI Unrecoverable Cost Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Employment Transportation Fund	Electronics Management Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,614,325
-	-	-	-	-	-	-	-	1,468,119
-	-	977,150	-	109,234	44,580	-	7,998	1,138,962
-	-	-	-	-	-	-	-	867,582
-	-	-	-	-	-	-	-	75,000
-	-	<u>977,150</u>	-	<u>109,234</u>	<u>44,580</u>	-	<u>7,998</u>	<u>10,163,988</u>
-	-	971,938	-	-	-	-	-	1,012,623
-	-	-	-	-	44,780	-	-	8,289,164
-	-	-	-	-	-	-	-	273,142
-	-	<u>971,938</u>	-	-	<u>44,780</u>	-	-	<u>9,574,929</u>
-	-	5,212	-	109,234	(200)	-	7,998	589,059
-	(5,944)	-	-	(239,000)	-	-	-	(269,944)
-	(5,944)	5,212	-	(129,766)	(200)	-	7,998	319,115
<u>2,030</u>	<u>5,944</u>	<u>(9,579)</u>	<u>7,500</u>	<u>213,241</u>	<u>-</u>	<u>3,592</u>	<u>278</u>	<u>1,222,138</u>
<u>\$ 2,030</u>	<u>\$ -</u>	<u>\$ (4,367)</u>	<u>\$ 7,500</u>	<u>\$ 83,475</u>	<u>\$ (200)</u>	<u>\$ 3,592</u>	<u>\$ 8,276</u>	<u>\$ 1,541,253</u>

HARNETT COUNTY, NORTH CAROLINA

**ARTICLE 46 SALES TAX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2014</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 500,000	\$ 424,682	\$ (75,318)
Revenues over (under) expenditures	<u>500,000</u>	<u>424,682</u>	<u>(75,318)</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Net change in fund balance	<u>\$ -</u>	<u>424,682</u>	<u>\$ 424,682</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 424,682</u>	

HARNETT COUNTY, NORTH CAROLINA

SPECIAL DISTRICTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 9,383,867	\$ 6,614,325	\$ (2,769,542)	\$ 6,147,210
Other taxes and licenses	944,814	1,043,437	98,623	1,059,252
Total revenues	<u>10,328,681</u>	<u>7,657,762</u>	<u>(2,670,919)</u>	<u>7,206,462</u>
Expenditures:				
Public safety	9,989,313	7,379,508	2,609,805	6,918,752
Education	339,368	273,142	66,226	272,284
Total expenditures	<u>10,328,681</u>	<u>7,652,650</u>	<u>2,676,031</u>	<u>7,191,036</u>
Net change in fund balance	<u>\$ -</u>	5,112	<u>\$ 5,112</u>	15,426
Fund Balance:				
Beginning of year - July 1		<u>26,641</u>		<u>11,215</u>
End of year - June 30		<u>\$ 31,753</u>		<u>\$ 26,641</u>

HARNETT COUNTY, NORTH CAROLINA

LAW ENFORCEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ 175,000	\$ 83,015	\$ (91,985)	\$ 103,160
Expenditures:				
Public safety:				
Other expenditures	175,000	85,790	89,210	103,220
Net change in fund balance	\$ -	(2,775)	\$ (2,775)	(60)
Fund Balance:				
Beginning of year - July 1		(60)		-
End of year - June 30		\$ (2,835)		\$ (60)

HARNETT COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 724,829	\$ 724,829	\$ -	\$ 726,387
Investment earnings	400	-	(400)	300
Total revenues	725,229	724,829	(400)	726,687
Expenditures:				
Public safety:				
Operating expenditures	643,645	481,854	161,791	487,416
Capital outlay	541,370	236,330	305,040	277,719
Total expenditures	1,185,015	718,184	466,831	765,135
Revenues over (under) expenditures	(459,786)	6,645	466,431	(38,448)
Other Financing Sources (Uses):				
Appropriated fund balance	459,786	-	(459,786)	-
Net change in fund balance	\$ -	6,645	\$ 6,645	(38,448)
Fund Balance:				
Beginning of year - July 1		726,128		764,576
End of year - June 30		\$ 732,773		\$ 726,128

HARNETT COUNTY, NORTH CAROLINA

**AUTOMATION ENHANCEMENT AND PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ 41
Permits and fees	<u>75,000</u>	<u>59,738</u>	<u>(15,262)</u>	<u>74,463</u>
Total revenues	<u>75,000</u>	<u>59,738</u>	<u>(15,262)</u>	<u>74,504</u>
Expenditures:				
General government:				
Operating expenditures	<u>75,000</u>	<u>40,685</u>	<u>34,315</u>	<u>16,399</u>
Net change in fund balance	<u>\$ -</u>	19,053	<u>\$ 19,053</u>	58,105
Fund Balance:				
Beginning of year - July 1		<u>175,384</u>		<u>117,279</u>
End of year - June 30		<u>\$ 194,437</u>		<u>\$ 175,384</u>

HARNETT COUNTY, NORTH CAROLINA

EMERGENCY RESPONSE PLANNING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Other general revenues	\$ 75,000	\$ 75,000	\$ -	\$ 68,000
Expenditures:				
Public safety:				
Salaries and fringe benefits	10,950	1,018	9,932	6,837
Other operating expenditures	<u>86,753</u>	<u>59,884</u>	<u>26,869</u>	<u>51,483</u>
Total expenditures	<u>97,703</u>	<u>60,902</u>	<u>36,801</u>	<u>58,320</u>
Revenues over (under) expenditures	<u>(22,703)</u>	<u>14,098</u>	<u>36,801</u>	<u>9,680</u>
Other Financing Sources (Uses):				
Transfers out	(25,000)	(25,000)	-	(25,000)
Appropriated fund balance	<u>47,703</u>	<u>-</u>	<u>(47,703)</u>	<u>-</u>
Total other financing sources (uses)	<u>22,703</u>	<u>(25,000)</u>	<u>(47,703)</u>	<u>(25,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(10,902)</u>	<u>\$ (10,902)</u>	<u>(15,320)</u>
Fund Balance:				
Beginning of year - July 1		<u>71,039</u>		<u>86,359</u>
End of year - June 30		<u>\$ 60,137</u>		<u>\$ 71,039</u>

HARNETT COUNTY, NORTH CAROLINA

HARNETT MEMORIAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers in (out)	\$ (2,030)	\$ -	\$ 2,030	\$ -
Appropriated fund balance	<u>2,030</u>	<u>-</u>	<u>(2,030)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>2,030</u>		<u>2,030</u>
End of year - June 30		<u>\$ 2,030</u>		<u>\$ 2,030</u>

HARNETT COUNTY, NORTH CAROLINA

**ABANDONED MANUFACTURED HOMES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ 4
Other general revenues	-	-	-	9,634
Total revenues	-	-	-	9,638
Expenditures:				
Economic and physical development:				
Abandoned home removal	-	-	-	40,044
Revenues over (under) expenditures	-	-	-	(30,406)
Other Financing Sources (Uses):				
Transfer (out)	(5,944)	(5,944)	-	14,354
Appropriated fund balance	5,944	-	(5,944)	-
Total other financing sources (uses)	-	(5,944)	(5,944)	14,354
Net change in fund balance	\$ -	(5,944)	\$ (5,944)	(16,052)
Fund Balance:				
Beginning of year - July 1		5,944		21,996
End of year - June 30		\$ -		\$ 5,944

HARNETT COUNTY, NORTH CAROLINA

WIA YOUTH PROGRAM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	<u>\$ 1,268,913</u>	<u>\$ 977,150</u>	<u>\$ (291,763)</u>	<u>\$ 663,803</u>
Expenditures:				
General government:				
Operating expenditures	<u>1,268,913</u>	<u>971,938</u>	<u>296,975</u>	<u>655,304</u>
Net change in fund balance	<u>\$ -</u>	<u>5,212</u>	<u>\$ 5,212</u>	<u>8,499</u>
Fund Balance:				
Beginning of year - July 1		<u>(9,579)</u>		<u>(18,078)</u>
End of year - June 30		<u>\$ (4,367)</u>		<u>\$ (9,579)</u>

HARNETT COUNTY, NORTH CAROLINA

AMPI UNRECOVERABLE COST FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted intergovernmental	\$ 36,550	\$ 66,305	\$ -	\$ 66,305	\$ 29,755
Expenditures:					
General government:					
Operating expenditures	36,550	58,805	-	58,805	(22,255)
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,500</u>	-	<u>\$ 7,500</u>	<u>\$ 7,500</u>
Fund Balance:					
Beginning of year - July 1			<u>7,500</u>		
End of year - June 30			<u>\$ 7,500</u>		

HARNETT COUNTY, NORTH CAROLINA

ASSET FORFEITURE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 190,950	\$ 109,234	\$ (81,716)	\$ 213,241
Revenues over (under) expenditures	190,950	109,234	(81,716)	213,241
Other Financing Sources (Uses):				
Transfer in (out)	(239,000)	(239,000)	-	-
Appropriated fund balance	48,050	-	(48,050)	-
Total other financing sources (uses)	(190,950)	(239,000)	(48,050)	-
Net change in fund balance	\$ -	(129,766)	\$ (129,766)	213,241
Fund Balance:				
Beginning of year - July 1		213,241		-
End of year - June 30		\$ 83,475		\$ 213,241

HARNETT COUNTY, NORTH CAROLINA

SHERIFF EXECUTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 250,000	\$ 44,580	\$ (205,420)	\$ -
Expenditures:				
Public safety:				
Operating expenditures	250,000	44,780	205,220	-
Net change in fund balance	<u>\$ -</u>	(200)	<u>\$ (200)</u>	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		<u>\$ (200)</u>		<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

EMPLOYMENT TRANSPORTATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Net change in fund balance	\$ -	\$ -	\$ -	-
Fund Balance:				
Beginning of year - July 1		<u>3,592</u>		<u>3,592</u>
End of year - June 30		<u>\$ 3,592</u>		<u>\$ 3,592</u>

HARNETT COUNTY, NORTH CAROLINA

ELECTRONIC MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 7,999	\$ 7,998	\$ (1)	\$ 6,812
Expenditures:				
Economic and physical development:				
Operating expenditures	7,999	-	7,999	15,496
Net change in fund balance	\$ -	7,998	\$ 7,998	(8,684)
Fund Balance:				
Beginning of year - July 1		278		8,962
End of year - June 30		\$ 8,276		\$ 278

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NONMAJOR FUNDS - GOVERNMENTAL

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities:

INDIVIDUAL FUND DESCRIPTION:

Transportation Facility Design Capital Project Fund – accounts for construction and design of a facility used by the Harnett County Area Transit System (HARTS).

Land Acquisition and Runway Safety Project Fund – accounts for the expenditures and revenues for the land acquisition, runway safety area, and ILS site prep.

School QZAB III Capital Project Fund – accounts for the renovation, refurbishment, and furnishing of 20 existing Harnett County Schools that are funded by interest-free Qualified Zone Academy Bond (QZAB) funds from the State.

Emergency Services Renovation Capital Project Fund – accounts for the expenditures and revenues for the renovation of the building formerly known as the Law Enforcement and Detention Center, to provide office space for the Emergency Services Division.

Boone Trail Elementary School Capital Project Fund – accounts for the 2009 Certificate of Participation proceeds received for the construction of a new elementary school at the intersection of Griffin Road and Adcock Road in the Mamers Community, which is located in the western portion of the County.

Harnett Central High School Capital Project Fund – accounts for the 2009 Certificate of Participation proceeds received for the construction of a 13,550 square foot auxiliary gymnasium and a 24-classroom addition to the Harnett Central High School.

Johnsonville Elementary School Capital Project Fund – accounts for the 2009 Certificate of Participation proceeds received for the construction of a 15-class addition to the Johnsonville Elementary School. The additional classrooms will add the capacity to accommodate approximately 350 students.

Highland Elementary Gym Capital Project Fund - accounts for the 2009 Certificate of Participation proceeds received for the construction of a new 9,903 square-foot gymnasium at Highland Elementary School, located on Buffalo Lake Road in Highland in the western portion of the County.

Angier Elementary School Capital Project Fund - accounts for the expenditures and revenues associated with school construction projects.

Law Enforcement Expansion Capital Project Fund – accounts for the expenditures and revenues for the construction of a new law enforcement center/detention facility.

Airport Overlay Zoning Fund – accounts for the expenditures and revenues for the Land Use Compatibility Zoning Plan better known as the “Airport Overlay Zoning District” and for the preliminary engineering/design for the airport pavement rehabilitation project.

NONMAJOR FUNDS - GOVERNMENTAL

Campo Pedestrian Trail – accounts for the expenditures and revenues to undertake a pedestrian oriented project within Harnett County. This project is located at the campus of Harnett Central Middle and High Schools and Neil’s Creek Park and is intended to serve as a safe mode of pedestrian transportation throughout the campus

Good Hope Mental Health Fund – accounts for the expenditures and revenues for the renovation of the Good Hope Hospital into a 16-bed mental health facility project.

Single Family – accounts for the expenditures and revenues of the rehabilitation of scattered site single family housing units owned and occupied by low and very low income elderly and/or disabled homeowners.

Airport Runway Reimbursement Project – accounts for the expenditures and revenues for a grant awarded by the NC Aeronautics Council to reimburse the County for meals and materials provided to the military for runway extension grading in a previous year.

Airport Hangar Development Planning and Preliminary Engineering Project – accounts for the expenditures and revenues to provide an engineering study of the airport.

Scattered Site Housing II – accounts for expenditures and revenues used to account for activities for addressing the most critical housing needs of very low income, owner occupied household with incomes at or below 50 percent of median incomes.

Airport Taxiway and Apron Rehab – accounts for expenditures and revenues used to account for activities related to the runway, taxiway, and apron pavement rehabilitation and strengthening to address cracking, oxidation and other pavement distress.

Airport Capital Reserve – accounts for the County’s local contribution to future airport projects.

Anderson Creek Phase I – accounts for the expenditures and revenues for Phase I of Anderson Creek Park. This will include paving and natural pedestrian trails, playground, picnic shelter, restroom facility, disc golf course, an overlook, and interpretive signage.

DP6 Generator Switch – accounts for the 2011 DRP 6 generator switch and message board. This will be to establish primary sheltering points and multiple 100 kw mobile generator package throughout the region.

Jetport-Runway, Taxiways and Apron Rehabilitation and Strengthening Capital Project Fund – accounts for the expenditures and revenues for the construction phase of the Harnett Regional Jetport, Runway, Taxiways and Apron Rehabilitation and Strengthening Project. The work includes rehabilitation and strengthening of runway 5/23, apron, taxiways A, B, C, D, and E, and hangar taxiway.

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HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

	<u>Airport Projects</u>	<u>Airport Drainage Outfall</u>	<u>Runway 5 Approach Clearance</u>	<u>DP6 Generator Switch</u>	<u>Single Family</u>	<u>Sheriff Training Facility</u>
Assets:						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,425
Accounts receivable, net	-	33,866	24,209	-	17,045	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 33,866</u>	<u>\$ 24,209</u>	<u>\$ -</u>	<u>\$ 17,045</u>	<u>\$ 207,425</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 6,725	\$ 10,242	\$ -	\$ -	\$ -
Due to other funds	-	26,192	12,673	37,703	17,045	-
Total liabilities	<u>-</u>	<u>32,917</u>	<u>22,915</u>	<u>37,703</u>	<u>17,045</u>	<u>-</u>
Fund Balances:						
Restricted for stabilization for State statute	-	33,866	24,209	-	17,045	-
Restricted for public safety	-	-	-	-	-	207,425
Restricted for general government	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Unassigned	-	(32,917)	(22,915)	(37,703)	(17,045)	-
Total fund balances	<u>-</u>	<u>949</u>	<u>1,294</u>	<u>(37,703)</u>	<u>-</u>	<u>207,425</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 33,866</u>	<u>\$ 24,209</u>	<u>\$ -</u>	<u>\$ 17,045</u>	<u>\$ 207,425</u>

<u>Radio Upgrade</u>	<u>Transportation Facility Design</u>	<u>Good Hope Mental Health</u>	<u>Scattered Site Housing II</u>	<u>Taxiway & Apron Rehab</u>	<u>Airport Capital Reserve</u>	<u>Anderson Creek</u>	<u>Jetport Runway</u>	<u>Total</u>
\$ -	\$ -	\$ 10,202	\$ -	\$ 13,900	\$ 21,296	\$ -	\$ 97,745	\$ 350,568
-	-	-	25,539	-	-	260,928	5,848	367,435
<u>1,867,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,867,209</u>
<u>\$ 1,867,209</u>	<u>\$ -</u>	<u>\$ 10,202</u>	<u>\$ 25,539</u>	<u>\$ 13,900</u>	<u>\$ 21,296</u>	<u>\$ 260,928</u>	<u>\$ 103,593</u>	<u>\$ 2,585,212</u>
\$ -	\$ -	\$ -	\$ 22,385	\$ -	\$ -	\$ -	\$ 118,129	\$ 157,481
-	-	-	3,154	-	-	257,032	-	353,799
-	-	-	25,539	-	-	257,032	118,129	511,280
-	-	-	25,539	-	-	260,928	5,848	367,435
-	-	-	-	-	-	-	-	207,425
1,867,209	-	-	-	-	-	-	-	1,867,209
-	-	10,202	-	13,900	21,296	-	430,493	475,891
-	-	-	(25,539)	-	-	(257,032)	(450,877)	(844,028)
<u>1,867,209</u>	<u>-</u>	<u>10,202</u>	<u>-</u>	<u>13,900</u>	<u>21,296</u>	<u>3,896</u>	<u>(14,536)</u>	<u>2,073,932</u>
<u>\$ 1,867,209</u>	<u>\$ -</u>	<u>\$ 10,202</u>	<u>\$ 25,539</u>	<u>\$ 13,900</u>	<u>\$ 21,296</u>	<u>\$ 260,928</u>	<u>\$ 103,593</u>	<u>\$ 2,585,212</u>

HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Airport Projects</u>	<u>Airport Drainage Outfall</u>	<u>Runway 5 Approach Clearance</u>	<u>DP6 Generator Switch</u>	<u>Single Family</u>	<u>Sheriff Training Facility</u>
Revenues:						
Restricted intergovernmental	\$ 22,127	\$ 33,866	\$ 29,504	\$ -	\$ 17,045	\$ -
Expenditures:						
Current:						
General government	-	-	-	37,703	-	-
Public safety	-	-	-	-	-	1,575
Economic and physical development	24,586	36,881	31,644	-	17,045	-
Total expenditures	<u>24,586</u>	<u>36,881</u>	<u>31,644</u>	<u>37,703</u>	<u>17,045</u>	<u>1,575</u>
Revenues over (under) expenditures	<u>(2,459)</u>	<u>(3,015)</u>	<u>(2,140)</u>	<u>(37,703)</u>	<u>-</u>	<u>(1,575)</u>
Other Financing Sources (Uses):						
Long-term debt issued	-	-	-	-	-	-
Transfers in	2,459	3,964	3,434	-	-	209,000
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,459</u>	<u>3,964</u>	<u>3,434</u>	<u>-</u>	<u>-</u>	<u>209,000</u>
Net change in fund balances	-	949	1,294	(37,703)	-	207,425
Fund Balances:						
Beginning of year - July 1	-	-	-	-	-	-
End of year - June 30	<u>\$ -</u>	<u>\$ 949</u>	<u>\$ 1,294</u>	<u>\$ (37,703)</u>	<u>\$ -</u>	<u>\$ 207,425</u>

<u>Radio Upgrade</u>	<u>Transportation Facility Design</u>	<u>Good Hope Mental Health</u>	<u>Scattered Site Housing II</u>	<u>Taxiway & Apron Rehab</u>	<u>Airport Capital Reserve</u>	<u>Anderson Creek</u>	<u>Jetport Runway</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 55,631	\$ 12,268	\$ -	\$ 451,294	\$ 3,330,093	\$ 3,951,828
4,667,098	-	-	-	-	-	-	-	4,704,801
-	-	-	-	-	-	-	-	1,575
-	-	-	55,631	(24,586)	-	447,398	3,784,517	4,373,116
<u>4,667,098</u>	<u>-</u>	<u>-</u>	<u>55,631</u>	<u>(24,586)</u>	<u>-</u>	<u>447,398</u>	<u>3,784,517</u>	<u>9,079,492</u>
(4,667,098)	-	-	-	36,854	-	3,896	(454,424)	(5,127,664)
4,667,098	-	-	-	-	-	-	-	4,667,098
1,867,209	-	-	-	-	36,667	-	9,395	2,132,128
-	(27,393)	-	-	-	(19,252)	-	-	(46,645)
<u>6,534,307</u>	<u>(27,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,415</u>	<u>-</u>	<u>9,395</u>	<u>6,752,581</u>
1,867,209	(27,393)	-	-	36,854	17,415	3,896	(445,029)	1,624,917
-	27,393	10,202	-	(22,954)	3,881	-	430,493	449,015
<u>\$ 1,867,209</u>	<u>\$ -</u>	<u>\$ 10,202</u>	<u>\$ -</u>	<u>\$ 13,900</u>	<u>\$ 21,296</u>	<u>\$ 3,896</u>	<u>\$ (14,536)</u>	<u>\$ 2,073,932</u>

HARNETT COUNTY, NORTH CAROLINA

**AIRPORT CAPITAL RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2014</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers (out)	\$ (52,015)	\$ (19,252)	\$ 32,763
Transfers in	<u>52,015</u>	<u>36,667</u>	<u>(15,348)</u>
Total other financing sources (uses)	<u>-</u>	<u>17,415</u>	<u>17,415</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>17,415</u>	 <u>\$ 17,415</u>
 Fund Balance:			
Beginning of year - July 1		<u>3,881</u>	
End of year - June 30		<u><u>\$ 21,296</u></u>	

HARNETT COUNTY, NORTH CAROLINA

HARNETT COUNTY JETPORT RUNWAY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 3,874,435	\$ -	\$ 3,330,093	\$ 3,330,093	\$ (544,342)
Expenditures:					
Economic and physical development:					
Engineering	114,412	-	114,136	114,136	276
Construction	4,190,516	-	3,670,381	3,670,381	520,135
Total expenditures	4,304,928	-	3,784,517	3,784,517	520,411
Revenues over (under) expenditures	(430,493)	-	(454,424)	(454,424)	(23,931)
Other Financing Sources (Uses):					
Transfers in	439,888	430,493	9,395	439,888	-
Contingency	(9,395)	-	-	-	9,395
Total other financing sources (uses)	430,493	430,493	9,395	439,888	9,395
Net change in fund balance	\$ -	\$ 430,493	(445,029)	\$ (14,536)	\$ (14,536)
Fund Balance:					
Beginning of year - July 1			430,493		
End of year - June 30			\$ (14,536)		

HARNETT COUNTY, NORTH CAROLINA

**SINGLE FAMILY REHAB
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 170,000	\$ -	\$ 17,045	\$ 17,045	\$ (152,955)
Expenditures:					
Economic and physical development:					
Legal and administrative	27,250	-	17,045	17,045	10,205
Construction	142,750	-	-	-	142,750
Total expenditures	<u>170,000</u>	<u>-</u>	<u>17,045</u>	<u>17,045</u>	<u>152,955</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**AIRPORT PROJECTS - WEATHER OBSERVATION JETPORT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental revenues	\$ 22,127	\$ -	\$ 22,127	\$ 22,127	\$ -
Expenditures:					
General government:					
Construction	24,586	-	24,586	24,586	-
Revenues over (under) expenditures	(2,459)	-	(2,459)	(2,459)	-
Other Financing Sources (Uses):					
Transfers in (out)	2,459	-	2,459	2,459	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

SHERIFF TRAINING FACILITY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Expenditures:					
Public safety:					
Legal and administrative	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Engineering	3,000	-	1,575	1,575	1,425
Construction	100,000	-	-	-	100,000
Materials	100,000	-	-	-	100,000
Contingency	5,000	-	-	-	5,000
Total expenditures	<u>209,000</u>	<u>-</u>	<u>1,575</u>	<u>1,575</u>	<u>207,425</u>
Revenues over (under) expenditures	(209,000)	-	(1,575)	(1,575)	207,425
Other Financing Sources (Uses):					
Transfers in (out)	<u>209,000</u>	<u>-</u>	<u>209,000</u>	<u>209,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>207,425</u>	<u>\$ 207,425</u>	<u>\$ 207,425</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 207,425</u>		

HARNETT COUNTY, NORTH CAROLINA

RADIO UPGRADE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Expenditures:					
General government:					
Capital outlay	\$ 7,235,270	\$ -	\$ 4,667,098	\$ 4,667,098	\$ 2,568,172
Revenues over (under) expenditures	<u>(7,235,270)</u>	<u>-</u>	<u>(4,667,098)</u>	<u>(4,667,098)</u>	<u>2,568,172</u>
Other Financing Sources (Uses):					
Transfers in (out)	2,039,477	-	1,867,209	1,867,209	(172,268)
Long-term debt issued	<u>5,195,793</u>	<u>-</u>	<u>4,667,098</u>	<u>4,667,098</u>	<u>(528,695)</u>
Total other financing sources (uses)	<u>7,235,270</u>	<u>-</u>	<u>6,534,307</u>	<u>6,534,307</u>	<u>(700,963)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,867,209	<u>\$ 1,867,209</u>	<u>\$ 1,867,209</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 1,867,209</u>		

HARNETT COUNTY, NORTH CAROLINA

TRANSPORTATION FACILITY DESIGN
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 7,500	\$ 7,474	\$ -	\$ 7,474	\$ (26)
Restricted intergovernmental revenues	607,588	567,223	-	567,223	(40,365)
Sales tax refund	9,460	9,459	-	9,459	(1)
Total revenues	<u>624,548</u>	<u>584,156</u>	<u>-</u>	<u>584,156</u>	<u>(40,392)</u>
Expenditures:					
General government:					
Legal and administrative	1,302	1,139	-	1,139	163
Engineering	33,643	32,144	-	32,144	1,499
Construction	568,500	568,420	-	568,420	80
Fencing and landscape	40,654	2,005	-	2,005	38,649
Miscellaneous	5,654	5,654	-	5,654	-
Total expenditures	<u>649,753</u>	<u>609,362</u>	<u>-</u>	<u>609,362</u>	<u>40,391</u>
Revenues over (under) expenditures	(25,205)	(25,206)	-	(25,206)	(1)
Other Financing Sources (Uses):					
Transfers in (out)	<u>25,205</u>	<u>52,599</u>	<u>(27,393)</u>	<u>25,206</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,393</u>	<u>(27,393)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>27,393</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**GOOD HOPE MENTAL HEALTH PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ 156	\$ 172	\$ -	\$ 172	\$ 16
Miscellaneous	166,314	166,313	-	166,313	(1)
Total revenues	<u>166,470</u>	<u>166,485</u>	<u>-</u>	<u>166,485</u>	<u>15</u>
Expenditures:					
Human services:					
Engineering	<u>180,000</u>	<u>169,813</u>	<u>-</u>	<u>169,813</u>	<u>10,187</u>
Revenues over (under) expenditures	(13,530)	(3,328)	-	(3,328)	10,202
Other Financing Sources (Uses):					
Transfers in (out)	<u>13,530</u>	<u>13,530</u>	<u>-</u>	<u>13,530</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,202</u>	<u>-</u>	<u>\$ 10,202</u>	<u>\$ 10,202</u>
Fund Balance:					
Beginning of year - July 1			<u>10,202</u>		
End of year - June 30			<u>\$ 10,202</u>		

HARNETT COUNTY, NORTH CAROLINA

ANDERSON CREEK
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 500,000	\$ 50,591	\$ 451,294	\$ 501,885	\$ 1,885
Expenditures:					
Economic and physical development:					
Legal and administrative	2,000	-	-	-	2,000
Engineering	51,282	1,069	1,760	2,829	48,453
Construction	446,170	49,522	445,638	495,160	(48,990)
Contingency	548	-	-	-	548
Total expenditures	<u>500,000</u>	<u>50,591</u>	<u>447,398</u>	<u>497,989</u>	<u>2,011</u>
Net change in fund balance	\$ -	\$ -	3,896	\$ 3,896	\$ 3,896
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 3,896</u>		

HARNETT COUNTY, NORTH CAROLINA

SCATTERED SITE HOUSING II
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 400,000	\$ 23,571	\$ 55,631	\$ 79,202	\$ (320,798)
Expenditures:					
Economic and physical development:					
Legal and administrative	33,000	9,502	14,664	24,166	8,834
Rehabilitation	<u>367,000</u>	<u>14,069</u>	<u>40,967</u>	<u>55,036</u>	<u>311,964</u>
Total expenditures	<u>400,000</u>	<u>23,571</u>	<u>55,631</u>	<u>79,202</u>	<u>320,798</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

DP6 GENERATOR SWITCH
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Over/Under</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 254,624	\$ 210,751	\$ -	\$ 210,751	\$ (43,873)
Expenditures:					
General government:					
Capital outlay	254,624	210,751	37,703	248,454	6,170
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(37,703)	<u>\$ (37,703)</u>	<u>\$ (37,703)</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ (37,703)</u>		

HARNETT COUNTY, NORTH CAROLINA

TAXI & APRON REHAB
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 262,239	\$ 124,876	\$ 12,268	\$ 137,144	\$ (125,095)
Expenditures:					
Economic and physical development:					
Legal and administrative	1,200	-	-	-	1,200
Engineering	290,177	176,968	(24,586)	152,382	137,795
Total expenditures	<u>291,377</u>	<u>176,968</u>	<u>(24,586)</u>	<u>152,382</u>	<u>138,995</u>
Revenues over (under) expenditures	(29,138)	(52,092)	36,854	(15,238)	13,900
Other Financing Sources (Uses):					
Transfers in (out)	<u>29,138</u>	<u>29,138</u>	<u>-</u>	<u>29,138</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (22,954)</u>	36,854	<u>\$ 13,900</u>	<u>\$ 13,900</u>
Fund Balance:					
Beginning of year - July 1			<u>(22,954)</u>		
End of year - June 30			<u>\$ 13,900</u>		

HARNETT COUNTY, NORTH CAROLINA

RUNWAY 5 APPROACH/CLEARANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted intergovernmental	\$ 35,677	\$ -	\$ 33,866	\$ 33,866	\$ (1,811)
Expenditures:					
Economic and physical development:					
Engineering	39,641	-	36,881	36,881	2,760
Revenues over (under) expenditures	(3,964)	-	(3,015)	(3,015)	949
Other Financing Sources (Uses):					
Transfers in (out)	3,964	-	3,964	3,964	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	949	<u>\$ 949</u>	<u>\$ 949</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 949</u>		

HARNETT COUNTY, NORTH CAROLINA

RUNWAY 5 APPROACH/CLEARANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted intergovernmental	\$ 30,906	\$ -	\$ 29,504	\$ 29,504	\$ (1,402)
Expenditures:					
Economic and physical development:					
Engineering	34,340	-	31,644	31,644	2,696
Revenues over (under) expenditures	(3,434)	-	(2,140)	(2,140)	1,294
Other Financing Sources (Uses):					
Transfers in (out)	3,434	-	3,434	3,434	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,294	<u>\$ 1,294</u>	<u>\$ 1,294</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 1,294</u>		

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ENTERPRISE FUNDS

Enterprise funds account for operations financed and operated in a manner similar to private business enterprises – where the costs of providing services are financed primarily through user charges. Harnett County maintains one enterprise fund to account for the operations of the water and sewer districts. The County maintains ten additional funds to account for the debt service for each district. The County maintains a separate enterprise fund for the operations of the landfill.

INDIVIDUAL FUND DESCRIPTIONS:

Harnett County Public Utilities Fund – accounts for the operations of the ten water and sewer districts, which provide water and sewer to the residents of the County.

Individual Water and Sewer Funds – accounts for the debt service for each of the water and sewer districts. These funds are the Northeast Metro Water and Sewer District, the Buies Creek/Coats Sewer District, the South Central Water and Sewer District, the West Central Water and Sewer District, the Northwest Water and Sewer District, the Southwest Water and Sewer District, the Bunnlevel Riverside Water and Sewer District, the Southeast Water and Sewer District, the East Central Water and Sewer District, and the Riverside Water and Sewer District.

Solid Waste Management Fund – accounts for the operations of the Harnett County Landfill.

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HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water and sewer sales	\$ 23,753,401	\$ 27,976,628	\$ 4,223,227
Water and sewer taps	291,000	294,745	3,745
Johnson County	3,600	3,703	103
Other operating revenues	<u>3,082,581</u>	<u>3,610,702</u>	<u>528,121</u>
Total operating revenues	<u>27,130,582</u>	<u>31,885,778</u>	<u>4,755,196</u>
Non-operating revenues:			
Interest earned on investments	<u>5,000</u>	<u>50</u>	<u>(4,950)</u>
Total revenues	<u>27,135,582</u>	<u>31,885,828</u>	<u>4,750,246</u>
Expenditures:			
Salaries and employee benefits	8,097,422	7,449,679	647,743
Purchased water	70,000	18,770	51,230
Sewage treatment	2,164,736	1,684,195	480,541
Other operating expenses	9,084,845	8,382,819	702,026
Capital outlay	275,000	270,063	4,937
Debt service:			
Debt principal	3,257,886	4,791,114	(1,533,228)
Interest and fees	<u>4,119,593</u>	<u>1,524,505</u>	<u>2,595,088</u>
Total expenditures	<u>27,069,482</u>	<u>24,121,145</u>	<u>2,948,337</u>
Revenues over (under) expenditures	<u>66,100</u>	<u>7,764,683</u>	<u>7,698,583</u>
Other Financing Sources (Uses):			
Appropriated fund balance	1,896,369	-	(1,896,369)
Transfers in	150,000	623,682	473,682
Transfers out	<u>(2,112,469)</u>	<u>(4,698,839)</u>	<u>(2,586,370)</u>
Total other financing sources (uses)	<u>(66,100)</u>	<u>(4,075,157)</u>	<u>(4,009,057)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,689,526</u>	<u>\$ 3,689,526</u>

