

Harnett County, North Carolina

Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2015

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

HARNETT COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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INTRODUCTORY SECTION

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November 30, 2015

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, 2015. 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 2014 of 126,666. The county seat, the Town of Lillington, has a population of 3,449 while the City of Dunn, the largest municipality located in the County, has a population of 9,710. These two municipalities comprise approximately 10.38% 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 Averbosboro 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:

- Article 46 Sales Tax School Project – This project will be used to account for the expenditures associated with various capital repair projects on various schools throughout the County.
- Qualified School Construction Bonds (QSCB) Roofing Project - This project will be used to account for the expenditures associated with the roof replacement of four schools located throughout the County. Funding for this project will be from the 2012 QSCB funds that were remaining from the construction of the Highland Elementary School.

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

- 42 MGD Water Treatment Plant Expansion Project - This project will consist of the modification and additions to the existing Harnett Regional Water Treatment Plant to increase the treatment capacity to 42 MGD. The project will also consist of modifications to the South Regional Water Booster Station which will increase transmission capacity to Moore County and the southwestern portion of Harnett County.

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, 2015.

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, 2014. 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

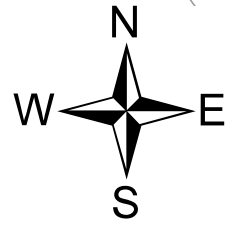
**Harnett County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended












June 30, 2014

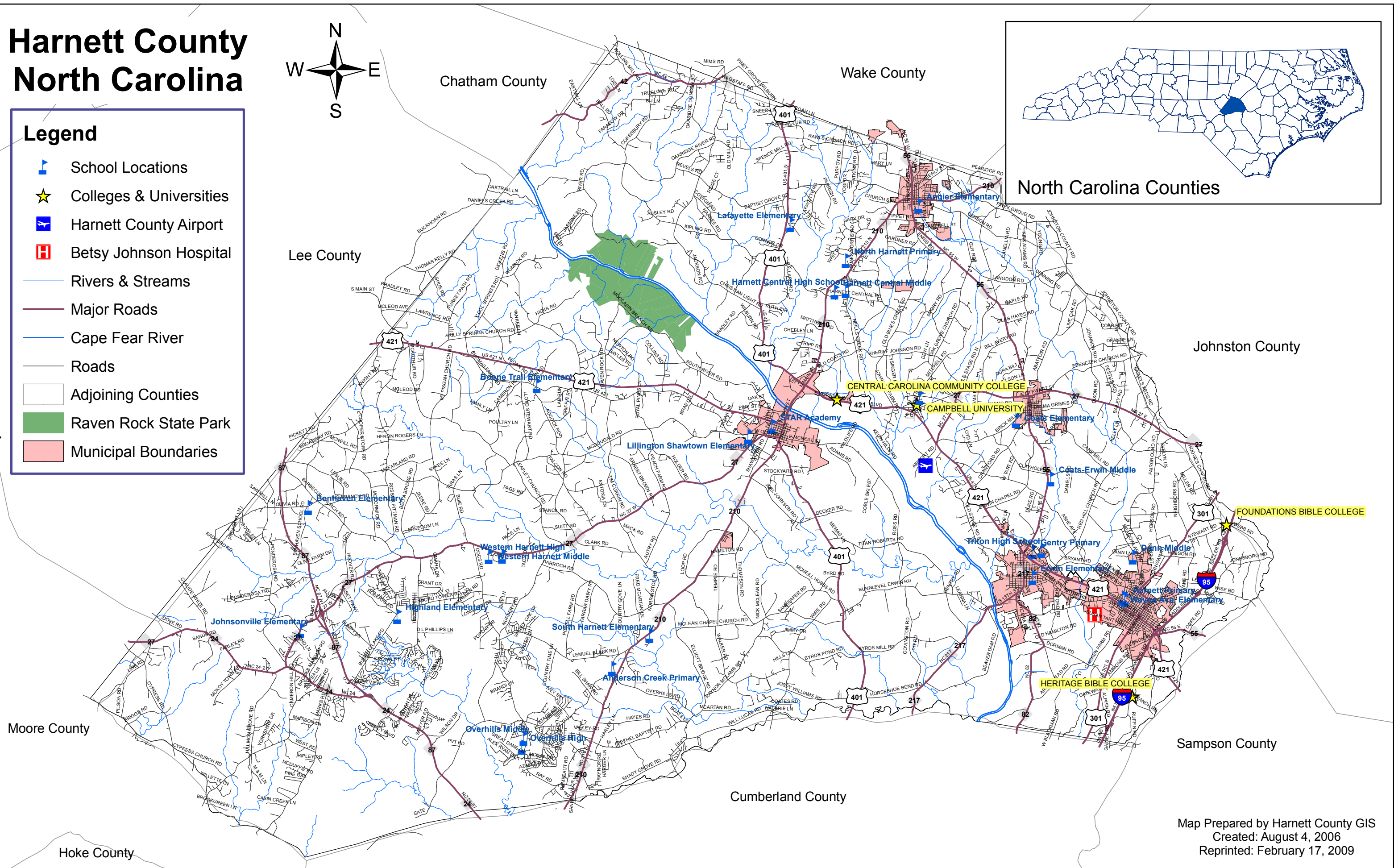
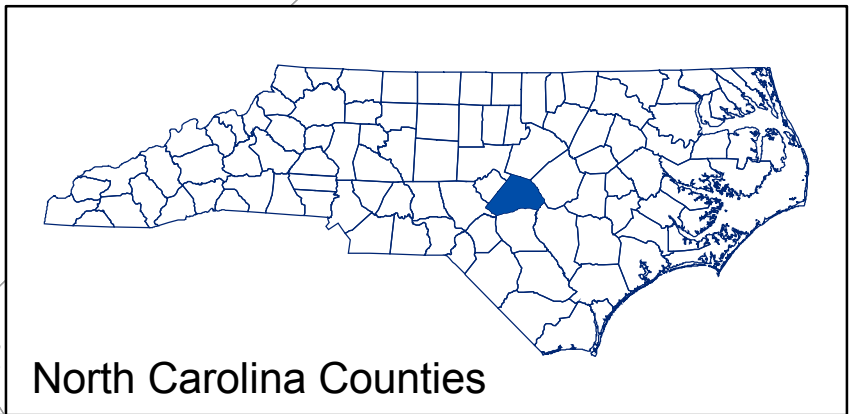
Executive Director/CEO

Harnett County North Carolina

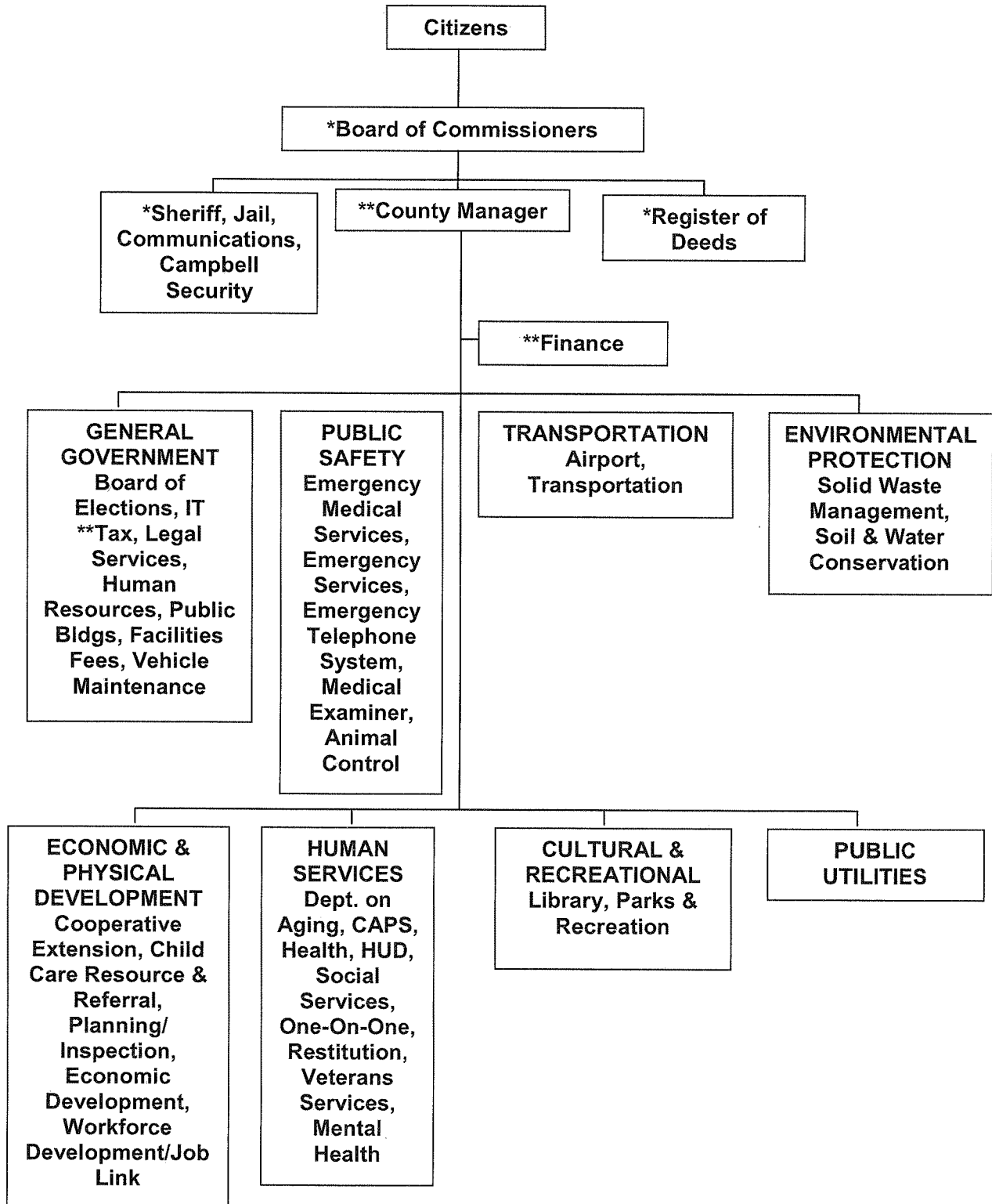


Legend

-  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



HARNETT COUNTY ORGANIZATIONAL CHART



* Elected Positions
 ** Appointed Positions

HARNETT COUNTY, NORTH CAROLINA

Board of County Commissioners



Barbara McKoy



Abe Elmore



Jim Burgin
Chairman



Gordon Springle
Vice-Chairman



Joe Miller

County Officers

Joseph D. Jeffries, *County Manager*

Paula K. Stewart, *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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2015, 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 Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County 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 November 30, 2015, 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
November 30, 2015

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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, 2015. 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.

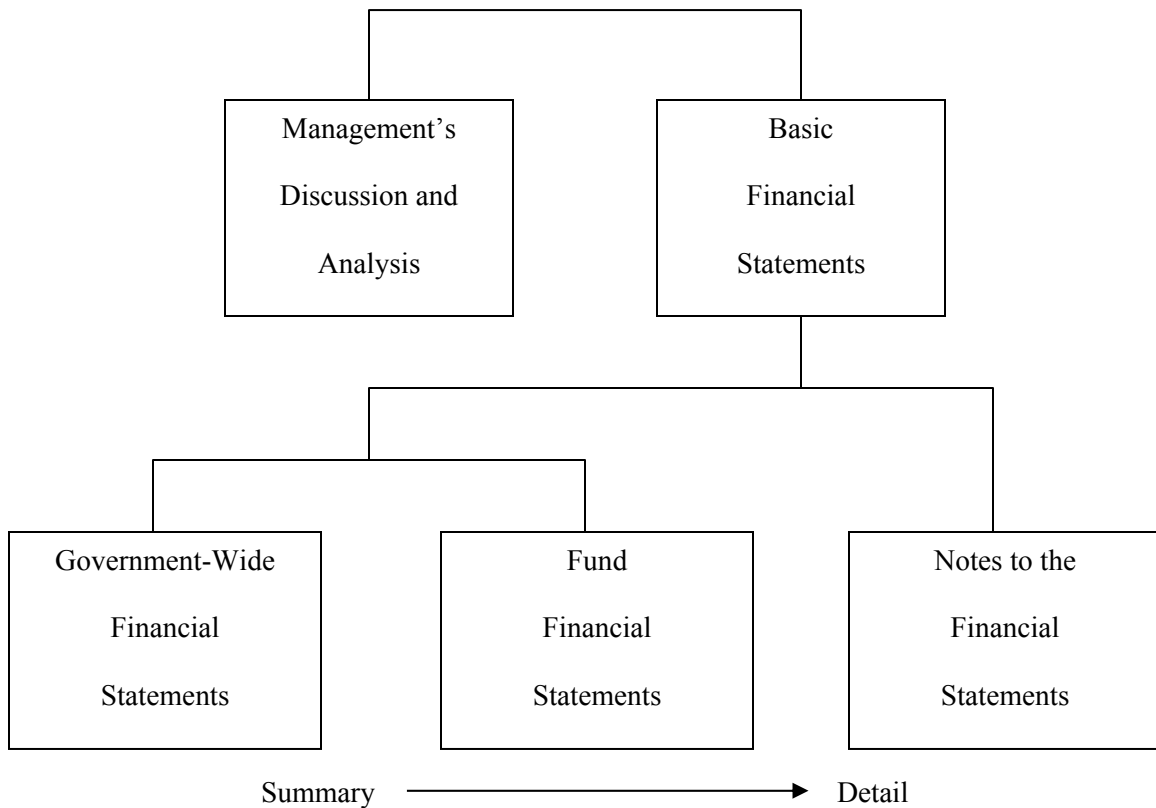
Financial Highlights

- 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 \$281,487,333 (net position).
- The government's total net position increased by \$18,174,289. 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 \$93.3 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 \$41,871,173, a decrease of \$538,044 in comparison with the prior year. Approximately 42 percent of this total amount, or \$17,585,611, 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 \$19,417,388, or 17.88, percent of total General Fund expenditures for the fiscal year.
- Harnett County's long-term obligations decreased by \$9,958,636 (4.64 percent) during the current fiscal year. This decrease was due to the payment of debt throughout the year.
- 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 six 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

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 \$281,487,333 as of June 30, 2015. The County's net position increased by \$18,174,289 for the fiscal year ended June 30, 2015.

The largest portion totaling \$300,061,859 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 \$15,426,422, (5.48 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(34,000,948) is unrestricted. Also, the County implemented GASB Statement 68 this year. With the new reporting change, the County is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$4,643,638. Decisions regarding the allocations are made by the administrators of the pension plan, not by the County's management.

Harnett County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets						
Cash and cash equivalents	\$ 35,472,452	\$ 28,931,092	\$ 42,792,634	\$ 34,741,296	\$ 78,265,086	\$ 63,672,388
Taxes receivable, net	513,606	989,000	-	-	513,606	989,000
Accounts receivable, net	6,042,207	7,897,045	4,047,665	4,273,921	10,089,872	12,170,966
Due from other governments	9,787,640	8,065,827	84,824	53,494	9,872,464	8,119,321
Internal balance	(441,633)	(28,422)	441,633	28,422	-	(0)
Inventories	14,401	9,782	563,701	560,559	578,102	570,341
Prepaid items	145,224	101,399	373,400	131,451	518,624	232,850
Restricted assets:						
Cash and cash equivalents	5,769,200	9,952,670	2,129,698	2,413,586	7,898,898	12,366,256
Net Pension asset	3,351,915	273,045	542,794	-	3,894,709	273,045
Capital assets:						
Land and construction						
in progress	12,027,934	12,235,524	72,744,761	152,757,321	84,772,695	164,992,845
Other capital assets, net	60,737,446	61,822,306	262,741,141	185,207,397	323,478,587	247,029,703
Total assets	<u>133,420,392</u>	<u>130,249,268</u>	<u>386,462,251</u>	<u>380,167,447</u>	<u>519,882,643</u>	<u>510,416,715</u>
Deferred Outflows of Resources	<u>4,659,058</u>	<u>2,043,540</u>	<u>1,962,476</u>	<u>1,045,622</u>	<u>6,621,534</u>	<u>3,089,162</u>
Liabilities						
Accounts payable	6,444,993	4,006,834	1,498,174	1,881,977	7,943,167	5,888,811
Customer deposits	-	-	1,871,363	1,793,622	1,871,363	1,793,622
Unearned revenue	-	-	168,317	164,026	168,317	164,026
Current portion of						
compensated absences	1,849,095	1,815,230	491,385	468,204	2,340,480	2,283,434
Claims payable - current	1,050,685	1,179,973	-	-	1,050,685	1,179,973
Long-term liabilities:						
Non-current portion of						
compensated absences	616,365	573,305	163,796	32,238	780,161	605,543
Claims payable - non-current	1,789,004	2,009,144	-	-	1,789,004	2,009,144
Due in less than one year	11,180,808	9,955,359	4,335,681	4,611,274	15,516,489	14,566,633
Due in more than one year	135,868,055	142,653,291	68,569,921	71,443,685	204,437,976	214,096,976
Total liabilities	<u>158,799,005</u>	<u>162,193,136</u>	<u>77,098,637</u>	<u>80,395,026</u>	<u>235,897,642</u>	<u>242,588,162</u>
Deferred Inflows of Resources	<u>7,796,282</u>	<u>6,506,806</u>	<u>1,322,920</u>	<u>1,097,865</u>	<u>9,119,202</u>	<u>7,604,671</u>
Net Position						
Net investment in capital assets	32,792,579	42,280,456	267,269,280	265,816,353	300,061,859	308,096,809
Restricted for:						
Stabilization for State Statute	12,716,214	10,608,840	-	-	12,716,214	10,608,840
Register of Deeds	185,475	194,437	-	-	185,475	194,437
General government	10,797	19,368	-	-	10,797	19,368
Education	1,023,375	-	-	-	1,023,375	-
Public safety	1,490,561	963,270	-	-	1,490,561	963,270
Memorials	-	2,030	-	-	-	2,030
Unrestricted	<u>(76,734,838)</u>	<u>(90,475,535)</u>	<u>42,733,890</u>	<u>33,903,825</u>	<u>(34,000,948)</u>	<u>(56,571,710)</u>
Total net position	<u>\$ (28,515,837)</u>	<u>\$ (36,407,134)</u>	<u>\$ 310,003,170</u>	<u>\$ 299,720,178</u>	<u>\$ 281,487,333</u>	<u>\$ 263,313,044</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 \$93.3 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:

- The most impact on the County's net position was due to the change in net pension assets. The County implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. This statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net pension asset increased for governmental activities \$3,078,870 and \$542,794 for business-type activities.
- Cash and cash equivalents continued to increase 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.
- Restricted Cash and cash equivalents decreased for Governmental Activities due to the spend-down of loan proceeds associated with various capital projects.
- The amount due from other governments for governmental activities increased due to the interfund loans made to capital projects to cover expenditures until loan proceeds could be received.
- Accounts Payable for the governmental and business-type increased for accrued payroll. This increase was due to a shift in the manner in which employees are paid. Governmental salary expenditures represented 52 weeks of salary while the payable reflected an additional two weeks of pay. These additional two weeks were given to employees in order to shift the payment and timing which represented the final two weeks in June that employees worked but were not paid until the end of July. This "one-time" shift allowed the County to reduce the amount of administrative time that was required each month in prior month time corrections. These corrections were due to the early time-entry cutoff that was necessary to enable the payroll to be processed and employees paid by the end of the month.
- 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.

Harnett County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 12,980,368	\$ 13,815,846	\$ 37,730,820	\$ 39,643,493	\$ 50,711,188	\$ 53,459,339
Operating grants and contributions	21,746,946	25,051,745	-	-	21,746,946	25,051,745
Capital grants and contributions	891,965	978,203	4,172,600	8,967,389	5,064,565	9,945,592
General revenues:						
Property taxes	65,789,147	64,309,216	-	-	65,789,147	64,309,216
Local option sales tax	16,757,810	14,884,498	-	-	16,757,810	14,884,498
Other taxes and licenses	4,009,772	2,505,838	234,276	237,297	4,244,048	2,743,135
Unrestricted intergovernmental	67,514	38,861	-	-	67,514	38,861
Investment earnings	11,672	2,677	660	543	12,332	3,220
Total revenues	122,255,194	121,586,884	42,138,356	48,848,722	164,393,550	170,435,606
Expenses:						
General government	13,148,888	13,333,033	-	-	13,148,888	13,333,033
Public safety	35,683,468	34,627,720	-	-	35,683,468	34,627,720
Transportation	952,006	276,823	-	-	952,006	276,823
Environmental protection	170,630	138,994	-	-	170,630	138,994
Economic and physical development	4,164,532	3,809,848	-	-	4,164,532	3,809,848
Human services	25,702,623	25,863,878	-	-	25,702,623	25,863,878
Cultural and recreation	1,513,720	1,473,554	-	-	1,513,720	1,473,554
Education	27,562,131	36,423,566	-	-	27,562,131	36,423,566
Interest on long-term debt	5,463,869	6,332,214	-	-	5,463,869	6,332,214
Landfill	-	-	4,618,158	4,474,124	4,618,158	4,474,124
Water and sewer	-	-	27,239,236	28,650,534	27,239,236	28,650,534
Total expenses	114,361,867	122,279,630	31,857,394	33,124,658	146,219,261	155,404,288
Change in net position before transfers	7,893,327	(692,746)	10,280,962	15,724,064	18,174,289	15,031,318
Transfers	(2,030)	400,000	2,030	(400,000)	-	-
Change in net position	7,891,297	(292,746)	10,282,992	15,324,064	18,174,289	15,031,318
Net position, July 1	(32,502,491)	(32,209,745)	300,459,173	285,135,109	267,956,682	252,925,364
Restatement	(3,904,643)	-	(738,995)	-	(4,643,638)	-
Net position, July 1	(36,407,134)	(32,209,745)	299,720,178	285,135,109	263,313,044	252,925,364
Net position, June 30	\$ (28,515,837)	\$ (32,502,491)	\$ 310,003,170	\$ 300,459,173	\$ 281,487,333	\$ 267,956,682

Governmental Activities. Governmental activities increased the County's net position by \$7,891,297. 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 Transportation which increased \$675,183 or 243.90 percent. This increase was due to airport projects.
- Education expenditures in the governmental activities decreased over the prior fiscal year by \$8,861,435 or 20.76 percent. This decrease was due to project cost associated with the Highland Middle School project nearing completion.
- Property taxes increased \$1,479,931 or 2.30 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.
- Local option sales tax increased for governmental activities as a result of the receipt of Article 46 sales tax that was approved by voters. These funds will be restricted for educational purposes.
- Operating grants and contributions decreased \$3,304,799 or 13 percent due to the receipt of State and Federal grants for various programs.

Business-Type Activities. Business-type activities increased Harnett County's net position by \$10,282,992. Key elements of this increase are as follows:

- The net position for business-type activities increased even though the activity decreased over the prior year due to revenues exceeding expenditures. Charges for services decreased \$1,912,673 or 4.82 percent, due to a decrease in residential water sales, water capacity-use fees reconnection fees and damages.
- Capital Grants and Contributions decreased \$4,794,789, or 53.4 percent from \$8,967,389. 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 decreased 7.70 percent from \$28,650,534 to \$27,239,236. Expenditures associated with chemicals, utilities, and treatment costs contributed to the modest decrease.

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 \$22,017,388, while total fund balance reached \$33,673,076, an increase of 7.59 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 98.66 to 99.45 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 20 percent of General Fund expenditures and transfers to other funds, while total fund balance represents 31.01 percent of that same amount.

At June 30, 2015, the governmental funds of Harnett County reported a combined fund balance of \$41,871,173, a 1.27 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 \$7,626, and those for the Water and Sewer Fund equaled \$42,284,631. The total growth in net position for both funds was \$772,178 and \$9,097,603, 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 decreased revenues by \$478,720 and increased expenditures by \$2,165,610. Following are the main components of this increase:

- \$1,367,569 supplemental appropriations to the various departments to budget additional funds for two additional weeks of salary. This additional salary allowed the County to shift the payroll period and was a one-time occurrence. The County has estimated that this one-time expenditure will be recouped within five years through the various levels of man hours required each month to process pay.
- \$691,113 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.

- \$332,542 increase for transfers from other funds for the Sheriff and from the restricted article 46 sales tax for educational expenditures.

Capital Asset and Debt Administration

Capital Assets. Harnett County’s capital assets for its governmental and business–type activities as of June 30, 2015, totals \$408,251,282 (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
- Purchased vehicles for the Sheriff, Emergency Services, Animal Service, Planning and Social 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,219,535	\$ 2,819,535	\$ 2,139,814	\$ 2,139,814	\$ 4,359,349	\$ 4,959,349
Plant, distribution, and collection systems	-	-	245,144,200	167,600,172	245,144,200	167,600,172
Buildings	51,302,651	52,082,726	15,903,712	16,260,285	67,206,363	68,343,011
Land Improvements	6,344,096	7,020,240	-	-	6,344,096	7,020,240
Furniture, fixtures, and equipment	685,762	520,915	1,159,783	1,014,652	1,845,545	1,535,567
Computer hardware	-	79,355	-	-	-	79,355
Computer software	256,897	158,625	-	-	256,897	158,625
Vehicles	2,148,040	1,960,445	533,446	332,288	2,681,486	2,292,733
Construction in progress	<u>9,808,399</u>	<u>9,415,989</u>	<u>70,604,947</u>	<u>150,617,507</u>	<u>80,413,346</u>	<u>160,033,496</u>
Total	<u>\$ 72,765,380</u>	<u>\$ 74,057,830</u>	<u>\$ 335,485,902</u>	<u>\$ 337,964,718</u>	<u>\$ 408,251,282</u>	<u>\$ 412,022,548</u>

Additional information on Harnett County’s capital assets can be found in Note 2 beginning on page 45 of this report.

Long-Term Debt. As of June 30, 2015, Harnett County had total debt outstanding of \$204,664,039. Of this amount, \$13,399,000 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, 2015, 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Installment purchase	\$ 130,875,519	\$ 137,149,779	\$ 2,907,374	\$ 3,399,695	\$ 133,782,893	\$ 140,549,474
General obligation bonds	-	-	13,399,000	13,626,000	13,399,000	13,626,000
Capitalized leases	5,088,143	5,458,532	483,097	630,642	5,571,240	6,089,174
Limited obligation bonds	-	-	18,900,000	19,695,000	18,900,000	19,695,000
Special obligation bonds	-	-	1,434,000	1,594,000	1,434,000	1,594,000
Revenue bonds	-	-	11,973,000	11,650,000	11,973,000	11,650,000
State bond loan	-	-	19,603,906	21,419,027	19,603,906	21,419,027
Total	<u>\$ 135,963,662</u>	<u>\$ 142,608,311</u>	<u>\$ 68,700,377</u>	<u>\$ 72,014,364</u>	<u>\$ 204,664,039</u>	<u>\$ 214,622,675</u>

Harnett County's total debt decreased by \$9,958,636 (4.64 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 the following ratings:

- General Obligation: Moody's - Aa3
Standard & Poor's - AA-
- Revenue: Moody's - Aa3
Standard & Poor's - AA
- COPS/LOBS: Moody's - A1
Standard & Poor's - A+

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 approximately \$363,674,016.

Additional information on Harnett County's long-term debt can be found in Note 2 beginning on page 50 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Harnett County for the fiscal year ending June 30, 2015, was 7.3 percent, which is a decrease from a rate of 7.4 percent a year ago. Compared to the State average of 5.8 percent for the same period, the County is above the State average.
- The County has an eight year revaluation cycle for residential real property. In the most recent revaluation at January 1, 2009 that was effective for fiscal year 2010, the total assessed value of property in the County continued to increase. From fiscal year 2014 through fiscal year 2015, the total assessed value increased from \$7,369,458,427 to \$7,827,919,100 and increase of 6.22%

- Total sales tax collections continued to increase during the fiscal year ended June 30, 2015 to \$18,124,862 from \$15,187,296 in the year ended June 30, 2014, an increase of 19.34% over last year's collections.
- Harnett County's population continues to grow. The US Census Bureau population estimate for Harnett County increased 1,679 from an estimated 124,987 in 2014 to 126,666 in 2015

Budget Highlights for the Fiscal Year Ending June 30, 2016

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 \$114,874,623 and include amounts appropriated for interfund transfers and debt service. The budget decreased \$145,395,437 over the fiscal year ended 2015 budget and \$28,970,662 of this decrease was due to debt issuance during the FYE 2015 fiscal year. The 2015-2016 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 \$2,600,000 which includes capital expense to purchase patrol vehicles in a pro-active effort to replace an aging fleet.

Business-Type Activities. The residential water and sewer rates for the 2015-2016 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 2015-2016 fiscal year. Expenditures for public utilities and solid waste for the fiscal year have been budgeted at \$28,782,399 and \$5,943,005, 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, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 35,472,452	\$ 42,792,634	\$ 78,265,086
Taxes receivable, net	513,606	-	513,606
Accounts receivable, net	6,042,207	4,047,665	10,089,872
Due from other governments	9,787,640	84,824	9,872,464
Internal balance	(441,633)	441,633	-
Inventories	14,401	563,701	578,102
Prepaid items	145,224	373,400	518,624
Restricted assets:			
Cash and cash equivalents	5,769,200	2,129,698	7,898,898
Total current assets	57,303,097	50,433,555	107,736,652
Non-current assets:			
Net pension asset	3,351,915	542,794	3,894,709
Land and construction in progress	12,027,934	72,744,761	84,772,695
Other capital assets, net	60,737,446	262,741,141	323,478,587
Total non-current assets	76,117,295	336,028,696	412,145,991
Total assets	133,420,392	386,462,251	519,882,643
Deferred Outflows of Resources:			
Contributions to pension plan in current fiscal year	2,056,954	361,232	2,418,186
Pension deferrals	43,568	5,679	49,247
Charge on refunding	2,558,536	1,595,565	4,154,101
Total deferred outflows of resources	4,659,058	1,962,476	6,621,534
Liabilities:			
Accounts payable	6,444,993	1,498,174	7,943,167
Customer deposits paid from restricted assets	-	1,871,363	1,871,363
Unearned revenues	-	168,317	168,317
Current portion of compensated absences	1,849,095	491,385	2,340,480
Claims payable current	1,050,685	-	1,050,685
Long-term liabilities:			
Non-current portion of compensated absences	616,365	163,796	780,161
Claims payable, non-current	1,789,004	-	1,789,004
Due within one year	11,180,808	4,335,681	15,516,489
Due in more than one year	135,868,055	68,569,921	204,437,976
Total liabilities	158,799,005	77,098,637	235,897,642
Deferred Inflows of Resources:			
Pension deferrals	7,498,038	1,322,920	8,820,958
Prepaid taxes	298,244	-	298,244
Total deferred inflows of resources	7,796,282	1,322,920	9,119,202
Net Position:			
Net investment in capital assets	32,792,579	267,269,280	300,061,859
Restricted for:			
Stabilization by State statute	12,716,214	-	12,716,214
Register of Deeds	185,475	-	185,475
General government	10,797	-	10,797
Education	1,023,375	-	1,023,375
Public safety	1,490,561	-	1,490,561
Unrestricted	(76,734,838)	42,733,890	(34,000,948)
Total net position	\$ (28,515,837)	\$ 310,003,170	\$ 281,487,333

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<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	\$ 13,148,888	\$ 3,090,449	\$ 1,593,065	\$ 335,462
Public safety	35,683,468	7,637,977	648,901	-
Transportation	952,006	1,705	1,042,078	-
Environmental protection	170,630	3,963	26,965	-
Economic and physical development	4,164,532	10,766	41,395	517,082
Human services	25,702,623	2,192,224	16,327,523	-
Cultural and recreational	1,513,720	43,284	164,619	39,421
Education	27,562,131	-	1,902,400	-
Interest on long-term debt	5,463,869	-	-	-
Total governmental activities	<u>114,361,867</u>	<u>12,980,368</u>	<u>21,746,946</u>	<u>891,965</u>
Business-Type Activities:				
Water and sewer	27,239,236	32,511,677	-	4,172,600
Solid waste	4,618,158	5,219,143	-	-
Total business-type activities	<u>31,857,394</u>	<u>37,730,820</u>	<u>-</u>	<u>4,172,600</u>
Total primary government	<u>\$ 146,219,261</u>	<u>\$ 50,711,188</u>	<u>\$ 21,746,946</u>	<u>\$ 5,064,565</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, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (8,129,912)	\$ -	\$ (8,129,912)
Public safety	(27,396,590)	-	(27,396,590)
Transportation	91,777	-	91,777
Environmental protection	(139,702)	-	(139,702)
Economic and physical development	(3,595,289)	-	(3,595,289)
Human services	(7,182,876)	-	(7,182,876)
Cultural and recreational	(1,266,396)	-	(1,266,396)
Education	(25,659,731)	-	(25,659,731)
Interest on long-term debt	(5,463,869)	-	(5,463,869)
Total governmental activities	(78,742,588)	-	(78,742,588)
Business-Type Activities:			
Water and sewer	-	9,445,041	9,445,041
Solid waste	-	600,985	600,985
Total business-type activities	-	10,046,026	10,046,026
Total primary government	(78,742,588)	10,046,026	(68,696,562)
General Revenues:			
Ad valorem taxes	65,789,147	-	65,789,147
Local option sales tax	16,757,810	-	16,757,810
Other taxes and licenses	4,009,772	234,276	4,244,048
Unrestricted intergovernmental revenues	67,514	-	67,514
Interest earned on investments, unrestricted	11,672	660	12,332
Total general revenues	86,635,915	234,936	86,870,851
Transfers	(2,030)	2,030	-
Total general revenues and transfers	86,633,885	236,966	86,870,851
Change in net position	7,891,297	10,282,992	18,174,289
Net Position:			
Beginning of year - July 1	(32,502,491)	300,459,173	267,956,682
Restatement	(3,904,643)	(738,995)	(4,643,638)
Beginning of year - restated	(36,407,134)	299,720,178	263,313,044
End of year - June 30	\$ (28,515,837)	\$ 310,003,170	\$ 281,487,333