HARNETT COUNTY, NORTH CAROLINA**ENTERPRISE FUND - WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 3,689,526	
Reconciling items:			
Debt principal		4,791,114	
Decrease in compensated absences		117,310	
Increase in other post-employment benefits		(207,241)	
Capital contribution		6,261,105	
Contributed asset		3,276,219	
Capital contribution to General Fund		(600,000)	
Interest revenue from projects		250	
Sales tax refund from projects		152,473	
Expense from projects		179,404	
Interest and fees from project		(1,052,529)	
Amortization of premium		80,903	
Transfers in from projects		2,586,371	
Intrafund transfers		1,088,786	
Capital outlay		270,063	
Depreciation		<u>(6,122,500)</u>	
Change in net position		<u>\$ 14,511,254</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - NORTHEAST METRO
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 452,500	\$ 452,500	\$ -
Interest and fees	<u>37,927</u>	<u>37,926</u>	<u>1</u>
Total expenditures	<u>490,427</u>	<u>490,426</u>	<u>1</u>
Revenues over (under) expenditures	(490,427)	(490,426)	1
Other Financing Sources (Uses):			
Capital lease transfer in	<u>490,427</u>	<u>490,426</u>	<u>(1)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Debt principal		\$ 452,500	
Reduction in investment in direct financing lease receivable		<u>(452,500)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTH CENTRAL
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 229,528	\$ 229,528	\$ -
Interest and fees	<u>590,297</u>	<u>590,297</u>	<u>-</u>
Total expenditures	<u>819,825</u>	<u>819,825</u>	<u>-</u>
Revenues over (under) expenditures	(819,825)	(819,825)	-
Other Financing Sources (Uses):			
Capital lease transfer in	<u>819,825</u>	<u>819,825</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Debt principal		\$ 229,528	
Reduction in investment in direct financing lease receivable		<u>(229,528)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - WEST CENTRAL
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 85,000	\$ 85,000	\$ -
Interest and fees	59,845	59,844	1
Total expenditures	<u>144,845</u>	<u>144,844</u>	<u>1</u>
Revenues over (under) expenditures	(144,845)	(144,844)	1
Other Financing Sources (Uses):			
Capital lease transfer in	<u>144,845</u>	<u>144,844</u>	<u>(1)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Debt principal		\$ 85,000	
Reduction in investment in direct financing lease receivable		<u>(85,000)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - NORTHWEST
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 135,000	\$ 135,000	\$ -
Interest and fees	40,776	40,776	-
Total expenditures	<u>175,776</u>	<u>175,776</u>	<u>-</u>
Revenues over (under) expenditures	(175,776)	(175,776)	-
Other Financing Sources (Uses):			
Capital lease transfer in	<u>175,776</u>	<u>175,776</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Debt principal		\$ 135,000	
Reduction in investment in direct financing lease receivable		<u>(135,000)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTHWEST
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 481,343	\$ 481,342	\$ 1
Interest and fees	<u>131,611</u>	<u>131,611</u>	<u>-</u>
Total expenditures	<u>612,954</u>	<u>612,953</u>	<u>1</u>
Revenues over (under) expenditures	(612,954)	(612,953)	1
Other Financing Sources (Uses):			
Capital lease transfer in	<u>612,954</u>	<u>612,953</u>	<u>(1)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Debt principal		\$ 481,342	
Reduction in investment in direct financing lease receivable		<u>(481,342)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - BUNNLEVEL/RIVERSIDE
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 5,472	\$ 5,472	\$ -
Interest and fees	1,243	1,243	-
Total expenditures	<u>6,715</u>	<u>6,715</u>	<u>-</u>
Revenues over (under) expenditures	(6,715)	(6,715)	-
Other Financing Sources (Uses):			
Capital lease transfer in	<u>6,715</u>	<u>6,715</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Debt principal		\$ 5,472	
Reduction in investment in direct financing lease receivable		<u>(5,472)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTHEAST
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 40,000	\$ 40,000	\$ -
Interest and fees	40,266	40,265	1
Total expenditures	<u>80,266</u>	<u>80,265</u>	<u>1</u>
Revenues over (under) expenditures	<u>(80,266)</u>	<u>(80,265)</u>	<u>1</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>80,266</u>	<u>80,265</u>	<u>(1)</u>
Total other financing sources (uses)	<u>80,266</u>	<u>80,265</u>	<u>(1)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Debt principal		\$ 40,000	
Reduction in investment in direct financing lease receivable		<u>(40,000)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - EAST CENTRAL
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 85,000	\$ 85,000	\$ -
Interest and fees	110,391	110,391	-
Total expenditures	<u>195,391</u>	<u>195,391</u>	<u>-</u>
Revenues over (under) expenditures	(195,391)	(195,391)	-
Other Financing Sources (Uses):			
Capital lease transfer in	<u>195,391</u>	<u>195,391</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Debt principal		\$ 85,000	
Reduction in investment in direct financing lease receivable		<u>(85,000)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - RIVERSIDE
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 20,000	\$ 20,000	\$ -
Interest and fees	40,177	40,176	1
Total expenditures	<u>60,177</u>	<u>60,176</u>	<u>1</u>
Revenues under expenditures	(60,177)	(60,176)	1
Other Financing Sources (Uses):			
Capital lease transfer in	<u>60,177</u>	<u>60,176</u>	<u>(1)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Debt principal		\$ 20,000	
Reduction in investment in direct financing lease receivable		<u>(20,000)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ERWIN WASTEWATER CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 193,844	\$ 193,877	\$ -	\$ 193,877	\$ 33
Investment earnings	16,145	16,242	-	16,242	97
Restricted intergovernmental	2,838,748	2,600,000	238,748	2,838,748	-
Total revenues	<u>3,048,737</u>	<u>2,810,119</u>	<u>238,748</u>	<u>3,048,867</u>	<u>130</u>
Expenditures:					
Construction	8,693,504	8,678,498	15,002	8,693,500	4
Legal and administration	176,885	175,757	-	175,757	1,128
Engineering	1,073,404	1,042,238	-	1,042,238	31,166
Materials and supplies	247,319	246,188	-	246,188	1,131
Land	26,000	25,985	-	25,985	15
Construction interest	205,589	-	-	-	205,589
Contingency	36,388	-	-	-	36,388
Total expenditures	<u>10,459,089</u>	<u>10,168,666</u>	<u>15,002</u>	<u>10,183,668</u>	<u>275,421</u>
Revenues over (under) expenditures	<u>(7,410,352)</u>	<u>(7,358,547)</u>	<u>223,746</u>	<u>(7,134,801)</u>	<u>275,551</u>
Other Financing Sources (Uses):					
Long-term debt issued	6,195,019	7,007,100	(812,081)	6,195,019	-
Transfers in - Enterprise Fund	1,800,000	1,800,000	-	1,800,000	-
Transfers out - Enterprise Fund	(584,667)	-	-	-	584,667
Total other financing sources (uses)	<u>7,410,352</u>	<u>8,807,100</u>	<u>(812,081)</u>	<u>7,995,019</u>	<u>584,667</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,448,553</u>	<u>\$ (588,335)</u>	<u>\$ 860,218</u>	<u>\$ 860,218</u>

HARNETT COUNTY, NORTH CAROLINA

**EAST CENTRAL IMPROVEMENTS CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Sales tax refund	\$ 206,289	\$ 206,289	\$ -	\$ 206,289	\$ -
Investment earnings	4,485	4,533	-	4,533	48
Restricted intergovernmental	547,500	547,500	-	547,500	-
Total revenues	<u>758,274</u>	<u>758,322</u>	<u>-</u>	<u>758,322</u>	<u>48</u>
Expenditures:					
Construction	4,425,042	4,425,041	-	4,425,041	1
Legal and administration	101,523	100,174	-	100,174	1,349
Engineering	471,600	429,326	-	429,326	42,274
Materials and supplies	37,606	37,535	-	37,535	71
Land	83,000	77,145	-	77,145	5,855
Interest	35,858	-	-	-	35,858
Contingency	2,146	-	-	-	2,146
Total expenditures	<u>5,156,775</u>	<u>5,069,221</u>	<u>-</u>	<u>5,069,221</u>	<u>87,554</u>
Revenues over (under) expenditures	<u>(4,398,501)</u>	<u>(4,310,899)</u>	<u>-</u>	<u>(4,310,899)</u>	<u>87,602</u>
Other Financing Sources (Uses):					
Loan issued	4,454,119	4,366,515	-	4,366,515	(87,604)
Transfers in - Enterprise Fund	275,500	275,500	-	275,500	-
Transfers out - Enterprise Fund	(331,118)	-	(331,116)	(331,116)	2
Total other financing sources (uses)	<u>4,398,501</u>	<u>4,642,015</u>	<u>(331,116)</u>	<u>4,310,899</u>	<u>(87,602)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 331,116</u>	<u>\$ (331,116)</u>	<u>\$ -</u>	<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

FORT BRAGG WATER AND WASTEWATER CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Sales tax refund	\$ 1,148,399	\$ 1,148,399	\$ -	\$ 1,148,399	\$ -
Investment earnings	35,076	35,710	-	35,710	634
Restricted intergovernmental	55,709,514	57,370,215	3,667,351	61,037,566	5,328,052
Total revenues	<u>56,892,989</u>	<u>58,554,324</u>	<u>3,667,351</u>	<u>62,221,675</u>	<u>5,328,686</u>
Expenditures:					
Construction	50,678,731	50,021,334	646,095	50,667,429	11,302
Legal and administration	16,002	14,002	1,800	15,802	200
Engineering	5,284,525	5,284,525	-	5,284,525	-
Materials and supplies	255,076	36,467	29,320	65,787	189,289
Land	188,143	186,141	750	186,891	1,252
Total expenditures	<u>56,422,477</u>	<u>55,542,469</u>	<u>677,965</u>	<u>56,220,434</u>	<u>202,043</u>
Revenues over (under) expenditures	<u>470,512</u>	<u>3,011,855</u>	<u>2,989,386</u>	<u>6,001,241</u>	<u>5,530,729</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	450,000	450,000	-	450,000	-
Transfers out - Enterprise Fund	(920,512)	-	-	-	920,512
Total other financing sources (uses)	<u>(470,512)</u>	<u>450,000</u>	<u>-</u>	<u>450,000</u>	<u>920,512</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,461,855</u>	<u>\$ 2,989,386</u>	<u>\$ 6,451,241</u>	<u>\$ 6,451,241</u>

HARNETT COUNTY, NORTH CAROLINA

WATER PLANT EXPANSION CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 537,643	\$ 537,643	\$ -	\$ 537,643	\$ -
Investment earnings	240,675	240,591	-	240,591	(84)
Restricted intergovernmental	35,392,521	35,392,521	-	35,392,521	-
Total revenues	<u>36,170,839</u>	<u>36,170,755</u>	<u>-</u>	<u>36,170,755</u>	<u>(84)</u>
Expenditures:					
Construction	55,651,649	55,604,284	-	55,604,284	47,365
Legal, miscellaneous, and administration	115,433	104,331	-	104,331	11,102
Engineering	2,766,725	2,184,527	133,400	2,317,927	448,798
Furniture and fixtures	230,000	209,875	-	209,875	20,125
Land	180,832	175,607	-	175,607	5,225
Construction interest	4,202,355	3,862,249	-	3,862,249	340,106
Bond issuance	226,338	176,337	-	176,337	50,001
Total expenditures	<u>63,373,332</u>	<u>62,317,210</u>	<u>133,400</u>	<u>62,450,610</u>	<u>922,722</u>
Revenues over (under) expenditures	<u>(27,202,493)</u>	<u>(26,146,455)</u>	<u>(133,400)</u>	<u>(26,279,855)</u>	<u>922,638</u>
Other Financing Sources (Uses):					
Bond issuance	24,940,967	24,176,286	-	24,176,286	(764,681)
Transfers in - Enterprise Fund	3,061,526	1,532,493	1,529,033	3,061,526	-
Transfers out - Enterprise Fund	(800,000)	-	-	-	800,000
Total other financing sources (uses)	<u>27,202,493</u>	<u>25,708,779</u>	<u>1,529,033</u>	<u>27,237,812</u>	<u>35,319</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (437,676)</u>	<u>\$ 1,395,633</u>	<u>\$ 957,957</u>	<u>\$ 957,957</u>

HARNETT COUNTY, NORTH CAROLINA

BUFFALO LAKES WASTEWATER CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Sales tax refund	\$ 45,207	\$ 45,207	\$ -	\$ 45,207	\$ -
Investment earnings	7,367	7,366	-	7,366	(1)
Restricted intergovernmental	420,000	420,000	-	420,000	-
Total revenues	<u>472,574</u>	<u>472,573</u>	<u>-</u>	<u>472,573</u>	<u>(1)</u>
Expenditures:					
Construction	2,194,767	2,181,204	13,564	2,194,768	(1)
Legal and administration	3,338	3,338	-	3,338	-
Engineering	337,518	337,518	-	337,518	-
Materials and supplies	53,558	53,558	-	53,558	-
Land	32,043	32,043	-	32,043	-
Total expenditures	<u>2,621,224</u>	<u>2,607,661</u>	<u>13,564</u>	<u>2,621,225</u>	<u>(1)</u>
Revenues over (under) expenditures	<u>(2,148,650)</u>	<u>(2,135,088)</u>	<u>(13,564)</u>	<u>(2,148,652)</u>	<u>(2)</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	2,169,367	2,169,367	-	2,169,367	-
Transfers out - Enterprise Fund	(20,717)	-	(20,715)	(20,715)	2
Total other financing sources (uses)	<u>2,148,650</u>	<u>2,169,367</u>	<u>(20,715)</u>	<u>2,148,652</u>	<u>2</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 34,279</u>	<u>\$ (34,279)</u>	<u>\$ -</u>	<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

SOUTHWEST NTA/CAMERON HILL CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Sales tax refund	\$ 24,231	\$ 46,333	\$ 143,295	\$ 189,628	\$ 165,397
Investment earnings	4,150	4,104	-	4,104	(46)
Restricted intergovernmental	<u>3,500,000</u>	<u>3,021,397</u>	<u>478,603</u>	<u>3,500,000</u>	<u>-</u>
Total revenues	<u>3,528,381</u>	<u>3,071,834</u>	<u>621,898</u>	<u>3,693,732</u>	<u>165,351</u>
Expenditures:					
Construction	4,438,243	3,295,434	1,098,048	4,393,482	44,761
Legal and administration	4,899	1,744	26	1,770	3,129
Engineering	378,000	311,603	59,019	370,622	7,378
Materials and supplies	5,000	-	1,984	1,984	3,016
Land	40,100	8,800	20,100	28,900	11,200
Contingency	<u>207,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,640</u>
Total expenditures	<u>5,073,882</u>	<u>3,617,581</u>	<u>1,179,177</u>	<u>4,796,758</u>	<u>277,124</u>
Revenues over (under) expenditures	(1,545,501)	(545,747)	(557,279)	(1,103,026)	442,475
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>1,545,501</u>	<u>1,440,404</u>	<u>-</u>	<u>1,440,404</u>	<u>(105,097)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 894,657</u>	<u>\$ (557,279)</u>	<u>\$ 337,378</u>	<u>\$ 337,378</u>

HARNETT COUNTY, NORTH CAROLINA

SOUTH CENTRAL WASTEWATER 1B-1 CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 59,096	\$ 59,236	\$ 34	\$ 59,270	\$ 174
Investment earnings	1,229	2,077	2	2,079	850
Restricted intergovernmental	1,732,481	1,103,599	82,888	1,186,487	(545,994)
Total revenues	<u>1,792,806</u>	<u>1,164,912</u>	<u>82,924</u>	<u>1,247,836</u>	<u>(544,970)</u>
Expenditures:					
Construction	3,550,391	3,535,815	14,575	3,550,390	1
Legal and administration	116,489	82,493	(20)	82,473	34,016
Engineering	282,275	258,238	19,987	278,225	4,050
Capacity	1,587,400	-	-	-	1,587,400
Land	180,000	150,822	14,550	165,372	14,628
Interest and fees	184,325	162,573	8,104	170,677	13,648
Contingency	318,698	-	-	-	318,698
Total expenditures	<u>6,219,578</u>	<u>4,189,941</u>	<u>57,196</u>	<u>4,247,137</u>	<u>1,972,441</u>
Revenues over (under) expenditures	<u>(4,426,772)</u>	<u>(3,025,029)</u>	<u>25,728</u>	<u>(2,999,301)</u>	<u>1,427,471</u>
Other Financing Sources (Uses):					
Debt issuance	3,449,000	3,449,000	-	3,449,000	-
Transfers in - Enterprise Fund	977,772	170,000	-	170,000	(807,772)
Total other financing sources (uses)	<u>4,426,772</u>	<u>3,619,000</u>	<u>-</u>	<u>3,619,000</u>	<u>(807,772)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 593,971</u>	<u>\$ 25,728</u>	<u>\$ 619,699</u>	<u>\$ 619,699</u>

HARNETT COUNTY, NORTH CAROLINA

SOUTH CENTRAL WASTEWATER 1B-2 CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Sales tax refund	\$ 21,200	\$ 28,279	\$ 6,483	\$ 34,762	\$ 13,562
Investment earnings	200	2,893	59	2,952	2,752
Restricted intergovernmental	<u>1,000,000</u>	<u>-</u>	<u>460,986</u>	<u>460,986</u>	<u>(539,014)</u>
Total revenues	<u>1,021,400</u>	<u>31,172</u>	<u>467,528</u>	<u>498,700</u>	<u>(522,700)</u>
Expenditures:					
Construction	4,388,131	2,501,675	1,178,903	3,680,578	707,553
Legal and administration	80,429	59,837	12,478	72,315	8,114
Engineering	335,401	305,808	4,274	310,082	25,319
Capacity	827,595	-	-	-	827,595
Materials and supplies	15,000	14,200	-	14,200	800
Land	314,800	292,899	18,050	310,949	3,851
Interest and fees	307,793	185,755	122,035	307,790	3
Contingency	<u>71,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,403</u>
Total expenditures	<u>6,340,552</u>	<u>3,360,174</u>	<u>1,335,740</u>	<u>4,695,914</u>	<u>1,644,638</u>
Revenues over (under) expenditures	<u>(5,319,152)</u>	<u>(3,329,002)</u>	<u>(868,212)</u>	<u>(4,197,214)</u>	<u>1,121,938</u>
Other Financing Sources (Uses):					
Debt issuance	3,937,000	3,937,000	-	3,937,000	-
Transfers in - Enterprise Fund	<u>1,382,152</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>(1,207,152)</u>
Total other financing sources (uses)	<u>5,319,152</u>	<u>4,112,000</u>	<u>-</u>	<u>4,112,000</u>	<u>(1,207,152)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 782,998</u>	<u>\$ (868,212)</u>	<u>\$ (85,214)</u>	<u>\$ (85,214)</u>

HARNETT COUNTY, NORTH CAROLINA

BRIGHTWATER INFRASTRUCTURE CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Sales tax refund	\$ 21,775	\$ 21,774	\$ -	\$ 21,774	\$ (1)
Investment earnings	63,150	1,122	-	1,122	(62,028)
Contribution First Choice	-	62,000	-	62,000	62,000
Contribution Town of Lillington	55,700	41,602	-	41,602	(14,098)
Restricted intergovernmental	2,553,944	2,161,087	390,274	2,551,361	(2,583)
Total revenues	<u>2,694,569</u>	<u>2,287,585</u>	<u>390,274</u>	<u>2,677,859</u>	<u>(16,710)</u>
Expenditures:					
Construction	2,502,601	2,502,600	-	2,502,600	1
Legal and administration	137,999	61,550	-	61,550	76,449
Utilities plus	86,171	86,171	-	86,171	-
Engineering	516,100	409,250	15,563	424,813	91,287
Materials and supplies	12,350	10,896	-	10,896	1,454
Land	74,650	74,650	-	74,650	-
Town of Lillington	100,000	99,928	-	99,928	72
NCDOT improvement	221,303	221,237	-	221,237	66
Other improvement	85,616	85,616	-	85,616	-
Contingency	60,376	-	-	-	60,376
Total expenditures	<u>3,797,166</u>	<u>3,551,898</u>	<u>15,563</u>	<u>3,567,461</u>	<u>229,705</u>
Revenues over (under) expenditures	<u>(1,102,597)</u>	<u>(1,264,313)</u>	<u>374,711</u>	<u>(889,602)</u>	<u>212,995</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	1,016,981	1,016,981	-	1,016,981	-
Transfers in - General Fund	85,616	85,616	-	85,616	-
Total other financing sources (uses)	<u>1,102,597</u>	<u>1,102,597</u>	<u>-</u>	<u>1,102,597</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (161,716)</u>	<u>\$ 374,711</u>	<u>\$ 212,995</u>	<u>\$ 212,995</u>

HARNETT COUNTY, NORTH CAROLINA

SOUTH CENTRAL WASTEWATER 1C-1 CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 9,408	\$ 9,520	\$ 2,661	\$ 12,181	\$ 2,773
Investment earnings	2,195	2,240	139	2,379	184
Restricted intergovernmental	1,000,000	20,959	523,562	544,521	(455,479)
Total revenues	<u>1,011,603</u>	<u>32,719</u>	<u>526,362</u>	<u>559,081</u>	<u>(452,522)</u>
Expenditures:					
Construction	1,994,495	1,681,311	285,185	1,966,496	27,999
Legal and administration	47,840	47,839	-	47,839	1
Engineering	268,829	224,304	8,787	233,091	35,738
Materials	100,000	-	-	-	100,000
Capacity	1,524,710	-	-	-	1,524,710
Land	100,000	82,233	7,850	90,083	9,917
Interest and fees	206,812	133,871	72,941	206,812	-
Contingency	201,582	-	-	-	201,582
Total expenditures	<u>4,444,268</u>	<u>2,169,558</u>	<u>374,763</u>	<u>2,544,321</u>	<u>1,899,947</u>
Revenues over (under) expenditures	<u>(3,432,665)</u>	<u>(2,136,839)</u>	<u>151,599</u>	<u>(1,985,240)</u>	<u>1,447,425</u>
Other Financing Sources (Uses):					
Debt issuance	3,239,000	3,323,268	-	3,323,268	84,268
Transfers in - Enterprise Fund	193,665	-	-	-	(193,665)
Total other financing sources (uses)	<u>3,432,665</u>	<u>3,323,268</u>	<u>-</u>	<u>3,323,268</u>	<u>(109,397)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,186,429</u>	<u>\$ 151,599</u>	<u>\$ 1,338,028</u>	<u>\$ 1,338,028</u>