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

HARNETT COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 26,249,414	\$ 3,119,901	\$ 29,369,315
Taxes receivable, net	398,222	115,384	513,606
Accounts receivable, net	4,764,507	1,220,151	5,984,658
Due from other funds	206,462	-	206,462
Due from other governments	9,787,640	-	9,787,640
Inventories	14,401	-	14,401
Prepaid items	145,224	-	145,224
Restricted assets:			
Restricted cash and cash equivalents	-	5,769,200	5,769,200
 Total assets	 \$ 41,565,870	 \$ 10,224,636	 \$ 51,790,506
 Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,933,782	\$ 1,704,693	\$ 5,638,475
Due to other funds	-	206,462	206,462
Total liabilities	3,933,782	1,911,155	5,844,937
 Deferred Inflows of Resources:			
Prepaid taxes	298,244	-	298,244
Unavailable revenue	3,262,546	-	3,262,546
Property tax receivable	398,222	115,384	513,606
Total deferred inflows of resources	3,959,012	115,384	4,074,396
 Fund Balances:			
Non-spendable:			
Inventories	14,401	-	14,401
Prepaid items	145,224	-	145,224
Restricted for stabilization for State statute	11,496,063	1,220,151	12,716,214
Restricted for Register of Deeds	-	185,475	185,475
Restricted for general government	-	1,828,774	1,828,774
Restricted for education	-	4,974,598	4,974,598
Restricted for public safety	-	1,490,561	1,490,561
Committed	-	72,877	72,877
Assigned	2,600,000	257,438	2,857,438
Unassigned	19,417,388	(1,831,777)	17,585,611
Total fund balances	33,673,076	8,198,097	41,871,173
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 41,565,870	 \$ 10,224,636	 \$ 51,790,506

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

HARNETT COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Total Governmental Funds
	<u> </u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - modified accrual	\$ 41,871,173
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	72,765,380
Net pension asset	3,351,915
Contributions to pension plans in the current fiscal year and pension related deferrals are deferred outflows of resources on the Statement of Net Position.	2,056,954
Pension related deferrals	(7,454,470)
Deferred Outflow related to bond refunding not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,558,536
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	(137,625,930)
Compensated absences	(2,465,460)
Accrued interest payable	(241,625)
Other post-employment benefits	(8,621,912)
Unfunded pension	(801,021)
Claims payable	
Consolidation of Internal Service Fund	2,314,471
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>3,776,152</u>
Net position of governmental activities (Exhibit A)	<u>\$ (28,515,837)</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, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 59,642,848	\$ 6,621,693	\$ 66,264,541
Other taxes and licenses	17,811,304	2,956,278	20,767,582
Unrestricted intergovernmental revenues	67,514	-	67,514
Restricted intergovernmental revenues	19,142,217	2,355,245	21,497,462
Permits and fees	2,516,068	863,018	3,379,086
Sales and services	7,360,368	75,000	7,435,368
Investment earnings	9,027	2,645	11,672
Other general revenues	3,938,417	664,380	4,602,797
Total revenues	<u>110,487,763</u>	<u>13,538,259</u>	<u>124,026,022</u>
Expenditures:			
Current:			
General government	11,693,037	1,627,614	13,320,651
Public safety	26,861,581	8,628,235	35,489,816
Transportation	418,731	-	418,731
Environmental protection	165,801	-	165,801
Economic and physical development	3,858,593	1,228,596	5,087,189
Human services	26,243,188	-	26,243,188
Cultural and recreation	1,495,843	-	1,495,843
Education	22,477,167	5,084,964	27,562,131
Debt service:			
Principal repayments	9,719,273	-	9,719,273
Interest and fees	5,575,501	-	5,575,501
Total expenditures	<u>108,508,715</u>	<u>16,569,409</u>	<u>125,078,124</u>
Revenues over (under) expenditures	<u>1,979,048</u>	<u>(3,031,150)</u>	<u>(1,052,102)</u>
Other Financing Sources (Uses):			
Long-term debt issued	29,094,839	391,911	29,486,750
Payment to escrow agents	(28,970,662)	-	(28,970,662)
Transfers to other funds	(64,701)	(4,109,864)	(4,174,565)
Transfers from other funds	336,513	3,836,022	4,172,535
Total other financing sources (uses)	<u>395,989</u>	<u>118,069</u>	<u>514,058</u>
Net change in fund balances	2,375,037	(2,913,081)	(538,044)
Fund Balances:			
Beginning of year - July 1	<u>31,298,039</u>	<u>11,111,178</u>	<u>42,409,217</u>
End of year - June 30	<u>\$ 33,673,076</u>	<u>\$ 8,198,097</u>	<u>\$ 41,871,173</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, 2015

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) \$ (538,044)

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:

Property taxes (475,394)
Ambulance/other miscellaneous revenues (2,580,220)

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. (1,161,787)

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. 111,632

Deferred charge related to refunded debt that do not require current financial resources are not reported as expenditures in the governmental funds statement. 2,558,536

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. 2,480,684

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (2,997,733)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 2,056,954

Pension expense (197,913)

Loss on sale of asset (775,400)

Principal repayments and refunding of debt 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. 36,131,399

Consolidation of Internal Service Fund 2,765,333

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. (29,486,750)

Change in net position of governmental activities (Exhibit B) \$ 7,891,297

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over/Under</u>
Revenues:				
Ad valorem taxes	\$ 57,851,526	\$ 57,851,526	\$ 59,642,848	\$ 1,791,322
Other taxes and licenses	16,180,744	16,180,744	17,811,304	1,630,560
Unrestricted intergovernmental revenues	31,500	31,500	67,514	36,014
Restricted intergovernmental revenues	20,020,974	19,329,861	19,142,217	(187,644)
Permits and fees	2,932,218	2,933,118	2,516,068	(417,050)
Sales and services	9,297,733	9,371,093	7,360,368	(2,010,725)
Investment earnings	10,000	10,000	9,027	(973)
Other general revenues	3,869,291	4,007,424	3,938,417	(69,007)
Total revenues	<u>110,193,986</u>	<u>109,715,266</u>	<u>110,487,763</u>	<u>772,497</u>
Expenditures:				
General government	13,219,683	13,526,832	11,693,037	1,833,795
Public safety	28,207,729	28,873,351	26,861,581	2,011,770
Transportation	406,223	447,433	418,731	28,702
Environmental protection	191,482	196,238	165,801	30,437
Economic and physical development	3,652,226	4,337,466	3,858,593	478,873
Human services	29,222,557	29,506,093	26,243,188	3,262,905
Cultural and recreation	1,643,187	1,686,107	1,495,843	190,264
Education	22,466,167	22,477,167	22,477,167	-
Debt service:				
Principal repayments	9,719,278	9,719,278	9,719,273	5
Interest and fees	5,465,931	5,590,108	5,575,501	14,607
Total expenditures	<u>114,194,463</u>	<u>116,360,073</u>	<u>108,508,715</u>	<u>7,851,358</u>
Revenues over (under) expenditures	<u>(4,000,477)</u>	<u>(6,644,807)</u>	<u>1,979,048</u>	<u>8,623,855</u>
Other Financing Sources (Uses):				
Transfers to other funds	(43,334)	(64,701)	(64,701)	-
Transfers from other funds	850,000	1,182,541	336,513	(846,028)
Long-term debt issued	-	29,094,839	29,094,839	-
Payment to escrow agents	-	(28,970,662)	(28,970,662)	-
Appropriated fund balance	3,193,811	5,402,790	-	(5,402,790)
Total other financing sources (uses)	<u>4,000,477</u>	<u>6,644,807</u>	<u>395,989</u>	<u>(6,248,818)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,375,037</u>	<u>\$ 2,375,037</u>
Fund Balance:				
Beginning of year - July 1			<u>31,298,039</u>	
End of year - June 30			<u>\$ 33,673,076</u>	

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Assets:				
Current assets:				
Cash and cash investments	\$ 41,418,146	\$ 1,374,488	\$ 42,792,634	\$ 6,103,137
Accounts receivable, net	3,891,262	156,403	4,047,665	57,549
Restricted intergovernmental receivables	-	84,824	84,824	-
Prepaid items	-	373,400	373,400	-
Inventory	563,701	-	563,701	-
Restricted assets:				
Cash and investments, restricted	1,871,363	258,335	2,129,698	-
Total current assets	<u>47,744,472</u>	<u>2,247,450</u>	<u>49,991,922</u>	<u>6,160,686</u>
Non-current assets:				
Net pension asset	470,421	72,373	542,794	-
Land and construction in progress	70,330,428	2,414,333	72,744,761	-
Other capital assets, net	259,333,824	3,407,317	262,741,141	-
Total non-current assets	<u>330,134,673</u>	<u>5,894,023</u>	<u>336,028,696</u>	<u>-</u>
Total assets	<u>377,879,145</u>	<u>8,141,473</u>	<u>386,020,618</u>	<u>6,160,686</u>
Deferred Outflows of Resources:				
Contributions to pension plan in current fiscal year	313,068	48,164	361,232	-
Pension deferrals	4,922	757	5,679	-
Charge on refunding	1,595,565	-	1,595,565	-
Total deferred outflows of resources	<u>1,913,555</u>	<u>48,921</u>	<u>1,962,476</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	568,976	308,893	877,869	564,893
Claims payable	-	-	-	1,050,685
Accrued interest	599,764	20,541	620,305	-
Prepaid fees	112,422	55,895	168,317	-
Customer deposits paid from restricted assets	1,871,363	-	1,871,363	-
Compensated absences, current	440,480	50,905	491,385	-
Current portion of long-term debt	3,882,891	452,790	4,335,681	-
Total current liabilities	<u>7,475,896</u>	<u>889,024</u>	<u>8,364,920</u>	<u>1,615,578</u>
Non-current liabilities:				
Compensated absences, non-current	146,827	16,969	163,796	-
Claims payable	-	-	-	1,789,004
Non-current portion of long-term debt	62,440,748	4,594,182	67,034,930	-
Other post-employment benefits	1,361,889	173,102	1,534,991	-
Total non-current liabilities	<u>63,949,464</u>	<u>4,784,253</u>	<u>68,733,717</u>	<u>1,789,004</u>
Total liabilities	<u>71,425,360</u>	<u>5,673,277</u>	<u>77,098,637</u>	<u>3,404,582</u>
Deferred Inflows of Resources:				
Pension deferrals	1,146,531	176,389	1,322,920	-
Total deferred inflows of resources	<u>1,146,531</u>	<u>176,389</u>	<u>1,322,920</u>	<u>-</u>
Net Position:				
Net investment in capital assets	264,936,178	2,333,102	267,269,280	-
Unrestricted	42,284,631	7,626	42,292,257	2,756,104
Total net position	<u>\$ 307,220,809</u>	<u>\$ 2,340,728</u>	<u>309,561,537</u>	<u>\$ 2,756,104</u>
Adjustment to reflect consolidation of Internal Service Funds			441,633	
Net position			<u>\$ 310,003,170</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, 2015

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Operating Revenues:				
Charges for services	\$ 28,034,871	\$ 5,147,312	\$ 33,182,183	\$ -
Water and sewer taps	271,985	-	271,985	-
Johnson County	3,703	-	3,703	-
County contributions	-	-	-	9,882,968
Other operating revenues	3,851,478	8,260	3,859,738	-
Total operating revenues	<u>32,162,037</u>	<u>5,155,572</u>	<u>37,317,609</u>	<u>9,882,968</u>
Operating Expenses:				
Water distribution and sewage treatment	17,258,966	-	17,258,966	-
Solid waste	-	4,048,251	4,048,251	-
Benefits and premiums	-	-	-	6,704,424
Depreciation	6,395,389	345,724	6,741,113	-
Total operating expenses	<u>23,654,355</u>	<u>4,393,975</u>	<u>28,048,330</u>	<u>6,704,424</u>
Operating income (loss)	<u>8,507,682</u>	<u>761,597</u>	<u>9,269,279</u>	<u>3,178,544</u>
Non-Operating Revenues (Expenses):				
Miscellaneous	296,356	25,000	321,356	-
Solid waste disposal tax	-	234,276	234,276	-
Interest earned on investments	172	488	660	-
Interest and fees	(3,881,237)	(249,183)	(4,130,420)	-
Total non-operating revenues (expenses)	<u>(3,584,709)</u>	<u>10,581</u>	<u>(3,574,128)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	4,922,973	772,178	5,695,151	3,178,544
Capital contributions	<u>4,172,600</u>	<u>-</u>	<u>4,172,600</u>	<u>-</u>
Income (loss) before transfers	<u>9,095,573</u>	<u>772,178</u>	<u>9,867,751</u>	<u>3,178,544</u>
Transfers:				
Transfers in	<u>2,030</u>	<u>-</u>	<u>2,030</u>	<u>-</u>
Total transfers	<u>2,030</u>	<u>-</u>	<u>2,030</u>	<u>-</u>
Change in net position	<u>9,097,603</u>	<u>772,178</u>	<u>9,869,781</u>	<u>3,178,544</u>
Net Position:				
Beginning of year - July 1	298,763,668	1,667,083		(422,440)
Restatement	(640,462)	(98,533)		-
Beginning of year - restated	<u>298,123,206</u>	<u>1,568,550</u>		<u>(422,440)</u>
End of year - June 30	<u>\$ 307,220,809</u>	<u>\$ 2,340,728</u>		<u>\$ 2,756,104</u>
Adjustment to reflect consolidation of Internal Service Funds			413,211	
Change in net position			<u>\$ 10,282,992</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, 2015

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 32,354,969	\$ 5,161,856	\$ 37,516,825	\$ 9,834,085
Cash paid for goods and services	(10,613,572)	(3,451,502)	(14,065,074)	(6,488,959)
Cash paid to employees for services	(7,863,594)	(922,665)	(8,786,259)	-
Other revenues	296,356	259,276	555,632	-
Customer deposits received	77,741	-	77,741	-
Net cash provided (used) by operating activities	<u>14,251,900</u>	<u>1,046,965</u>	<u>15,298,865</u>	<u>3,345,126</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers	2,030	-	2,030	-
Net cash provided (used) by non-capital financing activities	<u>2,030</u>	<u>-</u>	<u>2,030</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Long-term debt issued	10,673,000	1,402,161	12,075,161	-
Acquisition and construction of capital assets	(1,071,208)	(537,648)	(1,608,856)	-
Principal paid on long-term debt	(13,712,408)	(1,676,740)	(15,389,148)	-
Interest and fees	(3,881,237)	(249,183)	(4,130,420)	-
Capital contributions	1,519,158	-	1,519,158	-
Net cash provided (used) for capital and related financing activities	<u>(6,472,695)</u>	<u>(1,061,410)</u>	<u>(7,534,105)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	172	488	660	-
Net increase (decrease) in cash and cash equivalents	7,781,407	(13,957)	7,767,450	3,345,126
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>35,508,102</u>	<u>1,646,780</u>	<u>37,154,882</u>	<u>2,758,011</u>
End of year - June 30	<u>\$ 43,289,509</u>	<u>\$ 1,632,823</u>	<u>\$ 44,922,332</u>	<u>\$ 6,103,137</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 8,507,682	\$ 761,597	\$ 9,269,279	\$ 3,178,544
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	6,395,389	345,724	6,741,113	-
Pension expense	30,726	4,726	35,452	-
Other revenues	-	259,276	259,276	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	479,946	11,335	491,281	(48,883)
(Increase) decrease in deferred outflow	(908,813)	-	(908,813)	-
(Increase) decrease in deferred outflows of resources for pensions	(313,068)	(48,164)	(361,232)	-
Increase (decrease) in accounts payable and accrued liabilities	(501,822)	47,447	(454,375)	215,465
Increase (decrease) in prepaid items	131,452	(373,400)	(241,948)	-
Increase (decrease) in unearned revenues	9,342	(5,051)	4,291	-
(Increase) decrease in inventory	(3,142)	-	(3,142)	-
Increase (decrease) in customer deposits	77,741	-	77,741	-
Increase (decrease) in accrued vacation pay	146,295	8,445	154,740	-
Increase (decrease) in OPEB payable	200,172	35,030	235,202	-
Net cash provided (used) by operating activities	<u>\$ 14,251,900</u>	<u>\$ 1,046,965</u>	<u>\$ 15,298,865</u>	<u>\$ 3,345,126</u>
Non-Cash Transactions:				
Contributed capital from developers	\$ 2,653,442	\$ -	\$ 2,653,442	\$ -

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2015

	<u>Agency Funds</u>
Assets:	
Cash and investments	<u>\$ 266,994</u>
Liabilities:	
Accounts payable	<u>\$ 266,994</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, 2015

1. Summary of Significant Accounting Policies

The accounting principles 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 Statutes (“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 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, 2015

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 New Position and the Statement of Activities display information about the primary government (the County). These statements include 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 included (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, 2015

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.

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 following special revenue funds: Article 46 Sales Tax; Special Districts; Emergency Telephone System; Automation Enhancement & Preservation; Emergency Response Planning; Sheriff's Execution; Harnett Memorial; 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; Good Hope Mental Health Fund; Highland Middle School; Jetport Runway; Taxiways and Apron Rehabilitation; Runway 5 Approach/Clearance; Airport Capital Reserve; Airport Drainage Outfall; Radio Upgrade; Urgent Repair; Anderson Creek; and Sherriff Training Facility; Article 46 School Capital Project; QSCB 2012 Capital Project.

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.

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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

Erwin Wastewater Project; East Central Improvements Project; Fort Bragg Water & Wastewater Project; Water Plant Expansion Project; Buffalo Lakes Wastewater Project; South West Northern Training Area/Cameron Hill Project; South Central Wastewater 1B-1 Project; South Central Wastewater 1B-2 Project; South Central Wastewater 1C-1 Project; South Central Wastewater 1C-2 Project; Brightwater Infrastructure Project; Campbell Osteopathic; MGD Water Treatment Plant 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 five agency funds: the Social Services Trust Fund, which account 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 six internal services funds: the Workers' Compensation Fund, the Group Insurance Fund, the Employee Clinic Fund, the Medical Insurance Fund, the Dental Insurance Fund and the Unemployment 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 Employee Clinic Fund is used to account for operations at the clinic that is exclusively for employees of Harnett County. The Medical Insurance Fund is used to account for the claims and payments for self-insured health insurance within the County. The Dental Insurance Fund is used to account for dental insurance premiums and payments for employees of the County. 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. The Group Insurance Fund is used to account for liabilities that have been incurred from prior years when the County was previously fully insured.

Internal services 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, 2015

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 under the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary, 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, 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 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 they amount is not susceptible to accrual. As 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year to 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

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 fund of the County. Annual budget ordinances are adopted each fiscal year, and amended as required, for the General Fund, all special revenues funds (except for AMPI Unrecoverable Cost Fund) and for the enterprise funds. All annual appropriation 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, Employee Clinic Fund, Self-Insurance Fund, Dental Insurance Fund, Unemployment Insurance Fund, and Group Insurance Fund (internal services 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 revenues 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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

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 services for which the deposit was collected.

Governmental Activities:

Highland Middle School Capital Project Fund:

Highland Middle School

Capital Outlays - Unexpended bond proceeds \$ 1,616,268

QSCB 2012 Project Fund:

Capital Outlays - Unexpended bond proceeds 2,334,955

Radio Upgrade Project Fund:

Capital Outlays - Unexpended bond proceeds 1,817,977

Total governmental activities 5,769,200

Business-Type Activities:

Solid Waste Fund:

Unexpended bond proceeds 258,335

Water and Sewer Fund:

Customer deposits 1,871,363

Total business-type activities 2,129,698

Total restricted cash \$ 7,898,898

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Ad Valorem Taxes Receivable

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

These taxes are based on the assessed values as of January 1, 2014 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.

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 on 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 the 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 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Capital assets of the County are depreciated on a straight-line basis under 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

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 three items that meets the criterion for this category – contributions made to the pension plans in the current fiscal year, pension related deferrals, and charge on debt refunding.

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 four items that meet the criterion for this category – prepaid taxes, other receivables, pension related deferrals 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, or 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 by State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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 restricted by revenue source for general government.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 \$5,769,200 at June 30, 2015.

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, by adoption of an ordinance, 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 Taxiway and Apron Rehab project.

Committed fund balance at June 30, 2015, is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Economic Development	\$ <u>72,877</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, 2015

Assigned fund balance at June 30, 2015, is as follows:

Purpose	General Fund	Other Governmental Funds
Subsequent year's expenditures	\$ 2,600,000	\$ -
Public safety	-	86,007
Education Special Revenue Fund	-	171,431
Total	\$ 2,600,000	\$ 257,438

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 funds 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	\$ 33,673,076
Less:	
Prepays	145,224
Inventory	14,401
Stabilization by State statute	11,496,063
Total available fund balance	\$ 22,017,388

Reclassifications

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

F. Estimates

The presentation 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.

G. Defined Benefit Pension Plans

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

2. 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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

strict standards of financial stability for each depository that collateralizes public 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, 2015, the County's deposits had a carrying amount of \$64,746,419 and a bank balance of \$64,743,591. Of the bank balance, \$1,500,036 was covered by federal depository insurance and \$63,243,555 was covered by collateral held under the Pooling Method.

At June 30, 2015, Harnett County has \$5,323 cash on hand.

B. Investments

At June 30, 2015, the County's investments of \$21,679,236 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.

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 A3 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.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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
2011	\$ 4,524,439	\$ 1,549,168	\$ 6,073,607
2012	4,559,672	1,151,317	5,710,989
2013	5,091,138	827,310	5,918,448
2014	5,193,616	376,537	5,570,153
Total	\$ 19,368,865	\$ 3,904,332	\$ 23,273,197

D. Allowance for Doubtful Accounts

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

Fund	Allowance for Doubtful Accounts
General	\$ 10,807,616
Nonmajor governmental	101,711
Governmental activities	<u>10,909,327</u>
Public utility	837,678
Solid waste	<u>158,568</u>
Business-type activities	996,246
Total	\$ <u>11,905,573</u>

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Due from Other Governments – Disaggregate Information

Due from other governments at the government-wide level at June 30, 2015:

Governmental Activities	
Local option sales tax	\$ 4,169,166
Other taxes and licenses	2,028,762
DSS receivable	2,385,668
Sales tax refund receivable	<u>1,204,044</u>
Total	<u>\$ 9,787,640</u>

Business-Type Activities	
Solid waste disposal tax	<u>\$ 84,824</u>

Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following:

Source	Amount
Contributions to pension plans in current fiscal year	\$ 2,418,186
Pension deferrals	49,247
Charge on refunding	<u>4,154,101</u>
Total	<u>\$ 6,621,534</u>

Deferred inflows of resources at year-end are comprised of the following:

Source	Amount
Prepaid taxes not yet earned (General)	\$ 298,244
Accounts receivable (General)	3,262,546
Pension deferrals (Governmental)	8,820,958
Taxes receivable, net (General)	398,222
Taxes receivable, net (Other governmental funds)	<u>115,384</u>
Total	<u>\$ 12,895,354</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

E. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 2,819,535	\$ -	\$ (600,000)	\$ -	\$ 2,219,535
Construction in progress	<u>9,415,989</u>	<u>1,304,129</u>	<u>(170,109)</u>	<u>(741,610)</u>	<u>9,808,399</u>
Total non-depreciable capital assets	<u>12,235,524</u>	<u>1,304,129</u>	<u>(770,109)</u>	<u>(741,610)</u>	<u>12,027,934</u>
Depreciable Capital Assets:					
Buildings	65,141,200	-	-	493,156	65,634,356
Land improvements	13,469,655	-	-	-	13,469,655
Furniture	162,749	27,430	-	-	190,179
Equipment	4,476,347	172,306	(11,433)	248,454	4,885,674
Computer hardware	430,457	-	-	-	430,457
Computer software	2,655,293	249,492	-	-	2,904,785
Vehicles	<u>7,433,547</u>	<u>727,327</u>	<u>(13,131)</u>	<u>-</u>	<u>8,147,743</u>
Total depreciable capital assets	<u>93,769,248</u>	<u>1,176,555</u>	<u>(24,564)</u>	<u>741,610</u>	<u>95,662,849</u>
Less Accumulated Depreciation:					
Buildings	13,058,474	1,273,230	-	-	14,331,705
Land improvements	6,449,415	676,144	-	-	7,125,559
Furniture	92,213	10,593	-	-	102,806
Equipment	4,025,968	272,750	(11,433)	-	4,287,285
Computer hardware	351,102	79,355	-	-	430,457
Computer software	2,496,668	151,220	-	-	2,647,888
Vehicles	<u>5,473,102</u>	<u>534,441</u>	<u>(7,840)</u>	<u>-</u>	<u>5,999,703</u>
Total accumulated depreciation	<u>31,946,942</u>	<u>\$ 2,997,733</u>	<u>\$ (19,273)</u>	<u>\$ -</u>	<u>34,925,403</u>
Total depreciable capital assets, net	<u>61,822,306</u>				<u>60,737,446</u>
Governmental activities capital assets, net	<u>\$74,057,830</u>				<u>\$72,765,380</u>

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

General government	\$ 827,659
Public safety	1,509,587
Transportation	533,275
Economic and physical development	57,872
Human services	37,076
Cultural and recreational	<u>32,264</u>
Total	<u>\$ 2,997,733</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Business-Type Capital Assets:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-Type Activities:					
Public Utilities:					
Non-Depreciable Capital Assets:					
Land	\$ 1,227,526	\$ -	\$ -	\$ -	\$ 1,227,526
Construction in progress	149,155,560	568,610	-	(80,621,268)	69,102,902
Total non-depreciable capital assets	<u>150,383,086</u>	<u>568,610</u>	<u>-</u>	<u>(80,621,268)</u>	<u>70,330,428</u>
Depreciable Capital Assets:					
Plant, distribution, and collection systems	227,129,462	2,653,442	-	80,621,268	310,404,172
Buildings and building improvements	14,580,453	-	-	-	14,580,453
Furniture, fixtures, and equipment	742,820	297,370	-	-	1,040,190
Vehicles	962,725	205,228	-	-	1,167,952
Total depreciable capital assets	<u>243,415,460</u>	<u>3,156,040</u>	<u>-</u>	<u>80,621,268</u>	<u>327,192,767</u>
Less Accumulated Depreciation:					
Plant, distribution, and collection systems	59,529,290	5,730,682	-	-	65,259,972
Buildings and building improvements	657,117	291,940	-	-	949,057
Furniture, fixtures, and equipment	550,062	169,607	-	-	719,669
Vehicles	727,086	203,160	-	-	930,246
Total accumulated depreciation	<u>61,463,555</u>	<u>\$ 6,395,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>67,858,944</u>
Total depreciable capital assets, net	<u>181,951,906</u>				<u>259,333,824</u>
Public Utilities capital assets, net	<u>332,334,992</u>				<u>329,664,252</u>
Solid Waste Management:					
Non-Depreciable Capital Assets:					
Land	912,288	\$ -	\$ -	\$ -	912,288
Construction in progress	1,461,947	40,098	-	-	1,502,045
Total non-depreciable capital assets	<u>2,374,235</u>	<u>40,098</u>	<u>-</u>	<u>-</u>	<u>2,414,333</u>
Depreciable Capital Assets:					
Buildings and building improvements	3,003,989	-	-	-	3,003,989
Furniture, fixtures, and equipment	1,495,178	279,890	-	-	1,775,068
Vehicles	123,896	217,660	-	-	341,556
Total depreciable capital assets	<u>4,623,063</u>	<u>497,550</u>	<u>-</u>	<u>-</u>	<u>5,120,613</u>
Less Accumulated Depreciation:					
Buildings and building improvements	667,040	64,633	-	-	731,673
Furniture, fixtures, and equipment	673,285	262,522	-	-	935,807
Vehicles	27,247	18,569	-	-	45,816
Total accumulated depreciation	<u>1,367,572</u>	<u>\$ 345,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,713,296</u>
Total depreciable capital assets, net	<u>3,255,491</u>				<u>3,407,317</u>
Solid Waste Management capital assets, net	<u>5,629,726</u>				<u>5,821,650</u>
Business-type activities capital assets, net	<u>\$ 337,964,718</u>				<u>\$ 335,485,902</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

At June 30, 2015, construction in progress for the business-type activities consists of the following projects:

	Project Authorization	Expended To Date
42 MGD Water Plant Expansion	\$ 11,950,286	\$ 425,205
West Central Transmission	4,983,435	161,950
Fort Bragg Water & WW	55,237,837	55,089,315
Dunn Erwin Corrective Action	1,780,000	1,502,045
SWEST NTA/Cameron Hill	5,045,501	4,628,207
South Central WW 1B-2	6,319,152	4,779,391
Brightwater Infrastructure	3,765,142	3,576,498
Campbell Osteopathic	849,530	441,171
Total	\$ 89,930,883	\$ 70,603,782

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2015 is composed of the following elements:

	Governmental	Business-Type		Total
		Water/Sewer	Solid Waste	Business-Type
Capital assets	\$ 72,765,380	\$ 329,664,252	\$ 5,821,650	\$ 335,485,902
Total debt	137,625,930	66,323,639	3,746,883	70,070,522
Deferred outflows of resources	2,558,536	1,595,565	-	1,595,565
Debt not related to capital assets	93,276,616	-	-	-
Capital related unspent debt proceeds	1,817,977	-	258,335	258,335
Total capital debt	39,972,801	64,728,074	3,488,548	68,216,622
Net investment in capital assets	\$ 32,792,579	\$ 264,936,178	\$ 2,333,102	\$ 267,269,280

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

F. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	Accounts Payable Note Disclosure					
	Governmental Activities			Business-Type Activities		
	General Fund	Highlands Middle School	Nonmajor	Public Utilities	Solid Waste	Total
Payables:						
Accounts and vouchers	\$ 2,233,296	\$ -	\$ 1,688,950	\$ 316,355	\$ 270,304	\$ 4,508,905
Accrued payroll and related liabilities	1,700,486	-	15,743	252,621	38,589	2,007,439
Accrued interest payable	-	-	-	599,764	20,541	620,305
Total accounts payable and accrued liabilities	<u>\$ 3,933,782</u>	<u>\$ -</u>	<u>\$ 1,704,693</u>	<u>\$ 1,168,740</u>	<u>\$ 329,434</u>	<u>\$ 7,136,649</u>

Adjustments to full-accrual include \$241,625 related to recording accrued interest on general long-term debt and accounts and vouchers related to the internal service funds of \$564,893. Finally, the fiduciary fund financial statements include \$266,994 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.

H. 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. The amount of any settlements have not exceeded insurance coverage in any of the past three years.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 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, 2015, a liability for claims of \$2,839,689 included on the accompanying Statement of Net Position for governmental activities. An analysis for the County is presented below:

	June 30,	
	2015	2014
Liability as of beginning of the year	\$ 3,189,117	\$ 1,840,247
Current year claims and changes in estimates	304,031	2,546,733
Actual claim payments	<u>(653,459)</u>	<u>(1,197,863)</u>
Liability as of end of the year	<u>\$ 2,839,689</u>	<u>\$ 3,189,117</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

I. Capital Lease Obligations

The County has entered into agreements to lease certain equipment. At June 30, 2015, the original cost of equipment under the leases is approximately \$6,628,932. 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	\$ 4,531,660	\$ -
EMS Remount/Sheriff Vehicles	830,160	1.70%	September 2018	556,483	-
Solid Waste Equipment Lease	<u>739,763</u>	1.70%	August 2018	-	<u>483,097</u>
Total	<u>\$ 6,628,932</u>			<u>\$ 5,088,143</u>	<u>\$ 483,097</u>

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

<u>Year Ending</u>	<u>Future Payments</u>
2016	\$ 1,490,604
2017	1,490,604
2018	1,490,604
2019	<u>1,228,050</u>
Total minimum lease payments	5,699,862
Less amount representing interest	<u>(128,622)</u>
Present value of the minimum lease payments	<u>\$ 5,571,240</u>

At June 30, 2015 the net book value of capital assets (cost and accumulated depreciation) associated with leases is \$6,071,448.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

J. 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	\$ 1,137,931	\$ -
COPS 2011 Refunding (2002)			2.535%			
97% Construction of School Facilities	November 2011	24,033,690		December 2023	18,651,612	-
3% Public Utilities Projects		743,310		December 2023	-	569,580
COPS 2007	May 2007		4%-5%	December 2027		
53% Jail Facility		23,220,225			4,361,132	-
42% Construction of School Facilities		18,279,775			3,198,044	-
5% Solid Waste Transfer Station		2,000,000			-	375,633
Partial Refunding of COPS 2000		4,765,000			3,005,000	-
COPS 2009						
School Construction	February 2009	35,075,000	3%-5%	June 2029	29,075,000	-
2010 Refinancing	November 2010		3.35%	June 2028		
Angier Elementary School		14,004,000			10,113,000	-
COPS 2015 Refunding (2007)	April 2015					
53% Jail Facility		16,279,268	2.52%	December 2027	16,279,268	-
42% Construction of School Facilities			2.52%	December 2027	12,815,571	-
5% Solid Waste Transfer Station					-	1,402,161
Qualified Zone Academy Bonds	May 2004	4,000,000	0.00%	May 2020	1,824,312	-
Qualified Zone Academy Bonds	October 2005	789,500	0.00%	October 2021	424,649	-
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	555,000	-
Harnett County Installment Purchase						
Wellons Buyout	December 1999	4,675,000	5.30%	December 2014	-	-
Harnett County Installment Purchase						
Sanitary Sewer Hwy 87	June 2004	2,100,000	4.51%	June 2019	-	560,000
Total		\$ 183,349,768			\$ 130,875,519	\$ 2,907,374

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 366,224
South Central Water & Sewer 2013 Series A	January 2013	3,449,000	3.125%	June 2052	3,399,000
South Central Water & Sewer 2013 Series B	January 2013	3,937,000	3.125%	June 2052	3,881,000
South Central Water & Sewer 2013 Series C	January 2013	3,239,000	2.50%	June 2052	3,186,000
South Central Water & Sewer 2013 Series D	January 2013	2,586,000	2.50%	June 2052	2,543,000
South Central Refunding Series 2013	April 2013	10,395,000	2.5%-5.00%	June 2043	10,010,000
Bunnlevel Riverside Refunding Series 2004	May 2004	170,000	2.5%-5.25%	June 2028	23,776
West Central Refunding Series 2013	April 2013	1,485,000	3.00%-5.00%	June 2028	1,390,000
Northwest Refunding Series 2013	April 2013	1,085,000	2.00%-5.00%	June 2028	860,000
Southwest Refunding Series 2013	April 2013	2,315,000	3.00%-5.00%	June 2028	2,165,000
Southeast Refunding Series 2013	April 2013	1,000,000	2.00%-5.00%	June 2033	920,000
East Central Refunding Series 2013	April 2013	2,765,000	2.00%-5.00%	June 2035	2,580,000
Riverside Refunding Series 2013	April 2013	1,020,000	2.00%-5.00%	June 2041	975,000
Total		<u>\$ 36,071,000</u>			<u>\$ 32,299,000</u>