HARNETT COUNTY, NORTH CAROLINA

SOUTH CENTRAL WASTEWATER 1C-2 CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 9,965	\$ 9,965	\$ -	\$ 9,965	\$ -
Investment earnings	1,689	1,707	50	1,757	68
Restricted intergovernmental	1,000,000	207,029	197,767	404,796	(595,204)
Total revenues	<u>1,011,654</u>	<u>218,701</u>	<u>197,817</u>	<u>416,518</u>	<u>(595,136)</u>
Expenditures:					
Construction	1,953,690	1,904,062	49,627	1,953,689	1
Legal and administration	81,359	48,069	-	48,069	33,290
Engineering	233,234	210,346	19,859	230,205	3,029
Materials	381,128	-	-	-	381,128
Capacity	1,587,400	-	-	-	1,587,400
Land	80,000	53,700	-	53,700	26,300
Interest and fees	115,654	107,376	(1,017)	106,359	9,295
Contingency	54,507	-	-	-	54,507
Total expenditures	<u>4,486,972</u>	<u>2,323,553</u>	<u>68,469</u>	<u>2,392,022</u>	<u>2,094,950</u>
Revenues over (under) expenditures	<u>(3,475,318)</u>	<u>(2,104,852)</u>	<u>129,348</u>	<u>(1,975,504)</u>	<u>1,499,814</u>
Other Financing Sources (Uses):					
Debt issuance	2,586,000	2,586,000	-	2,586,000	-
Transfers in - Enterprise Fund	889,318	-	-	-	(889,318)
Total other financing sources (uses)	<u>3,475,318</u>	<u>2,586,000</u>	<u>-</u>	<u>2,586,000</u>	<u>(889,318)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 481,148</u>	<u>\$ 129,348</u>	<u>\$ 610,496</u>	<u>\$ 610,496</u>

HARNETT COUNTY, NORTH CAROLINA

NORTHEAST WASTEWATER EXTENSION
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Sales tax refund	\$ 1,000	\$ 981	\$ -	\$ 981	\$ (19)
Investment earnings	600	521	-	521	(79)
Total revenues	<u>1,600</u>	<u>1,502</u>	<u>-</u>	<u>1,502</u>	<u>(98)</u>
Expenditures:					
Construction	703,048	703,047	-	703,047	1
Legal and administration	10,906	10,906	-	10,906	-
Engineering	86,665	86,665	-	86,665	-
Materials and supplies	1,875	1,875	-	1,875	-
Land	48,191	48,191	-	48,191	-
Contingency	96	-	-	-	96
Total expenditures	<u>850,781</u>	<u>850,684</u>	<u>-</u>	<u>850,684</u>	<u>97</u>
Revenues over (under) expenditures	(849,181)	(849,182)	-	(849,182)	(1)
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>849,181</u>	<u>1,121,032</u>	<u>(271,850)</u>	<u>849,182</u>	<u>1</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 271,850</u>	<u>\$ (271,850)</u>	<u>\$ -</u>	<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

CAMPBELL OSTEOPATHIC
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Sales tax refund	\$ -	\$ 7,397	\$ -	\$ 7,397	\$ 7,397
Restricted intergovernmental	849,530	196,455	220,926	417,381	(432,149)
Total revenues	<u>849,530</u>	<u>203,852</u>	<u>220,926</u>	<u>424,778</u>	<u>(424,752)</u>
Expenditures:					
Construction	527,893	355,312	-	355,312	172,581
Legal and administration	19,647	14,506	-	14,506	5,141
Engineering	78,750	77,500	1,250	78,750	-
Road Improvement	200,000	-	-	-	200,000
Contingency	23,240	-	-	-	23,240
Total expenditures	<u>849,530</u>	<u>447,318</u>	<u>1,250</u>	<u>448,568</u>	<u>400,962</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (243,466)</u>	<u>\$ 219,676</u>	<u>\$ (23,790)</u>	<u>\$ (23,790)</u>

HARNETT COUNTY, NORTH CAROLINA

WEST CENTRAL TRANSMISSION
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 4,800,000	\$ -	\$ -	\$ -	\$ (4,800,000)
Total revenues	<u>4,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,800,000)</u>
Expenditures:					
Construction	4,374,590	-	-	-	4,374,590
Legal and administration	10,000	-	-	-	10,000
Engineering	350,000	69,600	60,900	130,500	219,500
Materials and supplies	20,000	-	-	-	20,000
Land	30,000	-	-	-	30,000
Contingency	198,845	-	-	-	198,845
Total expenditures	<u>4,983,435</u>	<u>69,600</u>	<u>60,900</u>	<u>130,500</u>	<u>4,852,935</u>
Revenues over (under) expenditures	(183,435)	(69,600)	(60,900)	(130,500)	52,935
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>183,435</u>	<u>-</u>	<u>183,435</u>	<u>183,435</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (69,600)</u>	<u>\$ 122,535</u>	<u>\$ 52,935</u>	<u>\$ 52,935</u>

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - SOLID WASTE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste fees	\$ 5,320,390	\$ 5,000,915	\$ (319,475)
Other operating revenues	1,000	6,693	5,693
Total operating revenues	<u>5,321,390</u>	<u>5,007,608</u>	<u>(313,782)</u>
Non-Operating Revenues:			
Solid waste state taxes	259,000	237,297	(21,703)
Miscellaneous	-	13,100	13,100
Interest earned on investments	-	243	243
Total non-operating revenues	<u>259,000</u>	<u>250,640</u>	<u>(8,360)</u>
Total revenues	<u>5,580,390</u>	<u>5,258,248</u>	<u>(322,142)</u>
Expenditures:			
Salaries and employee benefits	1,093,090	874,640	218,450
Other operating expenses	3,571,310	3,191,160	380,150
Capital outlay	386,385	351,680	34,705
Debt service:			
Debt principal and interest	488,706	464,609	24,097
Total expenditures	<u>5,539,491</u>	<u>4,882,089</u>	<u>657,402</u>
Revenues over (under) expenditures	<u>40,899</u>	<u>376,159</u>	<u>335,260</u>
Other Financing Sources (Uses):			
Issuance of long-term debt	157,101	739,763	582,662
Transfers in (out)	(200,000)	-	200,000
Sale of assets	2,000	-	(2,000)
Total other financing sources (uses)	<u>(40,899)</u>	<u>739,763</u>	<u>780,662</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,115,922</u>	<u>\$ 1,115,922</u>

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - SOLID WASTE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,115,922	
Reconciling items:			
Issuance of long-term debt		(739,763)	
Project revenues		46,424	
Debt principal		339,834	
Increase in compensated absences		(10,572)	
Increase in other post-employment benefits		(30,727)	
Decrease in post-closure liability		42,800	
Amortization of premium		8,374	
Capital outlay		351,680	
Non-capitalized project expenditures		(16,841)	
Depreciation		<u>(289,683)</u>	
Change in net position		<u>\$ 817,448</u>	

HARNETT COUNTY, NORTH CAROLINA

DUNN ERWIN CORRECTIVE PLAN
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ -	\$ 7,932	\$ 16,424	\$ 24,356	\$ 24,356
Investment earnings	-	284	-	284	284
Restricted intergovernmental	30,000	-	30,000	30,000	-
Total revenues	<u>30,000</u>	<u>8,216</u>	<u>46,424</u>	<u>54,640</u>	<u>24,640</u>
Expenditures:					
Construction	1,362,562	487,212	737,128	1,224,340	138,222
Legal and administration	20,000	-	6,691	6,691	13,309
Engineering	130,000	77,544	52,369	129,913	87
Technical - Geo	20,000	8,384	8,205	16,589	3,411
Materials and supplies	30,000	-	-	-	30,000
Surveys	3,370	-	685	685	2,685
Issuance cost	80,000	78,653	-	78,653	1,347
Capital outlay	83,500	31,139	-	31,139	52,361
Contingency	50,568	-	-	-	50,568
Total expenditures	<u>1,780,000</u>	<u>682,932</u>	<u>805,078</u>	<u>1,488,010</u>	<u>291,990</u>
Revenues over (under) expenditures	(1,750,000)	(674,716)	(758,654)	(1,433,370)	316,630
Other Financing Sources (Uses):					
Bond issuance	<u>1,750,000</u>	<u>1,750,000</u>	<u>-</u>	<u>1,750,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,075,284</u>	<u>\$ (758,654)</u>	<u>\$ 316,630</u>	<u>\$ 316,630</u>

INTERNAL SERVICE FUNDS

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, on a cost-reimbursement basis.

INDIVIDUAL FUND DESCRIPTIONS:

Workers' Compensation Fund – accounts for accumulated resources as self-insurance for workers' compensation claims.

Group Insurance Fund – accounts for the expenditures and revenues for the self-insurance related to the County's health and dental insurance claims.

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HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	Workers' Compensation Fund	Group Insurance Fund	Unemployment Insurance Fund	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,763,430	\$ 785,384	\$ 209,197	\$ 2,758,011
Accounts receivable	6,423	2,243	-	8,666
Total assets	<u>1,769,853</u>	<u>787,627</u>	<u>209,197</u>	<u>2,766,677</u>
Liabilities:				
Current liabilities:				
Claims payable	1,179,973	-	-	1,179,973
Non-current liabilities:				
Claims payable	<u>2,009,144</u>	<u>-</u>	<u>-</u>	<u>2,009,144</u>
Total liabilities	<u>3,189,117</u>	<u>-</u>	<u>-</u>	<u>3,189,117</u>
Net Position:				
Unrestricted	<u>\$ (1,419,264)</u>	<u>\$ 787,627</u>	<u>\$ 209,197</u>	<u>\$ (422,440)</u>

HARNETT COUNTY, NORTH CAROLINA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Total</u>
Operating Revenues:				
County contribution	\$ 2,268,329	\$ 1,063,434	\$ 314,513	\$ 3,646,276
Operating Expenses:				
Benefits and premiums	<u>3,063,329</u>	<u>513,308</u>	<u>105,316</u>	<u>3,681,953</u>
Change in net position	(795,000)	550,126	209,197	(35,677)
Net Position:				
Beginning of year - July 1	<u>(624,264)</u>	<u>237,501</u>	<u>-</u>	<u>(386,763)</u>
End of year - June 30	<u>\$ (1,419,264)</u>	<u>\$ 787,627</u>	<u>\$ 209,197</u>	<u>\$ (422,440)</u>

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 2,261,906	\$ 1,061,191	\$ 314,513	\$ 3,637,610
Cash paid to suppliers	<u>(1,714,459)</u>	<u>(513,382)</u>	<u>(105,316)</u>	<u>(2,333,157)</u>
Net cash provided (used) by operating activities	547,447	547,809	209,197	1,304,453
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>1,215,983</u>	<u>237,575</u>	-	<u>1,453,558</u>
End of year - June 30	<u>\$ 1,763,430</u>	<u>\$ 785,384</u>	<u>\$ 209,197</u>	<u>\$ 2,758,011</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (795,000)	\$ 550,126	\$ 209,197	\$ (35,677)
Change in accounts receivable	(6,423)	(2,243)	-	(8,666)
Change in claims payable	<u>1,348,870</u>	<u>(74)</u>	<u>-</u>	<u>1,348,796</u>
Net cash provided (used) by operating activities	<u>\$ 547,447</u>	<u>\$ 547,809</u>	<u>\$ 209,197</u>	<u>\$ 1,304,453</u>

HARNETT COUNTY, NORTH CAROLINA

**WORKERS' COMPENSATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN NET POSITION - FINANCIAL PLAN AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 1,915,036	\$ 2,268,329	\$ 353,293
Expenditures:			
Benefits and premiums	1,915,036	3,063,329	(1,148,293)
Revenues over (under) expenditures	<u>\$ -</u>	(795,000)	<u>\$ (795,000)</u>
Net Position:			
Beginning of year - July 1		<u>(624,264)</u>	
End of year - June 30		<u>\$ (1,419,264)</u>	

HARNETT COUNTY, NORTH CAROLINA

GROUP INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 975,347	\$ 1,063,434	\$ 88,087
Expenditures:			
Benefits and premiums	975,347	513,308	462,039
Revenues over (under) expenditures	<u>\$ -</u>	550,126	<u>\$ 550,126</u>
Net Position:			
Beginning of year - July 1		<u>237,501</u>	
End of year - June 30		<u>\$ 787,627</u>	

HARNETT COUNTY, NORTH CAROLINA

**UNEMPLOYMENT INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 450,000	\$ 314,513	\$ (135,487)
Expenditures:			
Benefits and premiums	450,000	105,316	344,684
Revenues over (under) expenditures	<u>\$ -</u>	209,197	<u>\$ 209,197</u>
Net Position:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 209,197</u>	

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 held by the County as an agent on behalf of others.

INDIVIDUAL FUND DESCRIPTIONS:

Social Services Trust Fund – accounts for monies held by the Social Services Department for the benefit of certain individuals within the County.

Motor Vehicle Tax Fund – accounts for proceeds of the motor vehicle taxes that are collected by the County on behalf of the municipalities within the County.

State Vehicle Tax Fund – accounts for the 3 percent interest penalty on past due motor vehicle property tax bills that are remitted to the North Carolina Department of Motor Vehicles.

Fines and Forfeitures Fund – accounts for the collection and payment of fines and forfeitures to the Board of Education.

Jail Canteen Fund – accounts for the collection and payment of funds collected from inmates in the Law Enforcement Center. While detained, inmates are allowed to purchase items for personal use from the canteen and upon release, the balance of funds is returned to them.

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HARNETT COUNTY, NORTH CAROLINA**AGENCY FUNDS****COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES****JUNE 30, 2014**

	<u>Social Services Trust Fund</u>	<u>Motor Vehicle Tax Fund</u>	<u>State Motor Vehicle Tax</u>	<u>Jail Canteen Fund</u>	<u>Total</u>
Assets:					
Cash and investments	\$ 99,241	\$ 36,062	\$ 179,769	\$ 25,939	\$ 341,011
Liabilities:					
Accounts payable and accrued liabilities	\$ 99,241	\$ 36,062	\$ 179,769	\$ 25,939	\$ 341,011

HARNETT COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Social Services:				
Assets:				
Cash and investments	\$ 80,129	\$ 635,596	\$ (616,484)	\$ 99,241
Liabilities:				
Accounts payable and accrued liabilities	\$ 80,129	\$ 635,596	\$ (616,484)	\$ 99,241
Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 93,469	\$ 9,263,414	\$ (9,320,821)	\$ 36,062
Liabilities:				
Accounts payable and accrued liabilities	\$ 93,469	\$ 9,263,414	\$ (9,320,821)	\$ 36,062
State Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 7,594	\$ 350,907	\$ (178,732)	\$ 179,769
Liabilities:				
Accounts payable and accrued liabilities	\$ 7,594	\$ 350,907	\$ (178,732)	\$ 179,769
Fines and Forfeitures Fund				
Assets:				
Cash and investments	\$ -	\$ 201,431	\$ (201,431)	\$ -
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 201,431	\$ (201,431)	\$ -
Jail Canteen Fund:				
Assets:				
Cash and investments	\$ 14,310	\$ 238,708	\$ (227,079)	\$ 25,939
Liabilities:				
Accounts payable and accrued liabilities	\$ 14,310	\$ 238,708	\$ (227,079)	\$ 25,939
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 195,502	\$ 10,690,056	\$ (10,544,547)	\$ 341,011
Liabilities:				
Accounts payable and accrued liabilities	\$ 195,502	\$ 10,690,056	\$ (10,544,547)	\$ 341,011

OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable – General Fund

Analysis of Current Tax Levy

Statement of Net Assets – Combined Water and Sewer Districts Operating Fund

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Combined Water and Sewer Districts Operating Fund

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HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 JUNE 30, 2014

Fiscal Year	Uncollected Balance July 1, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 57,157,246	\$ 56,392,456	\$ 764,790
2012-2013	1,288,218	(93,164)	889,169	305,885
2011-2012	383,912	(7,887)	162,506	213,519
2010-2011	205,927	(19,143)	50,608	136,176
2009-2010	158,185	(25,795)	6,386	126,004
2008-2009	104,810	(3,647)	8,260	92,903
2007-2008	112,432	(2,675)	6,517	103,240
2006-2007	102,983	(1,065)	3,278	98,640
2005-2006	98,856	(1,009)	2,267	95,580
2004-2005	120,998	(989)	2,957	117,052
2003-2004	135,237	-	135,237	-
Total	<u>\$ 2,711,558</u>	<u>\$ 57,001,872</u>	<u>\$ 57,659,641</u>	<u>2,053,789</u>
Less: allowance for uncollectible accounts - General Fund				<u>1,227,838</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 825,951</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 57,592,341
Reconciling items:				
Interest collected				599,564
Taxes written off				135,237
Prior year releases				(667,501)
Total collections and credits				<u>\$ 57,659,641</u>

HARNETT COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2014

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 7,242,810,207	\$ 0.7250	\$ 55,410,374	\$ 50,434,574	\$ 4,975,800
Motor vehicles taxed at prior year's rate	<u>213,908,350</u>	0.7250	<u>2,950,460</u>	<u>-</u>	<u>2,950,460</u>
Total	<u>7,456,718,557</u>		<u>58,360,834</u>	<u>50,434,574</u>	<u>7,926,260</u>
Discoveries:					
Current years taxes	<u>5,749,830</u>	0.7250	<u>79,308</u>	<u>79,308</u>	<u>-</u>
Abatements					
	<u>(93,009,960)</u>		<u>(1,282,896)</u>	<u>(704,926)</u>	<u>(577,970)</u>
Total property valuation	<u>\$ 7,369,458,427</u>				
Net Levy			57,157,246	49,808,956	7,348,290
Uncollected taxes at June 30, 2014			<u>(764,790)</u>	<u>(467,727)</u>	<u>(297,063)</u>
Current Year's Taxes Collected			<u>\$ 56,392,456</u>	<u>\$ 49,341,229</u>	<u>\$ 7,051,227</u>
Current Levy Collection Percentage			<u>98.66%</u>	<u>99.06%</u>	<u>95.96%</u>

HARNETT COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
COMBINED WATER AND SEWER DISTRICTS OPERATING FUND
JUNE 30, 2014**

	Northeast Metro Water and Sewer Fund	Bates Creek/Coats Water and Sewer Fund	South Central Water and Sewer Fund	West Central Water and Sewer Fund	Northwest Water and Sewer Fund	Southwest Water and Sewer Fund	Bunlevel/Riverside Water and Sewer Fund	Southeast Water and Sewer Fund	East Central Water and Sewer Fund	Public Utilities Fund	Eliminations	Water and Sewer Operating Fund Totals
Assets:												
Current assets:												
Cash and cash investments	\$ 12,781,510	\$ 1,666,573	\$ 6,088,501	\$ 1,589,757	\$ 2,064,012	\$ 6,773,165	\$ 136,933	\$ 834,956	\$ 1,462,843	\$ -	\$ -	\$ 33,398,250
Accounts receivable, net	1,559,446	203,335	742,846	193,963	251,826	836,380	16,707	101,871	178,479	-	-	4,074,855
Prepaid items	50,306	6,559	23,964	6,257	8,124	26,658	539	3,286	5,758	-	-	131,451
Inventory	214,526	27,972	102,190	26,683	34,643	113,681	2,298	14,014	24,552	-	-	560,559
Due from districts	-	-	-	-	-	-	-	-	-	795,000	(795,000)	-
Cash and investments, restricted	807,440	105,282	384,626	100,429	130,389	427,878	8,650	52,746	92,412	-	-	2,109,852
Total current assets	15,413,229	2,009,721	7,342,126	1,917,088	2,488,993	8,167,763	165,127	1,006,874	1,764,043	795,000	(795,000)	40,274,965
Non-current assets:												
Due from the districts	-	-	-	-	-	-	-	-	-	18,900,000	(18,900,000)	-
Land and construction in progress	57,551,607	7,504,116	27,414,837	7,158,235	9,293,675	30,497,690	616,571	3,759,577	6,586,779	-	-	150,385,086
Other capital assets, net	69,632,994	9,079,400	33,169,832	8,660,911	11,244,628	36,899,847	746,003	4,548,798	7,969,493	-	-	181,951,906
Total non-current assets	127,184,601	16,583,516	60,584,669	15,819,146	20,538,303	67,397,536	1,362,573	8,308,375	14,556,273	18,900,000	(18,900,000)	332,334,992
Total assets	142,597,831	18,593,237	67,926,795	17,736,234	23,027,295	75,565,299	1,527,701	9,315,249	16,320,316	19,695,000	(19,695,000)	372,609,957
Deferred outflow	262,820	34,269	125,195	32,689	42,441	139,273	2,816	17,169	30,080	-	-	686,752
Liabilities and Net Position:												
Liabilities:												
Current liabilities:												
Accounts payable and accrued liabilities	364,375	47,511	173,571	45,321	58,841	193,089	3,904	23,803	41,703	-	-	952,117
Accrued interest	249,544	32,538	118,871	31,038	40,297	132,238	2,673	16,302	28,560	-	-	652,061
Prepaid fees	39,449	5,144	18,791	4,907	6,370	20,905	423	2,577	4,515	-	-	103,080
Customer deposits	686,419	89,502	326,977	85,376	110,846	363,747	7,354	44,841	78,561	-	-	1,795,622
Due to public utilities	-	-	240,000	95,000	145,000	150,000	25,000	40,000	100,000	-	(795,000)	-
Compensated absences - current	161,485	21,056	76,924	20,085	26,077	85,574	1,730	10,549	18,482	-	-	421,963
Current portion of long-term debt	1,522,154	198,473	485,081	94,325	100,804	646,405	1,520	59,435	74,210	795,000	(795,000)	3,977,407
Total current liabilities	3,023,426	394,222	1,440,216	376,052	488,235	1,591,958	42,604	197,506	346,031	795,000	(795,000)	7,900,250
Non-current liabilities:												
Compensated absences - non-current	7,290	951	3,473	907	1,177	3,863	78	476	834	-	-	19,050
Due to public utilities	-	-	10,010,000	1,390,000	860,000	2,165,000	975,000	920,000	2,580,000	-	(18,900,000)	-
Non-current portion of long-term debt	25,048,490	3,266,056	1,921,904	1,725,516	3,184,935	10,378,247	23,776	716,301	286,799	18,900,000	-	65,452,024
Other post-employment benefits	444,589	57,970	211,781	55,298	71,794	235,596	4,763	29,043	50,883	-	-	1,161,717
Total non-current liabilities	25,500,369	3,324,976	12,147,158	3,171,721	4,117,906	12,782,707	1,003,617	1,665,820	2,918,516	18,900,000	(18,900,000)	66,632,791
Total liabilities	28,523,795	3,719,199	13,587,373	3,547,773	4,606,142	14,374,665	1,046,221	1,863,326	3,264,547	19,695,000	(19,695,000)	74,533,041
Net Position:												
Net investment in capital assets	100,997,799	13,169,036	48,110,527	12,562,047	16,309,548	53,520,653	1,082,025	6,597,714	11,559,194	-	-	263,908,543
Unrestricted	13,339,056	1,739,271	6,354,089	1,659,104	2,154,047	7,809,255	(597,730)	871,378	1,526,654	-	-	34,855,125
Total net position	\$ 114,336,856	\$ 14,908,307	\$ 54,464,617	\$ 14,221,151	\$ 18,463,595	\$ 61,329,908	\$ 484,295	\$ 7,469,092	\$ 13,085,849	\$ -	\$ -	\$ 298,763,668

HARNETT COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - COMBINED WATER AND SEWER DISTRICTS OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Northeast Metro Water and Sewer Fund	Bates Creek/Coats Water and Sewer Fund	South Central Water and Sewer Fund	West Central Water and Sewer Fund	Northwest Water and Sewer Fund	Southwest Water and Sewer Fund	Bunlevel/Riverside Water and Sewer Fund	Southeast Water and Sewer Fund	East Central Water and Sewer Fund	Water and Sewer Operating Fund Totals
Operating Revenues:										
Charges for services	\$ 10,706,656	\$ 1,396,034	\$ 5,100,139	\$ 1,331,687	\$ 1,728,956	\$ 5,673,660	\$ 114,704	\$ 699,416	\$ 1,225,376	\$ 27,976,628
Water and sewer taps	112,799	14,708	53,732	14,030	18,215	59,774	1,208	7,369	12,910	294,745
Johnston County	1,417	185	675	176	229	751	15	93	162	3,703
Other operating revenues	2,429,771	316,816	1,157,427	302,213	392,370	1,287,582	26,031	158,726	278,087	6,349,023
Total operating revenues	13,250,643	1,727,743	6,311,973	1,648,107	2,139,769	7,021,767	141,959	865,602	1,516,536	34,624,099
Operating Expenses:										
Water distribution and sewage treatment	6,645,444	866,495	3,165,572	826,556	1,073,134	3,521,547	71,195	434,116	760,571	17,564,629
Depreciation	2,343,081	305,513	1,116,132	291,431	378,371	1,241,643	25,102	153,063	268,166	6,122,500
Total operating expenses	8,988,524	1,172,008	4,281,704	1,117,987	1,451,505	4,763,190	96,297	587,178	1,028,736	23,487,129
Operating income (loss)	4,262,118	555,735	2,030,270	530,120	688,265	2,258,578	45,662	278,424	487,799	11,136,969
Non-Operating Revenues (Expenses):										
Interest earned on investments	115	15	55	14	19	61	1	8	13	300
Interest and fees	(1,976,035)	(257,654)	(941,289)	(245,778)	(319,098)	(1,047,139)	(21,170)	(129,085)	(226,157)	(5,163,405)
Total non-operating revenues (expenses)	(1,975,920)	(257,639)	(941,234)	(245,764)	(319,080)	(1,047,078)	(21,169)	(129,078)	(226,144)	(5,163,105)
Income (loss) before capital contributions and transfers	2,286,198	298,096	1,089,036	284,356	369,185	1,211,500	24,493	149,347	261,655	5,973,865
Capital contributions	3,420,339	445,976	1,629,286	425,420	552,331	1,812,502	36,643	223,435	391,458	8,937,389
Income (loss) before transfers	5,706,537	744,072	2,718,322	709,776	921,515	3,024,002	61,136	372,781	653,113	14,911,253
Transfers:										
Transfers out	(153,080)	(19,960)	(72,920)	(19,040)	(24,720)	(81,120)	(1,640)	(10,000)	(17,520)	(400,000)
Change in net position	5,553,457	724,112	2,645,402	690,736	896,795	2,942,882	59,496	362,781	635,593	14,511,254
Net Position:										
Beginning of year - July 1	108,783,399	14,184,195	51,819,215	13,530,415	17,566,799	58,387,026	424,799	7,106,310	12,450,256	284,252,414
End of year - June 30	\$ 114,336,856	\$ 14,908,307	\$ 54,464,617	\$ 14,221,151	\$ 18,463,595	\$ 61,329,908	\$ 484,295	\$ 7,469,092	\$ 13,085,849	\$ 298,765,668

STATISTICAL SECTION

(unaudited)

This part of Harnett County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	<u>Page</u>
Financial Trends	166
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	173
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	180
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	184
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	186
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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Harnett County, North Carolina
Net Position by Component
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net investment in capital assets	\$ 32,281,393	\$ 39,542,666	\$ 35,262,755	\$ 37,271,906	\$ 63,157,501	\$ 36,370,124	\$ 36,054,811	\$ 37,298,229	\$ 62,464,192	\$ 50,365,917
Restricted	-	-	-	-	-	-	14,023,136	10,537,181	10,997,970	11,787,945
Unrestricted	(30,123,489)	(29,422,525)	(17,756,613)	(30,362,560)	(82,235,980)	(77,060,014)	(89,050,481)	(81,052,839)	(105,671,907)	(94,656,353)
Total governmental activities net position	\$ 2,157,904	\$ 10,120,141	\$ 17,506,142	\$ 6,909,346	\$ (19,078,479)	\$ (40,689,890)	\$ (38,972,534)	\$ (33,217,429)	\$ (32,209,745)	\$ (32,502,491)
Business-Type Activities:										
Net investment in capital assets	\$ 63,266,357	\$ 76,151,245	\$ 99,508,987	\$ 111,540,080	\$ 150,839,435	\$ 179,931,416	\$ 229,078,137	\$ 250,808,927	\$ 243,042,418	\$ 265,816,353
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,877,325	2,736,125	7,577,237	10,348,070	5,174,536	14,168,332	14,966,901	18,408,236	42,082,691	34,642,820
Total business-type activities net position	\$ 67,143,682	\$ 78,887,370	\$ 107,086,224	\$ 121,888,150	\$ 156,013,971	\$ 194,099,748	\$ 244,045,038	\$ 269,217,163	\$ 285,135,109	\$ 300,459,173
Primary Government:										
Net investment in capital assets	\$ 95,547,750	\$ 115,693,911	\$ 134,771,742	\$ 148,811,986	\$ 213,996,936	\$ 216,301,540	\$ 265,132,948	\$ 288,107,156	\$ 305,506,610	\$ 316,182,270
Restricted	-	-	-	-	-	-	14,023,136	10,537,181	10,997,970	11,787,945
Unrestricted	(26,246,164)	(26,686,400)	(10,179,376)	(20,014,490)	(77,061,444)	(62,891,682)	(74,083,580)	(62,644,603)	(63,579,216)	(60,013,533)
Total primary government net position	\$ 69,301,586	\$ 89,007,511	\$ 124,592,366	\$ 128,797,496	\$ 136,935,492	\$ 153,409,858	\$ 205,072,504	\$ 235,999,734	\$ 252,925,364	\$ 267,956,682

Harnett County, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 11,922,720	\$ 11,780,292	\$ 11,819,168	\$ 26,813,716	\$ 28,913,861	\$ 47,069,620	\$ 14,978,146	\$ 11,217,967	\$ 11,810,197	\$ 13,333,033
Public safety	20,528,975	23,948,439	23,195,858	25,374,027	28,144,340	28,952,326	30,533,501	32,138,970	34,473,682	34,627,720
Transportation	244,706	216,201	639,875	407,741	639,194	637,306	657,369	646,939	344,069	276,823
Environmental protection	115,279	121,443	129,917	139,421	202,232	193,652	165,460	124,255	135,892	138,994
Economic and physical development	3,876,732	4,678,094	4,958,192	5,382,775	6,568,721	6,388,625	6,019,831	6,321,309	5,968,164	3,809,848
Human services	26,148,326	27,257,065	29,108,185	30,964,992	27,738,723	25,401,052	25,417,133	25,235,971	26,073,115	25,863,878
Cultural and recreational	1,025,861	1,188,384	1,233,206	1,570,301	1,621,761	1,678,221	1,616,686	621,129	1,458,094	1,473,554
Education	18,325,234	16,948,707	18,006,432	19,928,849	30,006,235	22,701,055	22,239,671	24,115,765	30,159,562	36,423,566
Debt service:	-	-	-	-	-	-	-	-	-	-
Interest and fees	3,280,078	2,838,662	3,204,761	4,730,870	4,822,044	5,975,587	5,969,986	6,494,891	5,279,472	6,332,214
Total governmental activities expenses	85,467,911	88,977,287	92,295,594	115,312,692	128,657,111	138,987,444	107,597,783	106,917,196	115,703,247	122,279,630
Business-type activities:										
Water and sewer	11,415,915	13,185,106	15,117,851	16,667,249	18,490,660	20,517,601	35,319,763	23,446,803	28,120,698	28,650,534
Solid waste	3,267,650	3,473,564	3,743,693	4,116,940	4,204,938	4,008,639	4,286,203	4,188,342	4,586,311	4,474,124
Total business-type activities	14,683,565	16,658,670	18,861,544	20,784,189	22,695,598	24,524,240	39,585,966	27,635,145	32,707,009	33,124,658
Total primary government expenses	\$ 100,151,476	\$ 105,635,957	\$ 111,157,138	\$ 136,096,881	\$ 151,352,709	\$ 163,511,684	\$ 147,183,749	\$ 134,552,341	\$ 148,410,256	\$ 155,404,288
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,778,886	\$ 1,953,538	\$ 2,078,794	\$ 1,930,159	\$ 1,705,350	\$ 13,647,609	\$ 3,202,817	\$ 4,198,163	\$ 6,153,062	\$ 4,207,620
Public safety	4,015,181	5,208,884	4,972,808	6,165,054	6,445,392	5,931,375	8,361,070	8,949,860	9,212,633	7,243,162
Transportation	268,595	235,955	246,468	264,936	242,983	277,895	328,194	335,486	292,655	1,444
Economic and physical development	-	-	-	-	2,652	2,638	22,128	16,013	4,148	8,085
Human services	3,835,695	3,872,519	4,021,385	3,951,818	4,189,982	4,290,177	3,812,310	3,463,527	3,424,015	2,315,561
Cultural and recreational	643,499	528,604	497,961	25,653	46,505	54,582	45,862	52,284	41,158	39,974
Education	-	-	-	558,955	439,948	-	-	-	-	-
Operating grants and contributions:										
General government	7,110	43,573	5,138	116,303	286,678	1,574,076	999,908	904,224	1,175,405	1,874,813
Public safety	859,297	883,364	676,900	685,126	1,565,755	1,890,581	1,904,951	1,628,139	1,899,606	747,873
Transportation	1,556,337	1,187,832	2,427,366	529,786	1,165,357	754,113	594,844	382,897	811,311	3,957,957
Environmental protection	179,368	192,253	316,873	316,873	35,320	23,665	15,502	8,962	-	-
Economic and physical development	1,053,503	1,141,569	1,184,349	1,863,797	736,305	665,288	704,113	528,743	89,601	41,017
Human services	13,894,073	13,928,078	14,980,951	15,092,951	14,393,776	15,086,688	15,099,811	15,120,209	15,822,833	15,504,353
Cultural and recreational	9,421	3,881	67,500	675,919	182,360	180,991	196,413	149,410	161,039	162,175
Education	3,347,915	3,699,754	838,329	2,730,886	3,502,441	3,162,910	2,316,672	1,935,247	1,502,404	2,763,557
Capital grants and contributions:										
General government	24,390	-	-	-	-	-	159,603	-	-	-
Public safety	7,061	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	398,782	103,114	78,395	730,636	978,203
Human services	11,000	2,200	19,656	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	15,000	-	282,472	3,414	28,486	-	-
Total governmental activities programs revenues	31,491,331	32,882,004	32,334,478	34,606,343	34,948,804	48,223,842	37,870,726	37,780,045	41,320,506	39,845,794