The Water Districts (a blended component unit of the County) issue GO debt (30-year), the proceeds of which are used to refund existing USDA District debt. The County then issues Limited Obligation Bonds in an amount sufficient enough to purchase all the District’s GO debt. Both the District and the County assign their rights to a third-party trustee that received the debt payments from the District and uses those funds to make the debt service payments on the LOBs.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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	\$ -	\$ 1,300,000
Series 2015 (Tax Exempt)	April 2015	<u>10,673,000</u>	2.53%	May 2028	<u>-</u>	<u>10,673,000</u>
Total Business-Type Activities						
Revenue Bond Loans		<u>\$ 23,908,000</u>			<u>\$ -</u>	<u>\$ 11,973,000</u>
State Bond Loans:						
Harnett/Wake Transmission Line	March 2001	\$ 864,047	5.25%	May 2020	\$ -	\$ 216,012
Expansion of Water Treatment Plant	June 1996	3,000,000	5.85%	May 2016	-	150,000
Expansion of Water Treatment Plant	June 1997	3,000,000	3.22%	May 2017	-	300,000
Southwest Water and Sewer District	July 1998	2,683,000	5.30%	November 2018	-	282,420
Southwest Regional III	March 2003	1,000,000	4.02%	May 2022	-	368,420
Erwin WW Project Revolving Loan	February 2012	7,007,100	2.46%	May 2033	-	5,575,516
East Central Project Revolving Loan	February 2011	4,366,515	2.22%	May 2032	-	3,711,538
Harnett County Sanitary Sewer Revolving Loan	March 2005	<u>15,000,000</u>	2.21%	May 2027	<u>-</u>	<u>9,000,000</u>
Total Business-Type Activities						
State Bond Loans		<u>\$ 36,920,662</u>			<u>\$ -</u>	<u>\$ 19,603,906</u>
Special Obligation Bonds						
Enterprise Fund Special Obligation Bond Loan:						
Solid Waste Fund	January 2013	<u>\$ 1,750,000</u>	2.49%	February 2023	<u>\$ -</u>	<u>\$ 1,434,000</u>
Total Business-Type Activities						
Special Obligation Bond Loans		<u>\$ 1,750,000</u>			<u>\$ -</u>	<u>\$ 1,434,000</u>
Limited Obligation Bonds						
Enterprise Fund Limited Obligation Bond Loan:						
Public Utilities Fund Series 2013	April 2013	<u>\$ 20,065,000</u>	2.00%-5.00%	June 2043	<u>\$ -</u>	<u>\$ 18,900,000</u>
Total Business-Type Activities						
Special Obligation Bond Loans		<u>\$ 20,065,000</u>			<u>\$ -</u>	<u>\$ 18,900,000</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Decreases</u>	<u>Defeased Refunded</u>	<u>June 30, 2015</u>	<u>Due in Less Than One Year</u>
Governmental Activities:						
Capitalized leases	\$ 5,458,532	\$ 391,911	\$ 762,300	\$ -	\$ 5,088,143	\$ 1,284,205
Installment purchase agreements	137,149,779	29,094,839	8,956,973	26,412,126	130,875,519	9,760,978
Premium	<u>1,797,892</u>	<u>-</u>	<u>135,624</u>	<u>-</u>	<u>1,662,268</u>	<u>135,625</u>
Total debt	<u>144,406,203</u>	<u>29,486,750</u>	<u>9,854,897</u>	<u>26,412,126</u>	<u>137,625,930</u>	<u>11,180,808</u>
Other long-term liabilities:						
Compensated absences	2,388,535	1,662,865	1,585,940	-	2,465,460	1,849,095
Law Enforcement Officers' Special Separation Allowance	722,578	211,106	132,663	-	801,021	-
Net Pension (LGERS)	6,221,228	-	6,221,228	-	-	-
Other post-employment benefits	<u>7,479,869</u>	<u>1,564,538</u>	<u>422,495</u>	<u>-</u>	<u>8,621,912</u>	<u>-</u>
Total	<u>\$ 154,997,185</u>	<u>\$ 32,925,259</u>	<u>\$ 18,217,223</u>	<u>\$ 26,412,126</u>	<u>\$ 149,514,323</u>	<u>\$ 13,029,903</u>

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Decreases</u>	<u>Defeased Refunded</u>	<u>June 30, 2015</u>	<u>Due in Less Than One Year</u>
Water and Sewer Fund:						
Installment purchase agreements	\$ 1,654,868	\$ -	\$ 525,287	\$ -	\$ 1,129,581	\$ 212,270
Limited obligation bonds	19,695,000	-	795,000	-	18,900,000	805,000
Premium	1,384,536	-	66,384	-	1,318,152	66,500
General obligations	13,626,000	-	227,000	-	13,399,000	229,000
Revenue bonds	11,650,000	10,673,000	615,000	9,735,000	11,973,000	755,000
State bond loans	<u>21,419,027</u>	<u>-</u>	<u>1,815,121</u>	<u>-</u>	<u>19,603,906</u>	<u>1,815,121</u>
Total debt	<u>69,429,431</u>	<u>10,673,000</u>	<u>4,043,792</u>	<u>9,735,000</u>	<u>66,323,639</u>	<u>3,882,891</u>
Other long-term liabilities:						
Compensated absences	441,013	696,452	550,158	-	587,307	440,480
Net Pension (LGERS)	933,184	-	933,184	-	-	-
Other post-employment benefits	<u>1,161,717</u>	<u>277,458</u>	<u>77,286</u>	<u>-</u>	<u>1,361,889</u>	<u>-</u>
Total	<u>\$ 71,965,345</u>	<u>\$ 11,646,910</u>	<u>\$ 5,604,420</u>	<u>\$ 9,735,000</u>	<u>\$ 68,272,835</u>	<u>\$ 4,323,371</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Decreases</u>	<u>Defeased Refunded</u>	<u>June 30, 2015</u>	<u>Due in Less Than One Year</u>
Solid Waste Fund:						
Capitalized leases	\$ 630,642	\$ -	\$ 147,545	\$ -	\$ 483,097	\$ 149,923
Installment purchase agreements	1,744,827	1,402,161	96,321	1,272,874	1,777,793	134,667
Premium	56,181	-	4,188	-	51,993	4,200
Special obligation bonds	<u>1,594,000</u>	<u>-</u>	<u>160,000</u>	<u>-</u>	<u>1,434,000</u>	<u>164,000</u>
Total debt	<u>4,025,650</u>	<u>1,402,161</u>	<u>408,054</u>	<u>1,272,874</u>	<u>3,746,883</u>	<u>452,790</u>
Other long-term liabilities:						
Accrued landfill closure and post-closure care costs	1,300,089	-	-	-	1,300,089	-
Compensated absences	59,429	24,990	16,545	-	67,874	50,905
Net Pension (LGERS)	164,680	-	164,680	-	-	-
Other post-employment benefits	<u>138,072</u>	<u>50,487</u>	<u>15,457</u>	<u>-</u>	<u>173,102</u>	<u>-</u>
Total	<u>\$ 5,687,920</u>	<u>\$ 1,477,638</u>	<u>\$ 604,736</u>	<u>\$ 1,272,874</u>	<u>\$ 5,287,948</u>	<u>\$ 503,695</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The following is a summary of the future maturities for the long-term obligations for the year ended June 30, 2015:

	<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:								
2016	\$ 9,760,978	\$ 4,627,480	\$ -	\$ -	\$ 1,284,205	\$ 49,838	\$ -	\$ -
2017	10,497,160	4,200,899	-	-	1,298,054	35,994	-	-
2018	9,165,009	3,881,802	-	-	1,312,054	21,993	-	-
2019	9,114,399	3,620,060	-	-	1,193,830	8,128	-	-
2020	9,876,214	3,379,929	-	-	-	-	-	-
2021-2025	41,037,586	13,257,758	-	-	-	-	-	-
2026-2030	26,674,412	8,300,399	-	-	-	-	-	-
2031-2035	12,379,933	6,825,976	-	-	-	-	-	-
2036	2,369,828	682,598	-	-	-	-	-	-
Total governmental activities	<u>130,875,519</u>	<u>48,776,901</u>	<u>-</u>	<u>-</u>	<u>5,088,143</u>	<u>115,953</u>	<u>-</u>	<u>-</u>
Business-Type Activities:								
2016	346,937	92,124	229,000	-	149,923	6,633	755,000	339,528
2017	356,883	73,274	235,000	-	152,339	4,217	800,000	295,916
2018	351,478	59,438	241,000	-	154,795	1,761	833,000	263,575
2019	349,085	46,873	253,000	-	26,040	52	855,000	242,500
2020	205,560	35,325	258,000	-	-	-	875,000	220,869
2021-2025	921,153	101,753	574,250	-	-	-	4,725,000	760,695
2026-2030	376,278	14,062	1,811,250	-	-	-	3,130,000	159,744
2031-2035	-	-	1,171,250	-	-	-	-	-
2036-2040	-	-	1,390,250	-	-	-	-	-
2041-2045	-	-	3,699,000	-	-	-	-	-
2046-2050	-	-	3,305,000	-	-	-	-	-
2051-2052	-	-	232,000	-	-	-	-	-
Total business-type activities	<u>2,907,374</u>	<u>422,849</u>	<u>13,399,000</u>	<u>-</u>	<u>483,097</u>	<u>12,663</u>	<u>11,973,000</u>	<u>2,282,827</u>
Total government	<u>\$ 133,782,893</u>	<u>\$ 49,199,750</u>	<u>\$ 13,399,000</u>	<u>\$ -</u>	<u>\$ 5,571,240</u>	<u>\$ 128,616</u>	<u>\$ 11,973,000</u>	<u>\$ 2,282,827</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Limited Obligation Bonds		Special Obligation Bonds		State Bond Loan		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:								
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,045,183	\$ 4,677,318
2017	-	-	-	-	-	-	11,795,214	4,236,893
2018	-	-	-	-	-	-	10,477,063	3,903,795
2019	-	-	-	-	-	-	10,308,229	3,628,188
2020	-	-	-	-	-	-	9,876,214	3,379,929
2021-2025	-	-	-	-	-	-	41,037,586	13,257,758
2026-2030	-	-	-	-	-	-	26,674,412	8,300,399
2031-2035	-	-	-	-	-	-	12,379,933	6,825,976
2036	-	-	-	-	-	-	2,369,828	682,598
Total governmental activities	-	-	-	-	-	-	135,963,662	48,892,854
	Limited Obligation Bonds		Special Obligation Bonds		State Bond Loan		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Business-Type Activities:								
2016	805,000	713,050	164,000	35,707	1,815,121	465,271	4,264,981	1,652,313
2017	755,000	688,900	168,000	31,623	1,665,121	420,170	4,132,343	1,514,100
2018	770,000	666,250	173,000	27,440	1,373,911	377,131	3,897,184	1,395,595
2019	780,000	643,150	177,000	23,132	1,373,911	343,758	3,814,036	1,299,465
2020	805,000	611,950	181,000	18,725	1,373,911	310,386	3,698,471	1,197,255
2021-2025	5,158,750	2,237,763	571,000	28,660	6,495,647	1,080,367	18,445,800	4,209,238
2026-2030	3,668,750	1,607,075	-	-	4,140,383	398,915	13,126,661	2,179,796
2031-2035	3,278,750	1,142,575	-	-	1,365,901	60,167	5,815,901	1,202,742
2036-2040	2,878,750	700,456	-	-	-	-	4,269,000	700,456
2041-2045	-	-	-	-	-	-	3,699,000	-
2046-2050	-	-	-	-	-	-	3,305,000	-
2051-2052	-	-	-	-	-	-	232,000	-
Total business-type activities	18,900,000	9,011,169	1,434,000	165,287	19,603,906	3,456,165	68,700,377	15,350,960
Total government	\$ 18,900,000	\$ 9,011,169	\$ 1,434,000	\$ 165,287	\$ 19,603,906	\$ 3,456,165	\$ 204,664,039	\$ 64,243,814

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, 2015, such statutory limit for the County was \$626,233,528 providing a legal debt margin of approximately \$363,674,016.

As of June 30, 2015, 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

In prior years, the County has defeased various bonds 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 reporting purposes, the debt has been considered defeased and, therefore, removed from the County's liabilities. As of June 30, 2015, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted to \$37,420,000.

On April 15, 2015, the County issued \$30,497,000 of certificate of participation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$27,685,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,812,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$1,851,571 and resulted in an economic gain of \$1,548,333.

On April 15, 2015, the County issued \$10,673,000 of revenue advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$9,735,000 of revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$938,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$795,984 and resulted in an economic gain of \$679,731.

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 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 \$14,255,827. Principal and interest paid for the current year and total customer revenues were \$1,160,238 and \$28,034,871, respectively.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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:

\$10,673,000 Public Utilities Revenue Bonds, Series 2015, interest only payments of \$295,719 due semi-annually until May 2013, with semi-annual interest payments and annual principal due in amounts ranging from \$120,000 to \$1,069,000 through May 2028, interest rate is 2.53%	<u>\$ 10,673,000</u>
\$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 %. Partially refunded in 2015.	<u>1,300,000</u>
Total	<u><u>\$ 11,973,000</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 the 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 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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

percent of the Principal and Interest Requirements on Other Indebtedness to become due in such a 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, 2015, is as follows:

Operating revenues	\$ 32,162,037
Operations and maintenance expenses	<u>(17,258,966)</u>
Operating income before depreciation & amortization	14,903,071
Depreciation and amortization expense	<u>(6,395,389)</u>
Operating income	8,507,682
Non-operating revenues	172
Non-operating expenses	<u>(3,881,237)</u>
Net income	<u>\$ 4,626,617</u>

Determination of income available for debt service

Net income	\$ 4,626,617
Adjustments:	
Bond interest expense	3,881,237
Bond service expense	<u>3,977,408</u>
Income available for debt service	12,485,262
20% of unrestricted net assets	8,456,926
Income available for debt service plus 20% of unrestricted net assets	\$ 20,942,188

Debt service requirements and coverage

Parity debt service:	
Revenue bonds	\$ 1,160,238
Debt service coverage - Parity indebtedness	18.050
Revenue bond covenant requirement	1.200
Other indebtedness:	
Installment purchases	\$ 755,891
GO bonds	1,361,188
State bond loans	<u>2,332,318</u>
Debt service coverage - sum of parity and system GO indebtedness	4.707
Revenue bond covenant requirement	1.000

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

K. Pension Plan Obligations

A. Multiple-Employer Plans

Plan Description

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,408,212 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$3,618,622 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 0.61359%, which was an increase of 0.00639% from its proportion measure as of June 30, 2013.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

For the year ended June 30, 2015, the County recognized pension expense of \$236,358. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 395,397
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	8,424,075
Changes in proportion and differences between County contributions and proportionate share of contributions	37,862	-
County contributions subsequent to the measurement date	<u>2,408,212</u>	<u>-</u>
Total	<u>\$ 2,446,074</u>	<u>\$ 8,819,472</u>

\$2,408,212 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2016	\$ (2,195,627)
2017	(2,195,627)
2018	(2,195,627)
2019	(2,194,729)
2020	-
Thereafter	<u>-</u>
Total	<u>\$ (8,781,610)</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	<u>4.5%</u>	3.7%
Total	<u>100.0%</u>	

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

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

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

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 7.25%, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	<u>\$ 12,283,175</u>	<u>\$ (3,618,622)</u>	<u>\$ (17,007,425)</u>

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

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 creditable 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.

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

Retirees receiving benefits	10
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>121</u>
Total	<u><u>131</u></u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

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

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, 2015 was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5 percent investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 to 7.85% per year. The inflation component was 3%. 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, 2013, was 17 years.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Employer annual required contribution	\$ 236,017
Interest on net pension obligation	36,129
Adjustment to annual required contribution	<u>(61,040)</u>
Annual pension cost	211,106
Contributions made	<u>132,663</u>
Increase in net pension obligation	78,443
Net pension obligation:	
Beginning of year - July 1	<u>722,578</u>
End of year - June 30	<u><u>\$ 801,021</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>
2013	\$ 163,688	65.79%	\$ 673,247
2014	167,628	70.57%	722,578
2015	211,106	62.84%	801,021

Funded Status and Funding Progress. As of December 31, 2014, 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 \$1,722,166. The covered payroll (annual payroll of active employees covered by the plan) was \$5,254,621, and the ratio of the UAAL to the covered payroll was 32.77%.

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.

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015 were \$415,185 which consisted of \$279,367 from the County and \$135,818 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. Contributions for the year ended June 30, 2015 were \$629,153 which consisted of \$203,415 from the County and \$425,738 from the law enforcement officers.

E. Register of Deeds' Supplemental Pension Fund

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

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$9,974 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$276,087 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 1.21801%, which was a decrease of 0.06029% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(2,993). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,533	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,486
Changes in proportion and differences between County contributions and proportionate share of contributions	8,852	-
County contributions subsequent to the measurement date	9,974	-
Total	\$ 21,359	\$ 1,486

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

\$9,974 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ (372)
2017	(372)
2018	(372)
2019	11,015
2020	-
Thereafter	-
Total	<u>\$ 9,899</u>

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

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

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

Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 5.75%, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (247,903)</u>	<u>\$ (276,087)</u>	<u>\$ (300,290)</u>

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

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

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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%

Membership of the HCB Plan consisted of the following as of December 31, 2014, the date of the latest actuarial valuation:

Retirees members	130
General employees	740
Law enforcement members	<u>121</u>
Total	<u><u>991</u></u>

Funding Policy. Currently, the County pays the individual portion of the Healthcare 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, 2015, the County made payments for post-retirement health benefit premiums of \$515,238. The current annual required contribution (ARC) rate is 5.44 percent of annual covered payroll.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years.