Harnett County, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Water and sewer	13,726,990	15,822,667	19,837,949	21,950,390	21,374,697	24,860,413	28,170,863	30,165,366	30,813,418	34,620,175
Solid waste	3,237,580	3,235,539	3,373,255	3,343,756	3,594,796	3,839,876	3,960,942	3,963,611	4,791,264	5,023,318
Operating grants and contributions - water & sewer	24,934	411,375	-	511,300	-	-	-	-	-	-
Capital grants and contributions:										
Water and Sewer	3,010,914	8,773,746	21,431,292	9,638,451	31,384,786	34,097,559	60,951,973	18,746,953	14,719,996	8,937,389
Solid Waste	-	-	-	-	-	-	-	-	-	30,000
Total business-type activities program revenues	20,000,418	28,243,327	44,642,496	35,443,897	56,354,279	62,797,848	93,083,778	52,875,930	50,324,678	48,610,882
Total primary government program revenues	\$ 51,491,749	\$ 61,125,331	\$ 76,976,974	\$ 70,050,240	\$ 91,303,083	\$ 111,021,690	\$ 130,954,504	\$ 90,655,975	\$ 91,645,184	\$ 88,456,676
Net (expense)/revenue:										
Governmental activities	\$ (53,976,580)	\$ (56,095,283)	\$ (59,961,116)	\$ (80,706,349)	\$ (93,708,307)	\$ (90,763,602)	\$ (69,727,057)	\$ (69,137,151)	\$ (74,382,741)	\$ (82,433,836)
Business-type activities	5,316,853	11,584,657	25,780,952	14,659,708	33,658,681	38,273,608	53,497,811	25,240,785	17,617,669	15,486,224
Total primary government net expense	\$ (48,659,727)	\$ (44,510,626)	\$ (34,180,164)	\$ (66,046,641)	\$ (60,049,626)	\$ (52,489,994)	\$ (16,229,246)	\$ (43,896,366)	\$ (56,765,072)	\$ (66,947,612)
General Revenues and Other Changes										
In Net Position:										
Governmental activities:										
Ad valorem taxes	\$ 38,052,769	\$ 40,420,076	\$ 42,322,460	\$ 44,199,461	\$ 46,969,567	\$ 56,560,748	\$ 56,372,131	\$ 58,298,100	\$ 60,032,767	\$ 64,309,216
Local option sales tax	16,963,204	18,124,258	20,068,211	20,757,236	16,508,236	12,367,175	12,288,772	13,914,555	14,238,193	14,884,498
Other taxes	833,032	927,666	1,083,171	1,087,668	954,293	1,844,610	1,899,527	2,004,883	2,069,801	2,505,838
Unrestricted grants and contributions	86,153	1,462,300	668,085	144,532	234,713	70,413	125,845	347,202	45,956	38,861
Investment earnings	527,522	901,167	1,485,912	1,516,019	451,055	91,358	33,012	15,492	18,991	2,677
Miscellaneous	2,744,092	1,940,896	1,500,079	2,050,793	2,149,503	-	-	-	-	-
Gain on sale of capital asset	-	129,507	-	38,318	13,850	-	-	-	-	-
Transfers	1,884,185	151,650	219,199	315,526	439,265	72,819	475,001	312,024	400,000	400,000
Total governmental activities	61,090,957	64,057,520	67,347,117	70,109,553	67,720,482	71,007,123	71,194,288	74,892,256	76,805,708	82,141,090
Business-type activities:										
Other taxes	95,571	101,665	107,930	114,575	160,785	210,121	264,145	236,713	227,228	237,297
Investment earnings	66,286	162,363	240,284	243,356	46,845	25,173	12,585	6,651	5,961	543
Miscellaneous	62,401	57,179	2,288,887	38,891	695,733	-	-	-	-	-
Gain on sale of capital asset	1,200	(10,526)	-	60,923	3,042	-	-	-	-	-
Transfers	(1,884,185)	(151,650)	(219,199)	(315,526)	(439,265)	(72,819)	(475,001)	(312,024)	(400,000)	(400,000)
Total business-type activities	(1,658,727)	159,031	2,417,902	142,219	467,140	162,475	(198,271)	(68,660)	(166,811)	(162,160)
Total primary government	\$ 59,432,230	\$ 64,216,551	\$ 69,765,019	\$ 70,251,772	\$ 68,187,622	\$ 71,169,598	\$ 70,996,017	\$ 74,823,596	\$ 76,638,897	\$ 81,978,930
Change in Net Position										
Governmental activities	\$ 7,114,377	\$ 7,962,237	\$ 7,386,001	\$ (10,596,796)	\$ (25,987,825)	\$ (19,756,479)	\$ 1,467,231	\$ 5,755,105	\$ 2,422,967	\$ (292,746)
Business-type activities	3,658,126	11,743,688	28,198,854	14,801,927	34,125,821	38,436,083	53,299,540	25,172,125	17,450,858	15,324,064
Total primary government	\$ 10,772,503	\$ 19,705,925	\$ 35,584,855	\$ 4,205,131	\$ 8,137,996	\$ 16,679,604	\$ 54,766,771	\$ 30,927,230	\$ 19,873,825	\$ 15,031,318

Harnett County, North Carolina
Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Fiscal Year	Governmental Activities						Business-Type Activities		Total
	Ad Valorem	Sales Tax	Excise Stamp - Real Property	Occupancy Tax	Cable Franchise License	Solid Waste			
2005	\$ 38,052,769	\$ 16,963,204	\$ 358,956	\$ 289,062	\$ 185,014	\$ 95,571		\$ 55,944,576	
2006	40,420,076	18,124,258	478,806	270,406	178,454	101,665		59,573,665	
2007	42,322,460	20,068,211	568,195	332,359	183,153	107,930		63,582,308	
2008	44,199,461	20,757,236	453,552	393,721	215,603	114,575		66,134,148	
2009	46,969,567	16,508,236	354,955	362,717	236,621	178,188		64,610,284	
2010	56,560,748	12,367,175	380,883	372,187	222,418	210,121		70,113,532	
2011	56,366,267	12,288,772	373,065	394,058	246,233	264,145		69,932,540	
2012	58,298,100	13,914,555	380,640	417,602	232,046	236,713		73,479,656	
2013	60,032,767	14,238,193	401,847	412,486	196,216	227,228		75,508,737	
2014	64,309,216	14,884,498	410,360	430,146	197,213	237,297		80,468,730	

Harnett County, North Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2005	2006	2007 ¹	2008	2009 ²	2010 ³	2011	2012	2013 ⁴	2014 ⁵
General Fund										
Reserved	\$ 7,247,012	\$ 8,951,368	\$ 9,590,857	\$ 11,334,321	\$ 9,113,259	\$ 7,586,459	\$ -	\$ -	\$ -	\$ -
Unreserved	11,131,214	9,845,746	13,269,357	13,642,598	9,327,602	8,858,325	-	748,224	451,088	111,181
Non Spendable	-	-	-	-	-	-	52,271	-	-	-
Restricted	-	-	-	-	-	-	7,347,530	8,789,704	9,433,149	9,260,952
Committed	-	-	-	-	-	-	-	574,133	-	3,193,811
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	11,279,350	13,212,441	17,959,942	18,732,095
Total General Fund	\$ 18,378,226	\$ 18,797,114	\$ 22,860,214	\$ 24,976,919	\$ 18,440,861	\$ 16,444,784	\$ 18,679,151	\$ 23,324,502	\$ 27,844,179	\$ 31,298,039
All other governmental funds										
Reserved	\$ 5,425,700	\$ 7,316,481	\$ 5,416,089	\$ 2,704,804	\$ 1,001,871	\$ 524,215	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated reported in major governmental funds	-	-	39,782,095	20,237,681	2,870,399	-	-	-	-	-
Unreserved, reported in nonmajor:										
Special Revenue	635,578	689,250	731,401	412,406	975,147	718,299	-	-	-	-
Non Spendable	-	-	-	-	-	-	-	2,612	1,742	-
Restricted	-	-	-	-	-	-	6,700,404	2,212,333	23,331,386	12,479,663
Committed	-	-	-	-	-	-	198,652	103,168	471,969	475,891
Assigned	-	-	-	-	-	-	143,764	60,662	76,734	60,348
Unassigned	-	-	-	-	-	-	(974,816)	(470,924)	(444,222)	(1,904,724)
Capital Projects	5,226,273	2,432,420	2,189,267	7,617,069	28,479,842	10,366,092	-	-	-	-
Total all other governmental funds	\$ 11,287,551	\$ 10,438,151	\$ 48,118,852	\$ 30,971,960	\$ 33,327,259	\$ 11,608,606	\$ 6,068,004	\$ 1,907,851	\$ 23,437,609	\$ 11,111,178

¹ The increase in fund balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Law Enforcement Expansion and Overhills Elementary Capital Project Funds.
² The increase in fund balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Boone Trail Elementary School Capital Project Fund.
³ The decrease in fund balance for all other governmental funds is due to the closing spend-down of escrow funds for several school construction projects.
⁴ The increase in fund balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Highlands Middle School Capital Project Fund.
⁵ The decrease in fund balance for all other governmental funds is due to the spend-down of escrow funds for the Highlands Middle School Capital Project Fund.

Harnett County, North Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2005	2006	2007 ¹	2008	2009	2010	2011	2012	2013	2014	
Revenues:											
Ad valorem taxes	\$ 38,643,943	\$ 40,885,746	\$ 42,360,197	\$ 44,672,744	\$ 47,060,009	\$ 55,407,612	\$ 56,437,182	\$ 58,043,532	\$ 60,420,690	\$ 64,806,230	
Other taxes and licenses	17,796,236	19,051,924	21,153,147	21,820,112	17,462,529	14,211,785	14,188,299	15,919,438	16,307,994	17,390,336	
Unrestricted Intergovernmental	86,153	55,149	111,481	121,282	97,470	70,413	125,845	347,202	45,956	38,861	
Restricted Intergovernmental	19,477,727	19,999,156	18,967,365	21,690,372	21,767,468	22,869,284	21,615,025	20,580,505	21,951,104	24,545,233	
Permits and fees	2,919,326	3,181,855	3,349,808	4,136,968	3,296,521	3,153,029	3,382,005	3,621,752	3,995,260	3,686,220	
Contributions	1,471,748	2,490,499	2,037,782	23,250	164,885	-	-	-	-	-	
Sales and services	7,622,530	8,617,645	8,530,503	8,759,607	9,211,309	7,648,967	9,997,003	9,481,257	9,256,221	7,378,303	
Investment earnings	537,600	1,023,817	1,557,886	2,286,039	470,063	91,358	33,012	15,492	18,991	2,677	
Other general revenues	2,793,179	2,128,850	1,608,189	2,414,723	2,102,532	1,951,479	1,912,834	2,113,609	3,437,772	4,041,279	
Total revenues	91,348,442	97,434,641	99,676,358	105,925,097	101,632,806	105,403,927	107,691,205	110,122,787	115,433,988	121,889,139	
Expenditures:											
General government	14,937,119	15,594,781	14,087,333	40,976,358	33,588,824	31,822,046	14,869,728	10,214,297	12,004,474	16,619,446	
Public safety	20,408,243	23,729,857	22,661,865	25,171,203	27,471,931	29,385,473	29,294,016	31,218,622	33,503,772	33,945,599	
Transportation	89,613	90,547	176,958	132,091	314,378	149,435	149,839	160,068	368,313	369,745	
Environmental protection	164,991	118,113	129,917	136,095	192,134	184,147	163,285	118,166	123,598	128,133	
Economic and physical development	5,012,225	5,350,214	6,779,269	6,130,542	6,556,510	6,214,196	5,931,886	6,270,644	5,873,572	7,761,858	
Human services	26,446,717	27,276,463	29,265,249	30,893,900	27,167,825	24,911,594	25,078,828	24,622,510	25,488,823	25,287,199	
Cultural and recreational	1,058,245	1,227,703	1,206,477	1,563,968	1,556,175	1,589,485	1,549,773	1,354,884	1,367,760	1,391,118	
Education	18,335,754	16,948,707	18,006,432	19,928,849	30,006,235	22,701,055	22,239,671	24,115,765	30,159,562	36,423,566	
Debt service:											
Principal	5,124,959	5,710,097	11,349,847	7,218,631	8,001,520	7,721,489	6,666,065	7,176,838	6,424,014	8,240,495	
Interest and fees	3,246,717	3,153,151	2,991,234	4,622,327	4,911,009	4,562,224	6,032,825	5,139,600	5,062,698	6,491,804	
Debt issuance cost	-	-	-	558	803,900	-	-	-	-	-	-
Total primary government expenses	94,824,583	99,199,633	106,654,581	136,774,522	140,570,441	129,241,144	111,975,916	110,391,394	120,376,586	136,658,963	
Excess of revenues over (under) expenditures	(3,476,141)	(1,764,992)	(6,978,223)	(30,849,425)	(38,937,635)	(23,837,217)	(4,284,711)	(268,607)	(4,942,598)	(14,769,824)	

Harnett County, North Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2005	2006	2007 ¹	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses):										
Bonds and capital lease issuance	3,853,795	1,182,830	48,502,824	15,503,712	35,290,378	-	20,803,000	329,485	329,485	5,497,253
Bond premium	-	-	-	-	656,343	-	35,475	-	52,029	-
Long-term debt refunded	-	-	-	-	-	-	-	24,033,690	30,210,515	-
Payment to escrow agents	-	-	-	-	-	-	(20,035,000)	(23,921,394)	-	-
Transfers in	4,535,367	3,721,394	6,278,726	5,892,878	5,987,531	2,647,655	1,942,917	3,763,894	2,105,699	2,595,269
Transfers out	(4,043,482)	(3,569,744)	(6,059,526)	(5,577,352)	(5,548,266)	(2,224,530)	(1,767,916)	(3,451,870)	(1,705,695)	(2,195,269)
Total other financing sources (uses)	4,345,680	1,334,480	48,722,024	15,819,238	36,385,966	423,125	978,476	753,805	30,992,033	5,897,253
Net change in fund balances	\$ 869,539	\$ (430,512)	\$ 41,743,801	\$ (15,030,187)	\$ (2,551,649)	\$ (23,414,092)	\$ (3,306,235)	\$ 485,198	\$ 26,049,435	\$ (8,872,571)
Debt service as a percentage of non-capital expenditures	9.45%	9.61%	14.11%	9.90%	9.72%	9.74%	11.41%	11.28%	9.69%	11.63%

¹ The increase in Total Other Financing Sources is due to the issuance of the 2007 Certificates of Participation for the Law Enforcement Center and the Overhills Elementary School and the Coats Elementary School Gymnasium projects.

Harnett County, North Carolina
General Governmental Tax Revenues by Source¹
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Ad Valorem	Sales Tax	Excise Stamp Real Property	Occupancy Tax	Cable TV Franchise	Total
2005	\$ 38,643,943	\$ 16,963,204	\$ 358,956	\$ 289,062	\$ 185,014	\$ 56,440,179
2006	40,885,746	18,124,258	478,806	270,406	178,454	59,937,670
2007	42,322,460	20,068,211	568,195	332,359	183,153	63,474,378
2008	44,199,461	20,757,236	453,552	393,721	215,603	66,019,573
2009	42,551,822	15,337,117	354,955	362,717	236,621	58,843,232
2010	55,407,612	13,236,297	380,883	372,187	222,418	69,619,397
2011	50,879,784	12,288,772	373,065	394,058	246,233	64,181,912
2012	52,129,522	13,914,555	380,640	417,602	232,046	67,074,365
2013	54,273,480	14,238,193	401,847	412,486	196,216	69,522,222
2014	58,191,905	14,884,498	410,360	430,146	197,213	74,114,122

¹ Includes ad valorem tax and other taxes and licenses

Harnett County, North Carolina
Assessed Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Personal Property				Less: Tax Exempt Real Property ²	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ³	Assessed Value as a Percentage of Actual Value ⁴
	Real Property	Public Service ¹	Motor Vehicle	Other					
2005	\$ 3,816,647,064	\$ 137,920,639	\$ 609,445,287	\$ 295,595,827	\$ 163,501,820	\$ 4,696,106,997	0.735	\$ 4,915,884,804	95.53%
2006	4,006,628,671	145,951,703	642,219,418	302,141,650	168,412,260	4,928,529,182	0.735	5,451,309,791	90.41%
2007	4,241,454,829	151,673,422	668,654,872	293,367,960	183,046,260	5,172,104,823	0.735	5,720,722,069	90.41%
2008	4,503,516,327	134,215,587	707,344,504	322,188,401	183,256,810	5,484,008,009	0.735	6,689,446,217	81.98%
2009	4,524,717,546	141,054,893	771,747,421	348,654,007	193,386,250	5,592,787,617	0.735	6,822,136,639	81.98%
2010 ⁵	5,986,060,609	172,744,103	734,279,327	347,311,298	273,541,730	6,966,853,607	0.725	6,979,416,557	99.82%
2011	5,852,387,598	167,779,881	751,193,380	405,703,786	277,184,360	6,899,880,285	0.725	6,929,337,574	99.57%
2012	6,294,392,739	170,024,073	704,442,062	279,752,647	269,398,320	7,179,213,201	0.725	7,112,446,518	100.94%
2013	6,204,361,066	173,078,000	861,658,847	354,881,029	278,506,820	7,315,472,122	0.725	7,897,738,100	92.63%
2014	6,537,809,885	175,425,257	523,250,367	364,317,559	272,762,996	7,328,040,072	0.725	7,883,552,942	92.95%

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

² Exempt real estate only, does not include elderly exemption or deferred. Exempt properties are not reported in the year-to-year levy; therefore, annual scrolls were not maintained. The information presented was compiled from reports prepared for the Department of Revenue.

³ 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.

⁴ Estimated actual values and the ratio of total assessed value to total estimated actual value have been adjusted to reflect updated sales assessment ratio percentages from the North Carolina Department of Revenue.

⁵ Denotes the year in which a revaluation was effective January 1st and reflected in the following fiscal year.

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

Source: Harnett County Tax Department

**Harnett County, North Carolina
Property Tax Rates - Direct and Overlapping¹ Governments**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Harnett County	0.735	0.735	0.735	0.735	0.735	0.725	0.725	0.725	0.725	0.725
Municipalities:										
City of Dunn	0.460	0.460	0.520	0.520	0.480	0.480	0.480	0.480	0.500	0.500
Aversboro School District	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020
Averasboro Fire District	0.040	0.040	0.040	0.040	0.070	0.070	0.070	0.070	0.070	0.070
Downtown Revitalization	-	-	-	-	-	-	-	0.120	0.012	0.012
Combined Rate	1.215	1.215	1.275	1.275	1.235	1.225	1.225	1.225	1.245	1.245
Town of Benson										
Satellite Properties	-	-	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530
Combined Rate	0.735	0.735	1.265	1.265	1.265	1.255	1.255	1.255	1.255	1.255
Town of Broadway										
Satellite Properties	0.490	0.470	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440
Combined Rate	1.225	1.205	1.175	1.175	1.175	1.165	1.165	1.165	1.165	1.165
Town of Lillington										
Combined Rate	0.560	0.560	0.560	0.560	0.560	0.520	0.520	0.520	0.520	0.520
	1.295	1.295	1.295	1.295	1.295	1.245	1.245	1.245	1.245	1.245
Town of Coats										
Combined Rate	0.640	0.640	0.620	0.620	0.620	0.550	0.550	0.590	0.590	0.590
	1.375	1.375	1.355	1.355	1.355	1.275	1.275	1.315	1.315	1.315
Town of Angier										
Combined Rate	0.460	0.500	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530
	1.195	1.235	1.265	1.265	1.265	1.255	1.255	1.255	1.255	1.255
Town of Erwin										
Combined Rate	0.550	0.550	0.550	0.550	0.550	0.500	0.550	0.480	0.480	0.480
	1.285	1.285	1.285	1.285	1.285	1.225	1.275	1.205	1.205	1.205

**Harnett County, North Carolina
Property Tax Rates - Direct and Overlapping Governments**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire Tax Districts:										
Anderson Creek Fire District Combined Rate	0.110 0.845	0.110 0.845	0.110 0.845	0.110 0.845	0.110 0.845	0.110 0.835	0.110 0.835	0.110 0.835	0.110 0.835	0.110 0.835
Angier/Black River Fire District Combined Rate	0.063 0.798	0.063 0.798	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795
Benhaven Fire District Combined Rate	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.080 0.805	0.090 0.815	0.090 0.815
Benson Banner Fire District Combined Rate	- -	- -	- -	- -	- -	- -	- -	0.070 0.795	0.070 0.795	0.070 0.795
Boone Trail Emergency Services Combined Rate	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795
Buies Creek Fire District Combined Rate	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825
Bunnlevel Rural FD Combined Rate	0.110 0.845	0.110 0.845	0.110 0.845	0.110 0.845	0.110 0.845	0.110 0.835	0.110 0.835	0.110 0.835	- -	- -
Crains Creek Combined Rate	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825
Coats-Grove Fire District Combined Rate	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.805	0.080 0.805	0.080 0.805	0.090 0.815	0.090 0.815
Cypress Creek Combined Rate	0.085 0.820	0.085 0.820	0.085 0.820	0.085 0.820	0.085 0.820	0.085 0.810	0.085 0.810	0.085 0.810	0.085 0.810	0.085 0.810
Duke (Erwin) Fire District Combined Rate	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795
Flat Branch Fire District Combined Rate	0.120 0.855	0.120 0.855	0.120 0.855	0.120 0.855	0.120 0.855	0.120 0.845	0.120 0.845	0.120 0.845	0.120 0.845	0.120 0.845

**Harnett County, North Carolina
Property Tax Rates - Direct and Overlapping¹ Governments**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Flatwoods Combined Rate	0.150 0.885	0.150 0.885	0.150 0.885	0.150 0.885	0.150 0.885	0.150 0.875	0.150 0.875	0.150 0.875	0.120 0.845	0.120 0.845
Godwin Falcon Combined Rate	- -	- -	- -	- -	- -	- -	- -	0.100 0.825	0.100 0.825	0.100 0.825
Northwest Harnett Fire District Combined Rate	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.805	0.080 0.805	0.080 0.805	0.080 0.805	0.080 0.805
Spout Springs Combined Rate	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825
Summerville Combined Rate	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	- -	- -
Summerville Bunnlevel Combined Rate	- -	- -	- -	- -	- -	- -	- -	0.080 0.805	0.080 0.805	0.080 0.805
West Area Fire District Combined Rate	- -	- -	- -	- -	- -	- -	- -	0.100 0.825	0.100 0.825	0.100 0.825

¹ Overlapping rates are those of local and County governments that apply to property owners within Harnett County. Not all overlapping rates apply to all Harnett County property owners (e.g., the rates for special districts apply only to the proportion of the governments' property owners whose property is located within the geographic boundaries of the special district).

Source: Harnett County Tax Department

**Harnett County, North Carolina
Principal Property Taxpayers
Ten Year Comparison
(Unaudited)**

Taxpayer	2014			2005		
	2013 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2004 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Progress Energy ¹	\$ 65,693,544	1	0.90%	\$ 55,274,047	1	1.40%
South River EMC	33,217,381	2	0.50%	30,307,594	2	0.80%
Delhaize America (Food Lion, Inc.)	27,449,380	3	0.40%	28,120,112	4	0.70%
Carolina Telephone	25,662,609	4	0.40%	25,502,739	5	0.70%
Food Lion Stores, Distribution	22,895,353	5	0.30%	11,359,279	8	0.30%
Central EMC	16,780,286	6	0.20%	9,087,443	9	0.20%
Oldcastle APG South INC	13,643,568	7	0.20%			
Wal-Mart Real Estate	12,318,880	8	0.20%	11,683,790	6	0.30%
Wincor	11,643,090	9	0.20%			
CSX Transportation	9,358,840	10	0.10%			
Morganite				28,489,566	3	0.70%
Alltel Carolina, Inc.						
James P. Godwin & Wife				11,636,220	7	0.30%
Womble Rentals				8,972,520	10	0.20%
	<u>\$ 238,662,931</u>		<u>3.40%</u>	<u>\$ 220,433,310</u>		<u>5.60%</u>

¹ Progress Energy, Inc. merged with and became a wholly-owned subsidiary of Duke Energy Corporation on July 2, 2012

Source: Harnett County Tax Department

Harnett County, North Carolina
Property Tax Levies and Collections - General Fund
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Collected Within the Fiscal Year			Total Collections to Date		
	Total Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Collected in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Net Levy
2005	\$ 35,232,094	\$ 33,778,940	95.88%	\$ 1,336,102	\$ 35,115,042	99.67%
2006	36,286,597	35,106,194	96.75%	1,084,823	36,191,017	99.74%
2007	38,222,571	36,939,726	96.64%	1,184,205	38,123,931	99.74%
2008	40,179,862	38,935,459	96.90%	1,141,163	40,076,622	99.74%
2009	41,990,253	40,791,833	97.15%	1,105,517	41,897,350	99.78%
2010	49,571,730	48,325,314	97.49%	1,120,412	49,445,726	99.75%
2011	50,653,906	49,457,451	97.64%	1,060,279	50,517,730	99.73%
2012	52,116,730	50,733,856	97.35%	1,169,355	51,903,211	99.59%
2013	53,497,265	52,209,047	97.59%	982,333	53,191,380	99.43%
2014	57,157,246	56,392,456	98.66%	-	56,392,456	98.66%

Source: Harnett County Tax Department

Harnett County, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities						Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Capitalized Leases	Installment Purchase	Capitalized Leases	Installment Purchase	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Special Obligation Bonds	State Bond Loan				
2005	\$ 1,017,824	\$ 70,585,320	\$ 215,776	\$ 10,902,366	\$ 17,940,300	\$ -	\$ -	\$ -	\$ -	\$ 6,687,299	\$ 107,348,885	4.24%	\$ 1,055
2006	941,063	66,134,470	138,664	11,035,549	17,210,400	-	-	-	15,676,716	111,136,852	3.31%	1,070	
2007	736,726	101,683,332	70,963	11,503,883	16,452,000	15,265,909	-	-	19,358,452	165,071,265	7.60%	1,553	
2008	905,925	110,290,619	13,455	10,161,918	25,417,000	14,825,000	-	-	18,365,522	179,979,439	8.07%	1,635	
2009	725,620	137,910,547	-	9,070,001	24,591,000	40,825,000	-	-	18,039,119	231,161,287	N/A	2,063	
2010	498,504	131,923,791	-	7,920,748	23,805,000	39,895,000	-	-	16,752,075	220,795,118	N/A	1,907	
2011	299,773	126,224,456	-	6,858,851	23,013,000	13,350,000	-	-	15,465,030	185,211,110	N/A	1,615	
2012	437,297	120,798,269	-	5,758,367	35,297,000	12,805,000	-	-	25,551,602	200,647,535	N/A	1,653	
2013	215,511	145,136,042	-	4,756,014	34,056,000	12,240,000	-	1,750,000	24,046,232	242,264,799	N/A	1,980	
2014	5,850,448	137,149,779	630,642	3,399,694	13,626,000	11,650,000	19,695,000	1,594,000	21,419,030	215,014,593	N/A	1,744	

¹ Provided by the NC Department of Commerce. Latest information available is represented. Refer to the schedule on page P-18 for personal income and population data. For the fiscal years ending 2009 and forward, the details regarding the County's outstanding debt can be found in the notes to the financial statements.

Harnett County, North Carolina
Direct and Overlapping Governmental Activities Debt
For the fiscal year ending June 30, 2014
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated share of Overlapping Debt
Harnett County:			
Debt repaid with property taxes	\$ 137,149,779	100%	\$ 137,149,779
Total direct debt			137,149,779
Municipality:			
Town of Angier	1,115,144	100%	1,115,144
Town of Coats	-	100%	-
City of Dunn	5,580,300	100%	5,580,300
Town of Erwin	-	100%	-
Town of Lillington	-	100%	-
Total overlapping debt			<u>6,695,444</u>
Total direct and overlapping debt			<u>\$ 143,845,223</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Harnett County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated by considering that the residents of the Towns are responsible for not only the debt of the Town, but the County as well.

Harnett County, North Carolina
Pledged Revenue Coverage - Water & Sewer
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Gross Revenues ¹	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2005	\$ 13,781,929	\$ 6,864,141	\$ 6,917,788	\$ -	\$ -	-
2006	15,928,322	8,662,619	7,265,703	-	-	-
2007	21,974,414	10,246,860	11,727,554	44,091	62,805	10970.99%
2008	25,918,628	11,521,717	14,396,911	440,909	662,069	1305.28%
2009	26,969,184	13,363,984	13,605,200	470,000	690,523	1172.33%
2010	24,828,390	13,539,225	11,289,165	969,040	2,518,252	323.72%
2011	28,042,836	14,181,242	13,861,594	985,000	2,465,993	401.67%
2012	30,130,929	13,615,380	16,515,549	545,000	614,560	1424.29%
2013	30,732,953	16,541,552	14,191,401	565,000	591,438	1227.16%
2014	29,460,994	17,364,629	12,096,365	590,000	568,838	1043.84%

¹ Total operating revenues including interest

² Total operating expenses exclusive of depreciation and amortization

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Harnett County, North Carolina
Computation of Legal Debt Margin
Last Ten Fiscal Years
(amounts expressed in thousands)
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 375,688	\$ 394,282	\$ 413,768	\$ 438,721	\$ 455,850	\$ 545,723	\$ 564,797	\$ 574,422	\$ 587,486	\$ 589,557
Total net debt applicable to limit	89,408	93,927	133,353	139,737	165,746	157,095	148,840	152,546	195,973	170,044
Legal debt margin	\$ 286,280	\$ 300,355	\$ 280,415	\$ 298,984	\$ 290,104	\$ 388,628	\$ 415,957	\$ 421,876	\$ 391,513	\$ 419,513
Total net debt applicable to the limit as a percentage of debt limit	23.80%	23.82%	32.31%	31.85%	36.36%	28.29%	26.35%	26.56%	33.36%	28.84%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$7,369,458,427
Debt limit (8% of total assessed value)	589,556,674
Debt applicable to limit:	
Certificates of participation	104,501,800
Installment purchase	36,047,673
Revolving loan	20,015,132
General obligation bond	13,626,000
State bond loans	1,403,898
Revenue bonds	11,650,000
Limited obligation bond	19,695,000
Special obligation bond	1,594,000
Obligation under capital lease	6,481,090
Subtotal	215,014,593
Authorized and unissued debt	-
Total gross debt	215,014,593
Less: statutory deductions	
Bonds issued and outstanding for water and sewer purposes	33,321,000
Revenue bonds	11,650,000
	44,971,000
Total amount of debt applicable to debt limit	170,043,593
Legal debt margin	\$419,513,081

Harnett County, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Population¹	Personal Income²	Per Capita Income³	Median Age³	School Enrollment⁴	Unemployment Rate⁵
2005	101,737	\$ 2,530,097,453	\$ 24,869	33.42	17,892	5.6%
2006	103,884	3,348,596,856	32,234	33.58	18,274	5.2%
2007	106,283	2,170,298,860	20,420	34	18,876	5.1%
2008	110,098	2,231,025,872	20,264	35	18,968	6.6%
2009	112,030	N/A	19,968	35	18,518	11.8%
2010	115,761	N/A	28,015	35	18,764	10.8%
2011	114,678	N/A	18,725	34	19,011	11.8%
2012	121,417	N/A	18,884	34	19,378	11.2%
2013	122,355	N/A	18,884	34	19,868	10.5%
2014	123,316	N/A	19,226	34	19,847	7.4%

¹ North Carolina Office of State Budget and Management

² NC Department of Commerce. Latest figures available are reflected. For the fiscal years ending 2009 and forward, the personal income expressed as a total dollar amount for the County is no longer available.

³ North Carolina Department of Commerce, Access, NC

⁴ Harnett County Board of Education

⁵ NC Department of Commerce, Division of Employment Security

**Harnett County, North Carolina
Principal Employers
Current Year and Ten Years Ago
(Unaudited)**

Employer	Employment Type	2014		2005	
		Employment Range	Employment Range	Employment Range	Employment Range
Harnett County Public Schools	Education & Health Services	1,000 +	1,000 +	1,000 +	1,000 +
Campbell University	Education & Health Services	1,000 +	1,000 +	500 - 999	500 - 999
Food Lion	Trade, Transportation & Utilities	1,000 +	1,000 +	500 - 999	500 - 999
Betsy Johnson Memorial Hospital	Education & Health Services	500 - 999	500 - 999	500 - 999	500 - 999
County of Harnett	Public Administration	500 - 999	500 - 999	500 - 999	500 - 999
Carlie C's Operation Center, Inc.	Trade, Transportation & Utilities	250 - 499	250 - 499	250 - 499	250 - 499
NC Department of Public Safety	Public Administration	250 - 499	250 - 499	250 - 499	250 - 499
Wal-Mart Associates, Inc.	Trade, Transportation & Utilities	250 - 499	250 - 499	250 - 499	250 - 499
Edwards Brothers, Inc.	Information	100 - 249	100 - 249	250 - 499	250 - 499
Principle Long Term Care, Inc.	Education & Health Services	100 - 249	100 - 249	0	0
Energy Conservation System Holding	Manufacturing	0	0	250-499	250-499
Saab Barracuda, LLC.	Manufacturing	0	0	250-499	250-499

Source: NC Department of Commerce, Labor and Economic Analysis Division (LEAD), Demand Driven Date Delivery System (D4)

Harnett County, North Carolina
Full-Time County Government Employees by Function
Last Ten Fiscal Years
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	103	110	106	108	111	111	99	99	101	101
Public safety	196	233	240	258	255	267.5	277.5	278.5	286.5	298.5
Environmental protection	2	2	2	3	3	3	3	2	2	2
Economic and physical development	50	53	46	55	55	55	43	43	37	38
Human services	234	248	244	251	248	247.5	259.5	259.5	259.5	257.5
Cultural and recreation	14	16	15	14	15	17	12	12	13	13
Water and wastewater	62	69	100	103	103	91	95	95	100	101
Solid waste	11	11	15	15	15	13	13	13	13	14
Total	672	742	768	807	805	805	802	802	812	825

Source: Harnett County Finance Office

Harnett County, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire										
Number of calls answered	4,628	4,975	5,277	4,719	5,426	5,641	6,110	6,234	6,507	6,707
Sheriff										
Number of law violations:										
Arrests	7,372	8,566	5,082	5,734	8,166	9,348	10,656	10,869	10,000	11,014
Traffic violations	1,535	2,035	2,900	2,492	2,274	2,333	2,394	2,442	5,423	4,249
Inspections										
Number of permits issued	2,850	2,638	2,543	2,359	2,413	2,900	3,085	3,156	2,329	2,794
Culture and Recreation										
Circulation	337,527	373,052	393,693	399,271	413,756	405,757	411,437	365,817	344,394	266,376
Utilities										
Water system:										
Daily average treatment in gallons	7,500,000	8,200,209	8,742,905	9,870,257	9,938,972	10,998,199	13,293,948	13,107,763	13,270,531	13,458,193
Sewer system:										
Daily average treatment in gallons	1,280,000	1,585,653	1,645,865	2,352,271	2,501,383	2,824,172	3,266,397	3,203,849	5,500,974	9,069,152

Source: Information provided by various county departments

Harnett County, North Carolina
Capital Assets Statistics by Function
Last Ten Fiscal Years
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire										
Number of stations	15	18	19	19	19	19	19	19	19	19
Sheriff										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	98	104	107	152	139	156	138	156	176	176
Culture and Recreation										
Number of libraries	6	6	6	6	6	6	6	6	6	6
Library collections	185,891	191,865	196,551	202,357	208,873	213,446	219,849	217,323	237,630	209,709
Number of parks	3	5	5	5	5	5	5	5	6	6
Park acreage	55	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,101	1,101
Number of ball fields	6	6	6	6	6	6	6	6	6	6
Number of tennis courts	12	12	12	12	12	12	12	12	12	12
Number of playground areas	0	0	0	0	0	0	1	1	1	2
Number of soccer fields	2	2	2	2	2	2	2	2	2	2
Number of County-owned senior centers	1	1	1	1	1	1	1	1	1	1
Utilities										
Water system:										
Miles of water main	1,514	1,568	1,851	1,863	1,869	2,132	2,132	2,200	2,221	2,239
Number of service connections	30,318	35,522	37,794	37,891	38,214	40,575	41,241	42,001	42,274	42,900
Number of fire hydrants	3,500	3,715	5,931	5,939	5,943	5,961	4,548	4,548	4,571	4,603

Harnett County, North Carolina
Capital Assets Statistics by Function
Last Ten Fiscal Years
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sewer system:										
Miles of sanitary sewer	146	200	312	318	322	322	326	326	341	354
Number of treatment plants	4	4	3	3	5	4	4	4	3	2
Number of service connections	4,765	7,080	7,811	8,295	8,669	9,523	10,072	10,421	10,920	11,421
Maximum daily capacity of treatment plant in gallons	1,800,000	4,000,000	6,400,000	6,400,000	12,250,000	12,100,000	12,100,000	12,100,000	20,600,000	20,600,000
Facilities and services not included in primary government:										
Education:										
Number of schools	26	26	26	26	26	27	27	27	27	27
Number of teachers	1,166	1,198	1,251	1,271	1,218	1,247	1,230	1,181	1,335	1,335
Number of students	17,892	18,274	18,876	18,968	18,518	18,764	19,011	19,378	19,868	19,847
Universities	1	1	1	1	1	1	1	1	1	1
Community colleges	1	1	1	1	1	1	1	1	1	1
Hospitals:										
Number of hospitals	2	1	1	1	1	1	1	1	2	2
Number of patient beds	173	101	101	101	101	101	101	101	151	151

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

COMPLIANCE SECTION

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*

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act

Schedule of Findings, Responses, and Questioned Costs

Summary Schedule of Prior Year's Audit Findings

Schedule of Expenditures of Federal and State Awards

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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*

Independent Auditor's Report

To the Board of Commissioners
Harnett County
Lillington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 12, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harnett 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 Harnett 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 Harnett County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2014-001.

Harnett County's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 12, 2014

**Report On Compliance For Each Major Federal Program; Report On
Internal Control Over Compliance; In Accordance With OMB Circular A-133
And The State Single Audit Implementation Act**

Independent Auditor's Report

To the Board of Commissioners
Harnett County
Lillington, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the compliance of Harnett County, North Carolina, with the types of compliance requirements described in OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014. Harnett County's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Harnett County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Harnett 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 Harnett County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Harnett County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Harnett 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 Harnett County's internal control over compliance with the types of requirements that could have a direct and material effect on a major Federal program in order to determine the 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harnett 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, non-compliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 12, 2014

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Harnett County
Lillington, North Carolina

Report on Compliance for Each Major State Program

We have audited the compliance of Harnett County, North Carolina, 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 Harnett County's major State programs for the year ended June 30, 2014. Harnett County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Harnett 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 of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Harnett 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 Harnett County's compliance.