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

Annual required contribution	\$	1,876,789
Interest on net pension obligation		351,186
Adjustment to annual required contribution		<u>(335,492)</u>
Annual OPEB cost		1,892,483
Contributions made		<u>515,238</u>
Increase in net OPEB obligation		1,377,245
Net OPEB obligation, beginning of year		<u>8,779,658</u>
Net OPEB obligation, end of year	\$	<u><u>10,156,903</u></u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Pension Obligation
2013	\$ 2,001,653	26.50%	\$ 7,455,558
2014	1,835,452	27.86%	8,779,658
2015	1,892,483	27.23%	10,156,903

Funding Status and Funding Progress. As of December 31, 2014, 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 \$24,564,013. The covered payroll (annual payroll of active employees covered by the plan) was \$34,525,015 and the ratio of the UAAL to the covered payroll was 71.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the profitability 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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as 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.

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 post-retirement 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, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% 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 7.5 to 5% annually. Both rates included a 3% 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, 2014, 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 Government Employees' Retirement System (the "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 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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 of the 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. No expenditures have been applied to the liability during the current fiscal year. The \$1,300,089 post-closure care liability at June 30, 2015 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. Commitment and Contingencies

The County had commitments under uncompleted construction contracts in the enterprise funds totaling \$19,327,101 and in the governmental funds totaling \$7,407,612 at June 30, 2015.

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 will be payable.

P. Claims and Judgments

At June 30, 2015, 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, 2015

R. Interfund Balances and Activities

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

From the General Fund to:

The WIA Youth Program for the County's contribution to the project	\$	14,676
The Airport Capital Reserve Fund for the County's contribution to the fund		<u>50,025</u>
Total transfers out from the General Fund		<u>64,701</u>

From the Airport Capital Reserve to the following Capital Projects:

Airport Drainage Outfall	46,542
Runway 5 Approach/Clearance	24,779
From the Harnett Memorial Fund to Public Utilities to close the project	2,030

From the Employment Transportation Fund to the General Fund to close the project	3,592
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From the Article 46 Sales Tax Fund to the following:

To the General Fund for Capital purchase	240,000
To the Schools Capital Projects Fund	<u>1,300,000</u>
	1,540,000

From the Good Hope Mental Health Project to the General Fund to close the project	10,202
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Form the Anderson Creek Phase I Project to the General Fund to close the project	3,896
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From the Asset Forfeiture Fund to the General Fund to supplement other funding sources	78,823
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From the Highland Middle School Project to the QSCB 2012 Projects for project cost	2,400,000
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Total Transfers out from Nonmajor Governmental Funds	<u>4,109,865</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)	2,883,153
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HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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)	2,883,153
From Public Utilities to the following Capital Projects:	
Water Plant Upgrade	337,236
Water Plant Expansion	6,927,732
West Central Transmission	<u>4,800,000</u>
	12,064,968
From the following Capital Projects to the Public Utilities to close the projects:	
Erwin Wastewater	860,219
Water Plan Expansion	1,096,682
South Central Wastewater	<u>2,551,629</u>
	4,508,530
Total transfers out from the Enterprise Funds	<u>19,456,651</u>
Total	<u>\$ 23,631,217</u>

Interfund balances at June 30, 2015 consist of the following:

Due to the General Fund from:	
Nonmajor Governmental Funds:	
WIA Youth Program Fund for short term cash	\$ 82,194
Airport Drainage Outfall to supplement other funding sources	13,710
Runway 5 Approach Clearance to supplement other funding sources	1,266
Single Family to supplement other funding sources	19,292
QSCB 2012 Project Fund to supplement other funding sources	<u>90,000</u>
Total due to the General Fund	<u>\$ 206,462</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 services funds.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The Water Districts (a blended component unit of the County) issue GO debt (30-year), the proceeds of which are used to refund existing USDA District debt. The County then issues limited obligation bonds in an amount sufficient enough to purchase all the District's GO debt. Both the district and the County assign their rights to a third-party trustee that received the debt payments from the District and uses those funds to make the debt service payments on the LOBs.

S. Joint Ventures

The County, in conjunction with seven other counties, participates in the Sandhills Center for Mental Health, Development Disabilities & Substance Abuse Services, an Area Authority/Local Management Entity. Harnett County appoints four member 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 continued funding. The County contributed \$199,679 to the Authority during the fiscal year ended June 30, 2015. 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, 2015. Complete financial statements for the Sandhills Center can be obtained from their administrative offices at 1120 Seven Lakes Drive or P.O. Box 9, West End, North Carolina 27376.

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 \$928,467 to the community college for operating purposes during the fiscal year ended June 30, 2015. 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 Averagesboro 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 Averagesboro Township in Harnett County. The Authority may spend these proceeds to develop, promote, and advertise travel and tourism in Averagesboro Township, to sponsor tourist-oriented events and activities for Averagesboro Township, to operate and maintain museums and historic sites throughout Averagesboro Township, and to purchase, operate, and maintain a convention facility for Averagesboro 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 \$437,753 to the Authority during the fiscal year ended June 30, 2015.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 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, 2015.

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	\$ 95,540,979	\$ 51,068,462
State Children's Health Insurance Program	1,756,962	554,889
Aid to Families with Dependent Children	-	-
Temporary Assistance for Needy Families	459,785	(66)
Special Assistance to Adults	-	836,053
Low Income Home Energy Assistance	323,882	-
Child Welfare Services - Adoption Subsidy	-	365,169
Title IV-E Adoption Subsidy	837,193	217,538
Special Supplemental Food Program for Women, Infants and Children	<u>2,810,060</u>	<u>-</u>
Total	<u>\$ 101,728,861</u>	<u>\$ 53,042,045</u>

V. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$3,904,643 and \$738,995, respectively.

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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
- Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and its Contributions
- Register of Deeds' Supplemental Pension Fund Schedules of the Proportionate Share of the Net Pension Liability (Asset) and its Contributions

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HARNETT COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

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)
12/31/2003	\$ -	\$ 721,297	\$ 721,297	0.00%	\$ 2,658,429	27.13%
12/31/2004	-	884,009	884,009	0.00%	3,081,508	28.69%
12/31/2005	-	783,403	783,403	0.00%	3,511,915	22.31%
12/31/2006	-	976,187	976,187	0.00%	3,935,637	24.80%
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%
12/31/2014	-	1,722,166	1,722,166	0.00%	5,254,621	32.77%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2004	\$ 75,029	68.40%
2005	68,818	85.37%
2006	85,582	86.60%
2007	104,224	100.00%
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%
2015	236,017	56.21%

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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	16 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, 2015**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Liability (AAL) - Projected Unit Credit (b)					
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%
12/31/2014	-	24,564,013		24,564,013	0.00%	34,525,015	71.15%

Schedule of Employer Contributions

Year Ended June 30	Annual Required		Amount Contributed By Employer	Percentage of ARC Contributed
	Contribution (ARC)			
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%
2015	1,876,789		515,238	27%

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	12/31/2014
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	7.5%-5.0%
Year of ultimate trend rate	2020

* Includes inflation at 3.00%

HARNETT COUNTY, NORTH CAROLINA**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS*****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2015</u>	<u>2014</u>
Harnett County's proportion of the net pension liability (asset) (%)	0.61359%	0.60720%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ (3,618,622)	\$ 7,319,092
Harnett County's covered-employee payroll	\$ 33,682,244	\$ 31,375,274
Harnett County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(10.74%)	23.33%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

HARNETT COUNTY, NORTH CAROLINA**HARNETT COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,408,212	\$ 2,392,465
Contributions in relation to the contractually required contribution	<u>2,408,212</u>	<u>2,392,465</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Harnett County's covered-employee payroll	\$ 33,805,772	\$ 33,682,244
Contributions as a percentage of covered-employee payroll	7.12%	7.10%

HARNETT COUNTY, NORTH CAROLINA**HARNETT COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS*****REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**

	<u>2015</u>	<u>2014</u>
Harnett County's proportion of the net pension liability (asset) (%)	1.21801%	1.27830%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ (276,087)	\$ (273,045)
Harnett County's covered-employee payroll	\$ 79,000	\$ 79,000
Harnett County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-349.48%	-345.63%
Plan fiduciary net position as a percentage of the total pension liability**	193.88%	190.50%

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

** This will be the same percentage for all participant employers in the LGERS plan.

HARNETT COUNTY, NORTH CAROLINA**HARNETT COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS****REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,974	\$ 9,945
Contributions in relation to the contractually required contribution	<u>9,974</u>	<u>9,945</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Harnett County's covered-employee payroll	\$ 79,000	\$ 79,000
Contributions as a percentage of covered-employee payroll	12.63%	12.59%

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over /Under	2014
	Budget	Actual		Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 57,191,526	\$ 59,158,921	\$ 1,967,395	\$ 57,592,341
Penalties and interest	660,000	483,927	(176,073)	599,564
Total	<u>57,851,526</u>	<u>59,642,848</u>	<u>1,791,322</u>	<u>58,191,905</u>
Other Taxes and Licenses:				
Local option sales tax	14,980,744	16,757,810	1,777,066	14,884,498
Cable franchise license	200,000	204,052	4,052	197,213
Occupancy taxes	575,000	437,316	(137,684)	430,146
Excise stamp - real property	425,000	412,126	(12,874)	410,360
Total	<u>16,180,744</u>	<u>17,811,304</u>	<u>1,630,560</u>	<u>15,922,217</u>
Unrestricted Intergovernmental:				
ABC Boards	14,000	17,031	3,031	15,995
Controlled substance	10,000	42,213	32,213	13,739
Civil license revenue	7,500	8,270	770	9,127
Total	<u>31,500</u>	<u>67,514</u>	<u>36,014</u>	<u>38,861</u>
Restricted Intergovernmental:				
Federal and State grants	18,849,711	18,683,614	(166,097)	18,845,359
Court facility fees	480,150	458,603	(21,547)	609,084
Total	<u>19,329,861</u>	<u>19,142,217</u>	<u>(187,644)</u>	<u>19,454,443</u>
Permits and Fees:				
Filing and registration fees	127,000	105,679	(21,321)	119,395
Dog warden fees	62,000	77,407	15,407	113,353
Register of Deeds' fees	662,500	563,723	(98,777)	573,853
Inspection fees	1,525,050	1,275,909	(249,141)	1,376,568
Planning fees	117,617	131,261	13,644	113,306
Other fees	438,951	362,089	(76,862)	522,163
Total	<u>2,933,118</u>	<u>2,516,068</u>	<u>(417,050)</u>	<u>2,818,638</u>
Sales and Services:				
Rents, concessions, and fees	125,475	109,182	(16,293)	134,334
Court costs and fees	225,000	213,548	(11,452)	232,721
Jail fees	30,000	26,997	(3,003)	33,499
Ambulance fees	5,797,821	5,055,217	(742,604)	4,831,883
Library fees	18,500	16,681	(1,819)	18,384
Health fees	3,174,297	1,938,743	(1,235,554)	2,052,482
Total	<u>9,371,093</u>	<u>7,360,368</u>	<u>(2,010,725)</u>	<u>7,303,303</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over /Under	2014
	Budget	Actual		Actual
Investment Earnings	10,000	9,027	(973)	2,602
Other General Revenues:				
Sale of assets	600,000	642,466	42,466	78,544
Miscellaneous revenues	3,210,730	3,117,086	(93,644)	3,378,290
Donations	196,694	178,865	(17,829)	180,970
Total	4,007,424	3,938,417	(69,007)	3,637,804
Total revenues	109,715,266	110,487,763	772,497	107,369,773
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	74,052	69,954		88,490
Other operating expenditures	137,390	88,116		76,141
Total	211,442	158,070	53,372	164,631
Administration:				
Salaries and employee benefits	283,823	264,488		247,929
Other operating expenditures	29,400	19,907		27,572
Total	313,223	284,395	28,828	275,501
Legal Services:				
Salaries and employee benefits	50,731	-		65,034
Other operating expenditures	67,934	6,897		35,949
Total	118,665	6,897	111,768	100,983
Human Resources:				
Salaries and employee benefits	218,548	202,435		207,962
Other operating expenditures	65,530	44,719		46,776
Total	284,078	247,154	36,924	254,738
Board of Elections:				
Salaries and employee benefits	244,743	216,642		223,719
Other operating expenditures	126,337	93,217		94,391
Total	371,080	309,859	61,221	318,110
Finance:				
Salaries and employee benefits	663,004	647,837		514,400
Other operating expenditures	228,901	181,317		199,969
Total	891,905	829,154	62,751	714,369

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over /Under	Actual
Facility Fees:				
Other operating expenditures	89,554	79,320		77,704
Total	89,554	79,320	10,234	77,704
IT:				
Salaries and employee benefits	834,520	771,701		705,633
Other operating expenditures	1,012,928	954,809		595,995
Total	1,847,448	1,726,510	120,938	1,301,628
Tax:				
Salaries and employee benefits	479,037	389,547		371,293
Other operating expenditures	1,271,359	1,197,139		1,176,087
Total	1,750,396	1,586,686	163,710	1,547,380
Register of Deeds:				
Salaries and employee benefits	613,527	510,490		526,557
Other operating expenditures	219,416	185,164		203,609
Total	832,943	695,654	137,289	730,166
Public Buildings:				
Salaries and employee benefits	711,929	658,102		609,705
Other operating expenditures	3,439,959	3,030,334		2,646,051
Capital outlay	57,316	48,352		145,131
Total	4,209,204	3,736,788	472,416	3,400,887
General Services:				
Salaries and employee benefits	344,242	311,135		291,652
Other operating expenditures	508,195	434,595		287,680
Capital outlay	14,000	10,732		-
Total	866,437	756,462	109,975	579,332
Transportation:				
Salaries and employee benefits	736,646	547,196		532,361
Other operating expenditures	538,375	292,290		471,905
Total	1,275,021	839,486	435,535	1,004,266
GIS:				
Salaries and employee benefits	418,838	403,668		390,445
Other operating expenditures	46,598	32,934		41,882
Total	465,436	436,602	28,834	432,327
Total general government	13,526,832	11,693,037	1,833,795	10,902,022

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over /Under	2014
	Budget	Actual		Actual
Public Safety:				
Sheriff:				
Salaries and employee benefits	8,925,159	8,570,528		8,110,999
Other operating expenditures	1,509,629	1,209,936		1,337,272
Capital outlay	427,305	424,902		36,327
Total	<u>10,862,093</u>	<u>10,205,366</u>	656,727	<u>9,484,598</u>
Campbell Campus Deputies:				
Salaries and employee benefits	380,279	367,536		340,946
Other operating expenditures	64,608	22,138		13,286
Total	<u>444,887</u>	<u>389,674</u>	55,213	<u>354,232</u>
Sheriff Department Grants:				
Other operating expenditures	25,615	1,607		15,213
Total	<u>25,615</u>	<u>1,607</u>	24,008	<u>15,213</u>
Communications:				
Salaries and employee benefits	1,410,561	1,244,968		1,088,195
Other operating expenditures	186,092	144,606		130,947
Total	<u>1,596,653</u>	<u>1,389,574</u>	207,079	<u>1,219,142</u>
Jail:				
Salaries and employee benefits	3,258,016	3,008,290		2,927,149
Other operating expenditures	1,725,505	1,398,871		1,379,341
Total	<u>4,983,521</u>	<u>4,407,161</u>	576,360	<u>4,306,490</u>
Lee/Harnett Criminal Justice:				
Salaries and employee benefits	-	-		68,239
Other operating expenditures	-	-		11,880
Total	<u>-</u>	<u>-</u>	-	<u>80,119</u>
Child Support Enforcement:				
Salaries and employee benefits	69,527	67,286		63,647
Other operating expenditures	10,700	2,840		2,610
Total	<u>80,227</u>	<u>70,126</u>	10,101	<u>66,257</u>
Governor's Highway Safety:				
Salaries and employee benefits	-	-		26,536
Total	<u>-</u>	<u>-</u>	-	<u>26,536</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over /Under	2014
	Budget	Actual		Actual
Emergency Services:				
Salaries and employee benefits	618,604	610,283		614,081
Other operating expenditures	191,899	122,160		122,940
Capital outlay	32,820	32,721		-
Total	843,323	765,164	78,159	737,021
Emergency Medical Services:				
Salaries and employee benefits	3,701,896	3,652,342		3,305,132
Other operating expenditures	501,784	392,334		538,295
Capital outlay	32,802	35,102		-
Total	4,236,482	4,079,778	156,704	3,843,427
Emergency Medical Transport:				
Salaries and employee benefits	1,046,002	993,172		959,674
Other operating expenditures	138,346	105,987		111,494
Capital outlay	46,632	46,632		12,150
Total	1,230,980	1,145,791	85,189	1,083,318
Emergency Telephone System:				
Salaries and employee benefits	182,770	174,898		187,374
Other operating expenditures	385,148	308,285		308,351
Capital outlay	-	-		45,000
Total	567,918	483,183	84,735	540,725
Rescue Districts:				
Other operating expenditures	3,361,704	3,361,704	-	3,314,704
Medical Examiner:				
Other operating expenditures	65,000	47,050	17,950	50,000
Public Safety Appropriations:				
Other operating expenditures	84,766	83,696		124,334
Total	84,766	83,696	1,070	124,334
Emergency Services Grant:				
Other operating expenditures	-	-		32,000
Total	-	-	-	32,000