Opinion on Each Major State Program

In our opinion, Harnett County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Harnett 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 Harnett County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harnett 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, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on our requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 12, 2014

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Non-compliance material to financial statements noted? X Yes _____ No

Federal Awards

Internal control over major Federal programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major Federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.775, 93.777, 93.778
Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557
State Block Grant – Jetport Runway	20.106
State Children's Health Insurance Program	93.767

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

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

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Auditor's Results (continued):

State Awards

Internal control over major State programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

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

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

Identification of major State programs:

Program Name

Medicaid Cluster
State Children's Health Insurance Program
Parks and Recreation Trust Fund Grant

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

2. Findings Related to the Audit of the Basic Financial Statements

Finding 2014-001 Deficit Fund Balance

Criteria: North Carolina General Statutes preclude units from having funds that operate in a deficit. Management should have a control system in place to reduce the likelihood that violations of General Statutes occur and go undetected.

Condition: In the current year, there were violations of the General Statutes regarding deficit fund equity – Sheriff Execution Fund, DP6 Generator Switch Fund, Jetport Runway, Law Enforcement Fund, WIA Youth Program, and Workers’ Compensation Fund.

Effect: The County was in violation of North Carolina General Statutes.

Cause: The County adopted a balanced budget; however revenues were insufficient to cover the cost of operations.

Recommendation: The County should reevaluate the cost of providing services and adjust charges to ensure that revenues cover all related cost.

Contact Person: Kimberly Honeycutt, Finance Officer

Views of Responsible Officials and Planned Corrective Actions: We agree with the findings. Future transfers and grant revenue will eliminate the deficit equity in future years.

We agree with the findings for the Workers’ Compensation Fund. The deficits are due to the potential liability that has been recorded due to several claims but not expended. We will continue to monitor this fund. The County will transfer sufficient funds to cover any claims presented for payment.

We agree there are funds in Special Revenues and Capital Projects that have a deficit fund balance. These deficits are caused by a timing difference in the expenditures and the reimbursements from the Federal/State agencies.

Proposed Completion Date: Immediate

HARNETT COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

3. Findings and Questioned Costs Related to the Audit of Federal Awards

None

4. Findings and Questioned Costs Related to the Audit of State Awards

None

HARNETT COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR'S FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

2013-001 – Repeated as 2014-001 and modified to remove expenditures over appropriations

2013-002 – Corrected

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
FEDERAL AWARD EXPENDITURES				
<u>U.S. Department of Agriculture:</u>				
Division of National Institute of Food and Agriculture:				
Better Care Training	10.500		\$ 4,080	\$ -
Child Care Youth Training	10.500	2012-0904-01	27,382	-
Total of Better Care Training			<u>31,462</u>	<u>-</u>
Passed-Through the NC Department of Health and Human Services:				
Division of Social Services:				
Administration:				
State Administrative Matching Grant for the				
Supplemental Nutrition Assistance Program	10.561		834,034	-
Total Supplemental Nutrition Assistance Program Cluster			<u>834,034</u>	<u>-</u>
Division of Public Health:				
Administration:				
Special Supplemental Food Program				
for Women, Infants, and Children	10.557		555,114	-
Direct Benefit Payment:				
Special Supplemental Food Program				
for Women, Infants, and Children	10.557		2,680,813	-
Total of Public Health			<u>3,235,927</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>4,101,423</u>	<u>-</u>
<u>U.S. Department of Agriculture and Rural Development:</u>				
Water and Waste Water Program Cluster:				
Division of Water Quality:				
South Central Waste Water 1-B1	10.760	12	82,888	-
South Central Waste Water 1-B2	10.760	15	460,986	-
South Central Waste Water 1-C1	10.760	18	523,562	-
South Central Waste Water 1-C2	10.760	20	197,767	-
Total Water and Waste Water Program Cluster			<u>1,265,203</u>	<u>-</u>
<u>US Department of Housing and Urban Development:</u>				
Division of NC Housing Finance Agency:				
2013 Single Family Rehabilitation Program	14.239	SFRLP13	17,045	-
Total US Department of Housing and Urban Development			<u>17,045</u>	<u>-</u>
<u>U.S. Department of Justice Office of Justice Programs:</u>				
Division Bureau of Justice Assistance				
Edward Byrne Justice Grant	16.783	2013-DJ-BX-1198	15,213	-
State Criminal Alien Assistance Program (SCAAP)	16.606	2013-AP-BX-0235	9,036	-
Division Bureau of Alcohol, Tobacco, Firearms, and Explosives				
Drug Enforcement Agency	16.012	09.G09GA0004A	11,655	-
Total U.S. Department of Justice Office of Justice Programs			<u>35,904</u>	<u>-</u>
<u>U.S. Department of Army:</u>				
Contracting Center of Excellence				
Mission and Installation Contracting Command				
South West NTA/Cameron Hill	12.106	W91WAW-08-1-0003	478,603	-
Total U.S. Department of Army			<u>478,603</u>	<u>-</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
<u>U.S. Department of Commerce Community Assistance:</u>				
Community Development and Planning Division:				
CDBG-State Administered CDBG Cluster				
2011 Scattered Site Housing	14.228	11-C-2314	55,631	-
Economic Development Administration				
Brightwater Information Structure	11.030	04-01-06174	392,857	-
Total U.S. Department of Commerce Economic Development			<u>448,488</u>	<u>-</u>
<u>U.S. Department of Education:</u>				
Passed-Through Child Care Networks:				
Race to the Top/Early Learning Challenge	84.412	S412A120027	13,570	-
Total U.S. Department of Education			<u>13,570</u>	<u>-</u>
<u>U.S. Department of Labor:</u>				
Department of Labor/Employment and Training				
Passed-Through Central Carolina Community				
	17.258/17.278/			
College Welfare Investment Act Cluster	17.259	13-2040-02	973,377	-
Total U.S. Department of Labor			<u>973,377</u>	<u>-</u>
<u>U.S. Department of Health and Human Services:</u>				
Division of Aging and Adult Services:				
Passed-Through Mid-Carolina Council of Governments:				
Special Programs for the Aging Title III Cluster:				
Nutrition Services	93.045		249,211	-
Nutrition Services Incentive Program	93.053		45,913	-
Home and Community Care Block Grant	93.044	20.701	221,126	-
Total Aging Cluster			<u>516,250</u>	<u>-</u>
Special Programs for the Aging:				
Family Caregiver Support Program	93.052	17-701	25,581	-
Medical Transportation General	93.633	16-701-250	9,279	10,052
Medical Transportation	93.633	16-701-33	44,922	48,665
Passed-Through Corporation for National Service:				
National Senior Service	94.002	12SRSNC009	33,622	-
Total Division of Aging and Adult Services			<u>629,654</u>	<u>58,717</u>
Division of Administration for Children & Families				
Passed-Through the NC Department of Health and Human Services:				
Child Care Development Fund Cluster:				
Division of Social Services:				
Child Care Development Fund - Administration	93.596		212,690	-
Division of Child Development				
Child Care and Development Fund - Discretionary	93.575	FY13-26859-003 RL13	1,190,059	-
Child Care and Development Fund - Mandatory	93.596		675,030	-
Child Care and Development Fund - Match	93.596		714,433	281,789
Total Child Care Development Fund Cluster			<u>2,792,212</u>	<u>281,789</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Federal	State
Temporary Assistance for Needy Families	93.558		672,634	-
Foster Care Title IV-E	93.658		27,565	14,456
State Appropriations			-	212,225
Smart Start			-	195
TANF - Maintenance of Effort			-	440,087
Total Subsidized Child Care Cluster			<u>3,492,411</u>	<u>948,752</u>
Division of Social Services:				
Foster Care and Adoption Cluster:				
Title IV-E Foster Care - Administration	93.658		341,306	159,314
Title IV-E Adoption Subsidy - Administration	93.659		17,871	-
Direct Benefit Payments:				
Title IV-E Foster Care	93.658		261,646	63,984
Title IV-E Adoption Subsidy	93.659		891,631	233,820
Total Foster Care and Adoption Cluster			<u>1,512,454</u>	<u>457,118</u>
Division of Social Services:				
Temporary Assistance for Needy Families Cluster:				
Administration:				
Temporary Assistance for Needy Families("TANF")	93.558	G1302NCTANF & G1402NCTANF	1,016,231	-
Temporary Assistance for Needy Families	93.558		10,009	-
Direct Benefit Payments:				
Temporary Assistance for Needy Families ("TANF")	93.558	G1302NCTANF & G1402NCTANF	441,897	(17)
Total TANF Cluster			<u>1,468,137</u>	<u>(17)</u>
Direct Benefit Payments:				
Aid to Families with Dependent Children ("AFDC")	93.560		(1,353)	(371)
Low Income Energy Assistance-Direct Benefit	93.568	G13B1NCLIEA & G14B1NCLIEA	242,900	-
Crisis Intervention Program	93.568	G13B1NCLIEA & G14B1NCLIEA	448,727	-
Administration:				
Promoting Safe and Stable Families	93.556	G1201NCFPSS & G1301NCFPSS & G1311NCFPCV	25,003	-
Child Support Enforcement	93.566	G1201NCFPSS & G1301NCFPSS	1,014,702	-
Low Income Energy Assistance	93.568	G13B1NCLIEA & G14B1NCLIEA	57,095	-
Child Welfare Services - Permanency Planning	93.645	G1201NC1400 & G1301NC1400	77,113	-

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Federal	State
SSBG - In-Home Services	93.667	G1301NCSOSR & G1401NCSOSR	33,645	-
SSBG - Adult Protective Services	93.667	G1301NCSOSR & G1401NCSOSR	21,995	-
SSBG - Other Services	93.667	G1301NCSOSR & G1401NCSOSR	227,154	-
TANF to SSBG	93.667	G1301NCSOSR & G1401NCSOSR	(15,980)	-
CPS TANF to SSBG	93.667	G1201NCSOSR & G1301NCSOSR	140,566	-
Chafee Foster Care Independence Program	93.674	G1201NC1420 & G1301NC1420	28,086	3,555
Total Division of Social Services			<u>5,280,244</u>	<u>460,285</u>
Centers for Medicare and Medicaid Services:				
Passed-Through the NC Department of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778		87,796,067	47,424,031
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	1305NC5ADM & 1405NC5ADM	<u>1,553,158</u>	<u>23,481</u>
Total Medicaid Cluster			<u>89,349,225</u>	<u>47,447,512</u>
Direct Benefit Payments:				
State Children's Insurance Program -				
NC Health Choice	93.767		2,450,678	771,778
Administration:				
State Children's Insurance Program -				
NC Health Choice	93.767		<u>69,064</u>	<u>3,869</u>
Total for Centers for Medicare and Medicaid Services			<u>91,868,967</u>	<u>48,223,159</u>
Division of Public Health:				
Immunization Program:				
Immunization Action Plan	93.268		<u>34,330</u>	-
Total Immunization Action Plan Program			<u>34,330</u>	-
Division of Public Health:				
Adolescent Parenting Program	93.558	28263	59,108	-
Family Planning Title X	93.217		51,035	-
Maternal and Child Health Services Block Grant:				
Women's Preventive Health (Family Planning)	93.994		21,287	15,967
Child Health (HHS-MCH Block Grant)	93.994		71,310	53,489
Child Health - CFPT (Child Fatality Prevention Team)	93.994		780	585
Maternal Health (HMHC)	93.994		5,571	4,179
Care Coordination for Children/CSC	93.994		14,303	10,729
Healthy Communities	93.991		10,783	
Bioterrorism Preparedness and Response	93.069		34,029	-
Capacity Building Mini Grants (Diabetes)	93.283		-	-
Local Asthma Efforts	93.070		-	-
Total Division of Public Health			<u>302,536</u>	<u>84,949</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
Total U.S. Department of Health and Human Services			101,573,812	49,775,862
<u>NC Department of Public Safety:</u>				
NC Emergency Management, Homeland Security Branch:				
		2011-SS-00119-1177,		
Mobile Data Interoperability Communication	97.067	2011-SS-00119-1049	110,558	-
Mobile Data Interoperability Communication	97.067	2010-SS-T0-0075	31,750	-
Total NC Department of Public Safety			142,308	-
<u>U.S. Department of Transportation:</u>				
Passed-Through the NC Department of Transportation:				
Public Transportation Division:				
Division of Aviation:				
Highway Safety Cluster - Governor's Highway Safety Program	20.600	PT-13-03-04-11	12,249	-
Total Highway Safety Cluster			12,249	-
State Block Grant - Jetport Rehabilitation and Strengthen	20.106	36237.25.14.1	3,274,558	-
State Block Grant - Weather Observation Jetport	20.106	36237.25.12.4	22,127	-
State Block Grant - Airport Runway, Taxi, and Apron Rehabilitation and Strengthen	20.106	36237.25.12.2	12,268	-
State Block Grant - Airport Drainage Outfall	20.106	36237.25.12.5	3,386	-
State Block Grant - Runway Approach Clearance	20.106	36237.25.12.6	29,504	-
Community Transportation Capital	20.509	36233.5.16.3, 14-CT-040	77,920	19,480
Community Transportation Administration	20.509	36233.5.16.1, 14-CT-040 , 13-CT-040 36233.50.15.3	167,969	41,992
Total U.S. Department of Transportation			3,599,981	61,472
<u>NC Department of Crime Control and Public Safety:</u>				
Division of Emergency Management:				
State and Local Assistance Emergency Services	97.042	EMPG-2013-37085	23,432	23,432
2011 Homeland Security Exercise	97.067	2011-SS-001119-S01-1161	37,592	-
Total NC Department of Crime Control and Public Safety			61,024	23,432
<u>NC Department of Insurance:</u>				
Division of Seniors Health Insurance Information Program				
Medicare Counseling (SHIIP)	93.779		4,749	-
Total NC Department of Insurance			4,749	-
TOTAL FEDERAL AWARD EXPENDITURES			112,715,487	49,860,766
STATE AWARD EXPENDITURES				
<u>NC Department of Administration:</u>				
Division of Veterans Affairs:				
Veteran Affairs			-	1,452
Total NC Department of Administration			-	1,452

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
<u>NC Department of Correction:</u>				
Division of Community Correction:				
Treatment for Effective Community Supervision (Tecs)		RFP42011577	-	66,321
Total NC Department of Correction			-	66,321
<u>NC Department of Agriculture and Consumer Services:</u>				
Division of Structural Pest and Pesticides:				
Pesticide Recycling		G40100005413PET	-	157
NC Department of Agriculture and Consumer Services			-	157
<u>NC Department of Environment and Natural Resources:</u>				
Division of Parks and Recreation:				
Anderson Creek Phase I	NA	PARTF 2011-661 DENR#3629	-	446,929
Division of Water Quality:				
Dunn Erwin Corrective Action	NA	WQ0035269 CWMTF#2000A-504A	-	30,000
Clean Water Management Trust (Infrastructure)	NA	GA#14059	-	238,748
NC Department of Environment and Natural Resources			-	715,677
<u>NC Department of Cultural Resources:</u>				
State Aid to Public Libraries		45310	-	162,175
Total NC Department of Cultural Resources			-	162,175
<u>NC Department of Health and Human Services:</u>				
Division of Public Health:				
Family Planning		N/A	-	6,703
Maternal Health (Prenatal)		N/A	-	665
Evidence Based Intervention Service		N/A	-	50,000
General Health/State Aid		N/A	-	112,743
Tuberculosis Control		N/A	-	31,226
TB Medical Services		N/A	-	2,743
Environmental Health		N/A	-	4,000
Food and Lodging		N/A	-	14,236
Communicable Disease		N/A	-	4,001
AIDS - State (HIV/STD - State)		N/A	-	500
School Nurse Funding Initiative		N/A	-	150,000
Healthy Communities		N/A	-	6,285
Total Division of Public Health			-	383,102

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
Division of Aging and Adult Services:				
Direct Benefit Payment:				
Special Assistance to Adults		N/A	-	869,382
Total Division of Aging and Adult Services			-	869,382
Division of Social Services:				
Direct Benefit Payment:				
Child Welfare Services - Adoption Subsidy		N/A	-	420,752
Child Welfare State In-Home Services		N/A	-	87,137
Progress Energy's Neighborhood Fund		N/A	-	8,295
Smart Start		N/A	-	52,000
Social Services Block Grant - State		N/A	-	30,854
State Foster Care Benefits Program		N/A	-	238,867
Total Division of Social Services			-	837,905
Total NC Department of Health and Human Services			-	2,090,389
<u>NC Division of Child Development:</u>				
NC Partnership for Children, Inc.:				
Parents As Teachers		13-14-202	-	154,763
Total NC Division of Child Development			-	154,763
<u>NC Department of Public Safety:</u>				
Division of Juvenile Justice:				
CBA - Juvenile Restitution		543-10591	-	98,697
CBA - JCPC ADM		543-11433	-	8,461
Court Psychologist		543-10545	-	318
Hillcrest Youth Shelter		543-10534	-	5,909
Re-Entry - Healthy Choice		543-10619	-	53,122
Re-Entry - Family Enrichment		543-11549	-	40,065
Link to Success, Think Smart		543-11897	-	9,707
Teen Court At-Risk Youth		543-11764	-	49,773
NC Department of Public Safety			-	266,052
<u>NC Department of Transportation:</u>				
Passed-Through the NC Department of Transportation:				
Division of Aviation:				
Bright Water Infrastructure		WBS:43482 ID# 3021	-	2,583
Division of Engineering:				
Rural Operating Assistance Program (ROAP):				
Work First Transportation Grant		DOT-16CL	-	28,605
Rural General Public Program (RGP)		3622821.1.1	-	133,682
Elderly and Disabled Transportation Assistance Program (EDTAP)		DOT-16CL	-	85,399
Total NC Department of Transportation:			-	250,269

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
<u>NC Rural Economic Development Center:</u>				
Water Sewer Grant Programs:				
Campbell Osteopathic		2012-031-40401-107	-	220,926
NC Rural Economic Development Center			-	220,926
TOTAL STATE AWARD EXPENDITURES			-	3,928,181
TOTAL AWARD EXPENDITURES			\$ 112,715,487	\$ 53,788,947

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

Basis of Presentation:

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

The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care, and Foster Care and Adoption

Loans Outstanding:

Harnett County had the following loan balances outstanding at June 30, 2014. Draws on these loans that occurred during the fiscal year are included in the Federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Grant I.D. Number</u>	<u>Outstanding</u>
Highland Middle School	QSCB	\$ 8,085,386
	Special Obligation	
Dunn Erwin Corrective Action	Bonds	303,734
Total		\$ 8,389,120

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