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over /Under	2014
	Budget	Actual		Actual
Animal Control:				
Salaries and employee benefits	352,668	330,719		292,391
Other operating expenditures	112,514	77,902		84,353
Capital outlay	25,000	23,086		-
Total	<u>490,182</u>	<u>431,707</u>	58,475	<u>376,744</u>
Total public safety	<u>28,873,351</u>	<u>26,861,581</u>	2,011,770	<u>25,654,860</u>
Transportation Administration:				
Airport:				
Other operating expenditures	<u>225,382</u>	<u>209,741</u>	15,641	<u>194,790</u>
Transportation:				
Airport:				
Other operating expenditures	<u>222,051</u>	<u>208,990</u>	13,061	<u>174,955</u>
Total transportation	<u>447,433</u>	<u>418,731</u>	28,702	<u>369,745</u>
Environmental Protection:				
Soil and Water:				
Salaries and employee benefits	172,230	154,496		113,470
Other operating expenditures	10,008	7,305		10,663
Total	<u>182,238</u>	<u>161,801</u>	20,437	<u>124,133</u>
Environmental Protection Allocation:				
Salaries and employee benefits				
Other operating expenditures	<u>14,000</u>	<u>4,000</u>		<u>4,000</u>
Total	<u>14,000</u>	<u>4,000</u>	10,000	<u>4,000</u>
Total environmental protection	<u>196,238</u>	<u>165,801</u>	30,437	<u>128,133</u>
Economic and Physical Development:				
Planning and Inspections:				
Salaries and employee benefits	1,249,656	1,233,553		1,236,658
Other operating expenditures	135,044	84,002		86,042
Capital outlay	45,800	45,732		-
Total	<u>1,430,500</u>	<u>1,363,287</u>	67,213	<u>1,322,700</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over /Under	2014
	Budget	Actual		Actual
Economic Development:				
Salaries and employee benefits	97,787	95,790		34,341
Other operating expenditures	1,359,118	1,286,556		741,960
Total	1,456,905	1,382,346	74,559	776,301
Cooperative Extension:				
Salaries and employee benefits	455,510	325,969		536,500
Other operating expenditures	213,795	159,208		156,741
Total	669,305	485,177	184,128	693,241
Abandoned Manufactured Homes:				
Salaries and employee benefits	70,264	57,241		31,903
Total	70,264	57,241	13,023	31,903
Forestry Program:				
Operating expenditures	114,992	112,289	2,703	114,849
Economic and Physical Development Appropriations:				
Operating expenditures	595,500	458,253	137,247	449,748
Total economic and physical development	4,337,466	3,858,593	478,873	3,388,742
Human Services:				
Health:				
Salaries and employee benefits	5,005,638	4,192,818		4,204,506
Other operating expenditures	2,624,659	1,821,450		1,582,512
Total	7,630,297	6,014,268	1,616,029	5,787,018
Social Services:				
Salaries and employee benefits	9,505,054	9,136,546		8,797,017
Other operating expenditures	872,917	696,357		563,594
Capital outlay	335,000	322,495		-
Total	10,712,971	10,155,398	557,573	9,360,611
Restitution:				
Salaries and employee benefits	91,671	82,927		91,308
Operating expenditures	25,543	17,377		19,061
Total	117,214	100,304	16,910	110,369

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over /Under	2014
	Budget	Actual		Actual
Veterans Services:				
Salaries and employee benefits	171,889	171,426		161,953
Other operating expenditures	10,868	7,208		10,244
Total	<u>182,757</u>	<u>178,634</u>	4,123	<u>172,197</u>
Department on Aging:				
Salaries and employee benefits	137,373	135,564		105,528
Other operating expenditures	183,478	172,091		177,804
Total	<u>320,851</u>	<u>307,655</u>	13,196	<u>283,332</u>
Nutrition:				
Salaries and employee benefits	60,121	59,902		56,240
Other operating expenditures	374,646	355,087		321,847
Total	<u>434,767</u>	<u>414,989</u>	19,778	<u>378,087</u>
Community Alternatives Program:				
Salaries and employee benefits	284,627	278,165		280,793
Other operating expenditures	58,556	50,588		45,990
Total	<u>343,183</u>	<u>328,753</u>	14,430	<u>326,783</u>
Mental Health:				
Other operating expenditures	605,679	605,679		815,679
Total	<u>605,679</u>	<u>605,679</u>	-	<u>815,679</u>
RSVP:				
Salaries and employee benefits	64,368	64,339		61,268
Other operating expenditures	15,990	13,319		12,008
Total	<u>80,358</u>	<u>77,658</u>	2,700	<u>73,276</u>
Family Caregivers Grant:				
Salaries and employee benefits	50,007	49,543		41,908
Other operating expenditures	15,355	14,512		9,861
Total	<u>65,362</u>	<u>64,055</u>	1,307	<u>51,769</u>
Human Services Appropriations:				
Other operating expenditures	99,000	90,780		99,840
Total	<u>99,000</u>	<u>90,780</u>	8,220	<u>99,840</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Budget	Actual	Variance Over /Under Actual
Public Assistance:			
TANF	5,000	-	-
Aid to the aged and blind	950,000	835,853	869,382
Medicaid	30,000	4,083	(9,727)
Aid to the blind	6,000	4,103	5,649
County assistance	8,000	2,365	2,743
CP&L Project SHARE	7,295	7,153	7,819
Crisis intervention	425,649	425,224	448,727
Adoption Assistance - IV-B	151,000	139,970	125,000
Adoption IV-B vendor	40,000	25,881	25,310
Adoption IV-E vendor	20,000	10,790	10,050
Adoption assistance -IV- E	259,000	252,161	234,472
Foster care - other	3,000	2,180	2,778
Title IV-E - foster care	530,000	520,139	445,797
Foster care County payments	5,000	1,190	1,367
State foster home care	480,000	474,874	512,274
Special services - foster care	33,000	13,877	18,253
Vendor transportation	575,000	560,787	529,575
Independent living - foster care	8,000	6,735	5,447
Day care	4,451,259	4,141,167	4,194,874
All County clothing allowance	10,000	13,250	9,904
Professional services	20,000	5,953	5,992
WorkFirst - emergency cash	5,000	4,999	4,963
WorkFirst transportation grant	32,213	-	-
WorkFirst	53,000	39,421	37,430
Contracted services	28,000	18,802	8,004
Child support enforcement	77,000	29,094	40,910
LIEAP	620,128	323,700	242,900
Donations	13,203	1,148	2,983
Food stamp issuance	35,000	25,858	28,105
Special needs adoption	32,907	14,258	17,257
Total	<u>8,913,654</u>	<u>7,905,015</u>	<u>1,008,639</u> <u>7,828,238</u>
Total human services	<u>29,506,093</u>	<u>26,243,188</u>	<u>3,262,905</u> <u>25,287,199</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits	203,621	193,086	156,163
Other operating expenditures	247,155	210,785	198,248
Capital outlay	-	-	8,600
Total	<u>450,776</u>	<u>403,871</u>	<u>46,905</u> <u>363,011</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over /Under	Actual
Libraries:				
Salaries and benefits	753,724	671,631		667,007
Other operating expenditures	331,607	270,341		261,100
Total	<u>1,085,331</u>	<u>941,972</u>	143,359	<u>928,107</u>
Culture and Recreation Appropriations:				
Other operating expenditures	<u>150,000</u>	<u>150,000</u>	-	<u>100,000</u>
Total cultural and recreation	<u>1,686,107</u>	<u>1,495,843</u>	190,264	<u>1,391,118</u>
Education:				
CCCC campus	928,467	928,467		927,711
CCCC campus capital outlay	25,000	25,000		25,000
Public schools - current expenses	<u>21,523,700</u>	<u>21,523,700</u>		<u>20,523,700</u>
Total education	<u>22,477,167</u>	<u>22,477,167</u>	-	<u>21,476,411</u>
Debt Service:				
Principal retirement	9,719,278	9,719,273		8,240,495
Interest and fees	<u>5,590,108</u>	<u>5,575,501</u>		<u>6,491,804</u>
Total debt service	<u>15,309,386</u>	<u>15,294,774</u>	14,612	<u>14,732,299</u>
Total expenditures	<u>116,360,073</u>	<u>108,508,715</u>	7,851,358	<u>103,330,529</u>
Revenues over (under) expenditures	<u>(6,644,807)</u>	<u>1,979,048</u>	8,623,855	<u>4,039,244</u>
Other Financing Sources (Uses):				
Transfer out	(64,701)	(64,701)	-	(1,903,876)
Transfer in	1,182,541	336,513	(846,028)	488,337
Long-term debt issued	29,094,839	29,094,839	-	830,155
Payment to escrow agent	(28,970,662)	(28,970,662)	-	-
Appropriated fund balance	<u>5,402,790</u>	<u>-</u>	<u>(5,402,790)</u>	<u>-</u>
Total other financing sources (uses)	<u>6,644,807</u>	<u>395,989</u>	<u>(6,248,818)</u>	<u>(585,384)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,375,037</u>	<u>\$ 2,375,037</u>	<u>3,453,860</u>
Fund Balance:				
Beginning of year - July 1		<u>31,298,039</u>		<u>27,844,179</u>
End of year - June 30		<u>\$ 33,673,076</u>		<u>\$ 31,298,039</u>

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:

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.

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.

Article 46 Sales Tax – accounts for the additional sales tax revenue specifically for school projects.

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.

Sheriff Execution Fund – accounts for the execution revenue collected by the Sheriff's office specifically for public safety expenditures.

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HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Assets:			
Cash and investments	\$ 1,826,532	\$ 1,293,369	\$ 3,119,901
Taxes receivable, net	115,384	-	115,384
Accounts receivable, net	1,015,907	204,244	1,220,151
Cash and cash equivalents, restricted	-	5,769,200	5,769,200
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,957,823</u>	<u>\$ 7,266,813</u>	<u>\$ 10,224,636</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 447,634	\$ 1,257,059	\$ 1,704,693
Due to other funds	82,194	124,268	206,462
Total liabilities	<u>529,828</u>	<u>1,381,327</u>	<u>1,911,155</u>
Deferred Inflows of Resources:			
Property tax receivable	115,384	-	115,384
Total deferred inflows of resources	<u>115,384</u>	<u>-</u>	<u>115,384</u>
Fund Balances:			
Restricted for stabilization for State statute	1,015,907	204,244	1,220,151
Restricted for Register of Deeds	185,475	-	185,475
Restricted for general government	10,797	1,817,977	1,828,774
Restricted for education	-	4,974,598	4,974,598
Restricted for public safety	1,296,550	194,011	1,490,561
Committed	-	72,877	72,877
Assigned	257,438	-	257,438
Unassigned	(453,556)	(1,378,221)	(1,831,777)
Total fund balances	<u>2,312,611</u>	<u>5,885,486</u>	<u>8,198,097</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,957,823</u>	<u>\$ 7,266,813</u>	<u>\$ 10,224,636</u>

HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Revenues:			
Ad valorem taxes	\$ 6,621,693	\$ -	\$ 6,621,693
Other taxes and licenses	2,956,278	-	2,956,278
Restricted intergovernmental	1,107,392	1,247,853	2,355,245
Permits and fees	863,018	-	863,018
Sales and services	75,000	-	75,000
Investment earnings	65	2,580	2,645
Miscellaneous	500,025	164,355	664,380
Total revenues	<u>12,123,471</u>	<u>1,414,788</u>	<u>13,538,259</u>
Expenditures:			
Current:			
General government	861,860	765,754	1,627,614
Public safety	8,614,821	13,414	8,628,235
Economic and physical development	4,979	1,223,617	1,228,596
Education	260,684	4,824,280	5,084,964
Total expenditures	<u>9,742,344</u>	<u>6,827,065</u>	<u>16,569,409</u>
Revenues over (under) expenditures	<u>2,381,127</u>	<u>(5,412,277)</u>	<u>(3,031,150)</u>
Other Financing Sources (Uses):			
Long-term debt issued	-	391,911	391,911
Transfers in	14,676	3,821,346	3,836,022
Transfers (out)	<u>(1,624,445)</u>	<u>(2,485,419)</u>	<u>(4,109,864)</u>
Total other financing sources (uses)	<u>(1,609,769)</u>	<u>1,727,838</u>	<u>118,069</u>
Net change in fund balances	771,358	(3,684,439)	(2,913,081)
Fund Balances:			
Beginning of year - July 1	<u>1,541,253</u>	<u>9,569,925</u>	<u>11,111,178</u>
End of year - June 30	<u>\$ 2,312,611</u>	<u>\$ 5,885,486</u>	<u>\$ 8,198,097</u>

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HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Special Districts Fund	Article 46 Sales Tax	Law Enforcement Fund	Emergency Telephone System Fund	Automation Enhancement and Preservation Fund	Emergency Response Planning Fund	Harnett Memorial Fund
Assets:							
Cash and investments	\$ 49,026	171,431	\$ 16,405	\$ 1,099,539	\$ 185,475	\$ 76,518	\$ -
Taxes receivable, net	115,384	-	-	-	-	-	-
Accounts receivable, net	390,774	460,836	5,215	59,244	-	-	-
Total assets	<u>\$ 555,184</u>	<u>\$ 632,267</u>	<u>\$ 21,620</u>	<u>\$ 1,158,783</u>	<u>\$ 185,475</u>	<u>\$ 76,518</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable	\$ 407,792	\$ -	\$ 5,430	\$ 622	\$ -	\$ 1,486	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>407,792</u>	<u>-</u>	<u>5,430</u>	<u>622</u>	<u>-</u>	<u>1,486</u>	<u>-</u>
Deferred Inflows of Resources:							
Property tax receivable	115,384	-	-	-	-	-	-
Total deferred inflows of resources	<u>115,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Restricted for stabilization for State statute	390,774	460,836	5,215	59,244	-	-	-
Restricted for Register of Deeds	-	-	-	-	185,475	-	-
Restricted for general government	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	1,098,917	-	-	-
Assigned	-	171,431	10,975	-	-	75,032	-
Unassigned	(358,766)	-	-	-	-	-	-
Total fund balances	<u>32,008</u>	<u>632,267</u>	<u>16,190</u>	<u>1,158,161</u>	<u>185,475</u>	<u>75,032</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 555,184</u>	<u>\$ 632,267</u>	<u>\$ 21,620</u>	<u>\$ 1,158,783</u>	<u>\$ 185,475</u>	<u>\$ 76,518</u>	<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	WIA Youth Program Fund	AMPI Unrecoverable Cost Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Employment Transportation Fund	Electronics Management Fund	Total
Assets:							
Cash and investments	\$ 14,657	\$ 7,500	\$ 197,633	\$ 331	\$ -	\$ 8,017	\$ 1,826,532
Taxes receivable, net	-	-	-	-	-	-	115,384
Accounts receivable, net	99,838	-	-	-	-	-	1,015,907
Total assets	<u>\$ 114,495</u>	<u>\$ 7,500</u>	<u>\$ 197,633</u>	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ 8,017</u>	<u>\$ 2,957,823</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable	\$ 27,253	-	-	\$ 331	-	\$ 4,720	\$ 447,634
Due to other funds	82,194	-	-	-	-	-	82,194
Total liabilities	<u>109,447</u>	<u>-</u>	<u>-</u>	<u>331</u>	<u>-</u>	<u>4,720</u>	<u>529,828</u>
Deferred Inflows of Resources:							
Property tax receivable	-	-	-	-	-	-	115,384
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,384</u>
Fund Balances:							
Restricted for stabilization for State statute	99,838	-	-	-	-	-	1,015,907
Restricted for Register of Deeds	-	-	-	-	-	-	185,475
Restricted for general government	-	7,500	-	-	-	3,297	10,797
Restricted for public safety	-	-	197,633	-	-	-	1,296,550
Assigned	-	-	-	-	-	-	257,438
Unassigned	(94,790)	-	-	-	-	-	(453,556)
Total fund balances	<u>5,048</u>	<u>7,500</u>	<u>197,633</u>	<u>-</u>	<u>-</u>	<u>3,297</u>	<u>2,312,611</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 114,495</u>	<u>\$ 7,500</u>	<u>\$ 197,633</u>	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ 8,017</u>	<u>\$ 2,957,823</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, 2015

	Article 46 Sales Tax	Special Districts Fund	Law Enforcement Fund	Emergency Telephone System Fund	Automation Enhancement and Preservation Fund	Emergency Response Planning Fund	Harnett Memorial Fund
Revenues:							
Ad valorem taxes	\$ -	\$ 6,621,693	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	1,747,520	1,208,758	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-
Permits and fees	-	-	93,500	710,923	58,595	-	-
Sales and services	-	-	-	-	-	75,000	-
Investment earnings	65	-	-	-	-	-	-
Other general revenues	-	-	-	500,025	-	-	-
Total revenues	<u>1,747,585</u>	<u>7,830,451</u>	<u>93,500</u>	<u>1,210,948</u>	<u>58,595</u>	<u>75,000</u>	<u>-</u>
Expenditures:							
General government	-	-	-	-	67,557	-	-
Public safety	-	7,569,512	74,475	785,560	-	60,105	-
Economic and physical development	-	-	-	-	-	-	-
Education	-	260,684	-	-	-	-	-
Total expenditures	<u>-</u>	<u>7,830,196</u>	<u>74,475</u>	<u>785,560</u>	<u>67,557</u>	<u>60,105</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,747,585</u>	<u>255</u>	<u>19,025</u>	<u>425,388</u>	<u>(8,962)</u>	<u>14,895</u>	<u>-</u>
Other Financing Sources (Uses):							
Transfers in (out)	-	-	-	-	-	-	-
Transfers (out)	(1,540,000)	-	-	-	-	-	(2,030)
Total other financing sources (uses)	<u>(1,540,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,030)</u>
Net change in fund balances	207,585	255	19,025	425,388	(8,962)	14,895	(2,030)
Fund Balances:							
Beginning of year - July 1	<u>424,682</u>	<u>31,753</u>	<u>(2,835)</u>	<u>732,773</u>	<u>194,437</u>	<u>60,137</u>	<u>2,030</u>
End of year - June 30	<u>\$ 632,267</u>	<u>\$ 32,008</u>	<u>\$ 16,190</u>	<u>\$ 1,158,161</u>	<u>\$ 185,475</u>	<u>\$ 75,032</u>	<u>\$ -</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, 2015

	WIA Youth Program Fund	AMPI Unrecoverable Cost Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Employment Transportation Fund	Electronics Management Fund	Total
Revenues:							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,621,693
Other taxes and licenses	-	-	-	-	-	-	2,956,278
Restricted intergovernmental	789,042	-	192,981	125,369	-	-	1,107,392
Permits and fees	-	-	-	-	-	-	863,018
Sales and services	-	-	-	-	-	-	75,000
Investment earnings	-	-	-	-	-	-	65
Other general revenues	-	-	-	-	-	-	500,025
Total revenues	<u>789,042</u>	<u>-</u>	<u>192,981</u>	<u>125,369</u>	<u>-</u>	<u>-</u>	<u>12,123,471</u>
Expenditures:							
General government	794,303	-	-	-	-	-	861,860
Public safety	-	-	-	125,169	-	-	8,614,821
Economic and physical development	-	-	-	-	-	4,979	4,979
Education	-	-	-	-	-	-	260,684
Total expenditures	<u>794,303</u>	<u>-</u>	<u>-</u>	<u>125,169</u>	<u>-</u>	<u>4,979</u>	<u>9,742,344</u>
Revenues over (under) expenditures	<u>(5,261)</u>	<u>-</u>	<u>192,981</u>	<u>200</u>	<u>-</u>	<u>(4,979)</u>	<u>2,381,127</u>
Other Financing Sources (Uses):							
Transfers in (out)	14,676	-	-	-	-	-	14,676
Transfers (out)	-	-	(78,823)	-	(3,592)	-	(1,624,445)
Total other financing sources (uses)	<u>14,676</u>	<u>-</u>	<u>(78,823)</u>	<u>-</u>	<u>(3,592)</u>	<u>-</u>	<u>(1,609,769)</u>
Net change in fund balances	9,415	-	114,158	200	(3,592)	(4,979)	771,358
Fund Balances:							
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 5,048</u>	<u>\$ 7,500</u>	<u>\$ 197,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,297</u>	<u>\$ 2,312,611</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Other taxes and licenses	\$ 1,540,000	\$ 1,747,520	\$ 207,520	\$ 424,682
Investment earnings	<u>-</u>	<u>65</u>	<u>65</u>	<u>-</u>
Total revenues	<u>1,540,000</u>	<u>1,747,585</u>	<u>207,585</u>	<u>424,682</u>
Revenues over (under) expenditures	<u>1,540,000</u>	<u>1,747,585</u>	<u>207,585</u>	<u>424,682</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>(1,540,000)</u>	<u>(1,540,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,540,000)</u>	<u>(1,540,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>207,585</u>	<u>\$ 207,585</u>	<u>424,682</u>
Fund Balance:				
Beginning of year - July 1		<u>424,682</u>		<u>-</u>
End of year - June 30		<u>\$ 632,267</u>		<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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Ad valorem taxes	\$ 8,006,204	\$ 6,621,693	\$ (1,384,511)	\$ 6,614,325
Other taxes and licenses	<u>1,202,858</u>	<u>1,208,758</u>	<u>5,900</u>	<u>1,043,437</u>
Total revenues	<u>9,209,062</u>	<u>7,830,451</u>	<u>(1,378,611)</u>	<u>7,657,762</u>
Expenditures:				
Public safety	8,904,755	7,569,512	1,335,243	7,379,508
Education	<u>304,307</u>	<u>260,684</u>	<u>43,623</u>	<u>273,142</u>
Total expenditures	<u>9,209,062</u>	<u>7,830,196</u>	<u>1,378,866</u>	<u>7,652,650</u>
Net change in fund balance	<u>\$ -</u>	255	<u>\$ 255</u>	5,112
Fund Balance:				
Beginning of year - July 1		<u>31,753</u>		<u>26,641</u>
End of year - June 30		<u>\$ 32,008</u>		<u>\$ 31,753</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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ 150,000	\$ 93,500	\$ (56,500)	\$ 83,015
Total revenues	<u>150,000</u>	<u>93,500</u>	<u>(56,500)</u>	<u>83,015</u>
Expenditures:				
Public safety:				
Other expenditures	<u>150,000</u>	<u>74,475</u>	<u>75,525</u>	<u>85,790</u>
Total expenditures	<u>150,000</u>	<u>74,475</u>	<u>75,525</u>	<u>85,790</u>
Net change in fund balance	<u>\$ -</u>	19,025	<u>\$ 19,025</u>	(2,775)
Fund Balance:				
Beginning of year - July 1		<u>(2,835)</u>		<u>(60)</u>
End of year - June 30		<u>\$ 16,190</u>		<u>\$ (2,835)</u>

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ 710,923	\$ 710,923	\$ -	\$ 724,829
Miscellaneous	-	500,025	500,025	-
Investment earnings	400	-	(400)	-
Total revenues	<u>711,323</u>	<u>1,210,948</u>	<u>499,625</u>	<u>724,829</u>
Expenditures:				
Public safety:				
Operating expenditures	718,292	503,194	215,098	481,854
Capital outlay	<u>327,110</u>	<u>282,366</u>	<u>44,744</u>	<u>236,330</u>
Total expenditures	<u>1,045,402</u>	<u>785,560</u>	<u>259,842</u>	<u>718,184</u>
Revenues over (under) expenditures	<u>(334,079)</u>	<u>425,388</u>	<u>759,467</u>	<u>6,645</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>334,079</u>	-	<u>(334,079)</u>	-
Total other financing sources (uses)	<u>334,079</u>	-	<u>(334,079)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>425,388</u>	<u>\$ 425,388</u>	<u>6,645</u>
Fund Balance:				
Beginning of year - July 1		<u>732,773</u>		<u>726,128</u>
End of year - June 30		<u>\$ 1,158,161</u>		<u>\$ 732,773</u>

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ 75,000	\$ 58,595	\$ (16,405)	\$ 59,738
Total revenues	<u>75,000</u>	<u>58,595</u>	<u>(16,405)</u>	<u>59,738</u>
Expenditures:				
General government:				
Operating expenditures	<u>75,000</u>	<u>67,557</u>	<u>7,443</u>	<u>40,685</u>
Total expenditures	<u>75,000</u>	<u>67,557</u>	<u>7,443</u>	<u>40,685</u>
Net change in fund balance	<u>\$ -</u>	<u>(8,962)</u>	<u>\$ (8,962)</u>	19,053
Fund Balance:				
Beginning of year - July 1		<u>194,437</u>		<u>175,384</u>
End of year - June 30		<u>\$ 185,475</u>		<u>\$ 194,437</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Other general revenues	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Expenditures:				
Public safety:				
Salaries and fringe benefits	33,904	30,114	3,790	1,018
Other operating expenditures	<u>42,320</u>	<u>29,991</u>	<u>12,329</u>	<u>59,884</u>
Total expenditures	<u>76,224</u>	<u>60,105</u>	<u>16,119</u>	<u>60,902</u>
Revenues over (under) expenditures	<u>(1,224)</u>	<u>14,895</u>	<u>16,119</u>	<u>14,098</u>
Other Financing Sources (Uses):				
Transfers out	-	-	-	(25,000)
Appropriated fund balance	<u>1,224</u>	<u>-</u>	<u>(1,224)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,224</u>	<u>-</u>	<u>(1,224)</u>	<u>(25,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>14,895</u>	<u>\$ 14,895</u>	<u>(10,902)</u>
Fund Balance:				
Beginning of year - July 1		<u>60,137</u>		<u>71,039</u>
End of year - June 30		<u>\$ 75,032</u>		<u>\$ 60,137</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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
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>
Total other financing sources (uses)	<u>-</u>	<u>(2,030)</u>	<u>(2,030)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,030)</u>	<u>\$ (2,030)</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>2,030</u>		<u>2,030</u>
End of year - June 30		<u>\$ -</u>		<u>\$ 2,030</u>

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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 1,374,396	\$ 789,042	\$ (585,354)	\$ 977,150
Total revenues	<u>1,374,396</u>	<u>789,042</u>	<u>(585,354)</u>	<u>977,150</u>
Expenditures:				
General government:				
Operating expenditures	<u>1,382,879</u>	<u>794,303</u>	<u>588,576</u>	<u>971,938</u>
Total expenditures	<u>1,382,879</u>	<u>794,303</u>	<u>588,576</u>	<u>971,938</u>
Revenues over (under) expenditures	<u>(8,483)</u>	<u>(5,261)</u>	<u>3,222</u>	<u>5,212</u>
Other Financing Sources (Uses):				
Transfer in	14,676	14,676	-	-
Transfer out	<u>(6,193)</u>	<u>-</u>	<u>6,193</u>	<u>-</u>
Total other financing sources (uses)	<u>8,483</u>	<u>14,676</u>	<u>6,193</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>9,415</u>	<u>\$ 9,415</u>	<u>5,212</u>
Fund Balance:				
Beginning of year - July 1		<u>(4,367)</u>		<u>(9,579)</u>
End of year - June 30		<u>\$ 5,048</u>		<u>\$ (4,367)</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, 2015**

	<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	\$ 73,100	\$ 66,305	\$ -	\$ 66,305	\$ (6,795)
Total revenues	<u>73,100</u>	<u>66,305</u>	<u>-</u>	<u>66,305</u>	<u>(6,795)</u>
Expenditures:					
General government:					
Operating expenditures	73,100	58,805	-	58,805	14,295
Total expenditures	<u>73,100</u>	<u>58,805</u>	<u>-</u>	<u>58,805</u>	<u>14,295</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,500</u>	<u>-</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, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 92,541	\$ 192,981	\$ 100,440	\$ 109,234
Total revenues	<u>92,541</u>	<u>192,981</u>	<u>100,440</u>	<u>109,234</u>
Revenues over (under) expenditures	<u>92,541</u>	<u>192,981</u>	<u>100,440</u>	<u>109,234</u>
Other Financing Sources (Uses):				
Transfer in (out)	<u>(92,541)</u>	<u>(78,823)</u>	<u>13,718</u>	<u>(239,000)</u>
Total other financing sources (uses)	<u>(92,541)</u>	<u>(78,823)</u>	<u>13,718</u>	<u>(239,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>114,158</u>	<u>\$ 114,158</u>	<u>(129,766)</u>
Fund Balance:				
Beginning of year - July 1		<u>83,475</u>		<u>213,241</u>
End of year - June 30		<u>\$ 197,633</u>		<u>\$ 83,475</u>

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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 395,983	\$ 125,369	\$ (270,614)	\$ 44,580
Total revenues	<u>395,983</u>	<u>125,369</u>	<u>(270,614)</u>	<u>44,580</u>
Expenditures:				
Public safety:				
Operating expenditures	<u>395,983</u>	<u>125,169</u>	<u>270,814</u>	<u>44,780</u>
Total expenditures	<u>395,983</u>	<u>125,169</u>	<u>270,814</u>	<u>44,780</u>
Net change in fund balance	<u>\$ -</u>	200	<u>\$ 200</u>	(200)
Fund Balance:				
Beginning of year - July 1		<u>(200)</u>		<u>-</u>
End of year - June 30		<u>\$ -</u>		<u>\$ (200)</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>2015</u>			<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfer in (out)	\$ (3,592)	\$ (3,592)	\$ -	\$ -
Appropriated fund balance	<u>3,592</u>	<u>-</u>	<u>(3,592)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(3,592)</u>	<u>(3,592)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,592)</u>	<u>\$ (3,592)</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>3,592</u>		<u>3,592</u>
End of year - June 30		<u>\$ -</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 7,998
Total revenues	-	-	-	7,998
Expenditures:				
Economic and physical development:				
Operating expenditures	8,276	4,979	3,297	-
Total expenditures	8,276	4,979	3,297	-
Revenues over (under) expenditures	(8,276)	(4,979)	3,297	7,998
Other Financing Sources (Uses):				
Appropriated fund balance	8,276	-	(8,276)	-
Total other financing sources (uses)	8,276	-	(8,276)	-
Net change in fund balance	\$ -	(4,979)	\$ (4,979)	7,998
Fund Balance:				
Beginning of year - July 1		8,276		278
End of year - June 30		\$ 3,297		\$ 8,276

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:

Highland Middle School – accounts for the construction of a new Highlands Middle School.

Radio Upgrade – accounts for the expenditures to upgrade radios for all emergency services personnel within the County.

Article 46 School Capital Project – Accounts for the expenditures associated with various capital repair projects on various schools throughout the County.

QSCB 2012 Capital Project - accounts for the expenditures associated with the roof replacement of four schools located throughout the County that are funded by interest-free Qualified Zone Academy Bond (QZAB) funds from the State.

Sheriff Training Facility Capital Project Fund – accounts for the expenditures associated with the construction of a weapons and firearms training facility for County law enforcement personnel.

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 Rehab – 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.

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.

Urgent Repair - accounts for 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 NC Housing Finance Agency.

Airport Drainage Outfall – accounts for expenditures and revenues used to account for activities related to the runway drainage project.

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

Anderson Creek – 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.

NONMAJOR FUNDS - GOVERNMENTAL

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 Runway 5 Approach/Clearance Capital Project Funds – 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, 2015

	Airport Drainage Outfall	Runway 5 Approach Clearance	DP6 Generator Switch	Single Family	Urgent Repair	Sheriff Training Facility	Radio Upgrade	Good Hope Mental Health
Assets:								
Cash and investments	\$ -	\$ 751	\$ -	\$ -	\$ -	\$ 196,366	\$ -	\$ -
Accounts receivable, net	19,170	165,782	-	19,292	-	-	-	-
Restricted assets:								
Cash and cash equivalents	-	-	-	-	-	-	1,817,977	-
Total assets	<u>\$ 19,170</u>	<u>\$ 166,533</u>	<u>\$ -</u>	<u>\$ 19,292</u>	<u>\$ -</u>	<u>\$ 196,366</u>	<u>\$ 1,817,977</u>	<u>\$ -</u>
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 23,031	\$ 148,850	\$ -	\$ 7,736	\$ 547	\$ 2,355	\$ 309,222	\$ -
Due to other funds	13,710	1,266	-	19,292	-	-	-	-
Total liabilities	<u>36,741</u>	<u>150,116</u>	<u>-</u>	<u>27,028</u>	<u>547</u>	<u>2,355</u>	<u>309,222</u>	<u>-</u>
Fund Balances:								
Restricted for stabilization for State statute	19,170	165,782	-	19,292	-	-	-	-
Restricted for education	-	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	194,011	-	-
Restricted for general government	-	-	-	-	-	-	1,817,977	-
Committed	-	-	-	-	-	-	-	-
Unassigned	(36,741)	(149,365)	-	(27,028)	(547)	-	(309,222)	-
Total fund balances	<u>(17,571)</u>	<u>16,417</u>	<u>-</u>	<u>(7,736)</u>	<u>(547)</u>	<u>194,011</u>	<u>1,508,755</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 19,170</u>	<u>\$ 166,533</u>	<u>\$ -</u>	<u>\$ 19,292</u>	<u>\$ -</u>	<u>\$ 196,366</u>	<u>\$ 1,817,977</u>	<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Scattered Site Housing II	Taxiway & Apron Rehab	Airport Capital Reserve	Anderson Creek	Article 46 School Capital Project Fund	QSCB 2012 Capital Project Fund	Highlands Middle School	Jetport Runway	Total
Assets:									
Cash and investments	\$ -	\$ 13,900	\$ -	\$ -	\$ 1,023,375	\$ -	\$ -	\$ 58,977	\$ 1,293,369
Accounts receivable, net	-	-	-	-	-	-	-	-	204,244
Restricted assets:									
Cash and cash equivalents	-	-	-	-	-	2,334,955	1,616,268	-	5,769,200
Total assets	\$ -	\$ 13,900	\$ -	\$ -	\$ 1,023,375	\$ 2,334,955	\$ 1,616,268	\$ 58,977	\$ 7,266,813
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 493,322	\$ 271,996	\$ -	\$ 1,257,059
Due to other funds	-	-	-	-	-	90,000	-	-	124,268
Total liabilities	-	-	-	-	-	583,322	271,996	-	1,381,327
Fund Balances:									
Restricted for stabilization for State statute	-	-	-	-	-	-	-	-	204,244
Restricted for education	-	-	-	-	1,023,375	2,334,955	1,616,268	-	4,974,598
Restricted for public safety	-	-	-	-	-	-	-	-	194,011
Restricted for general government	-	-	-	-	-	-	-	-	1,817,977
Committed	-	13,900	-	-	-	-	-	58,977	72,877
Unassigned	-	-	-	-	-	(583,322)	(271,996)	-	(1,378,221)
Total fund balances	-	13,900	-	-	1,023,375	1,751,633	1,344,272	58,977	5,885,486
Total liabilities and fund balances	\$ -	\$ 13,900	\$ -	\$ -	\$ 1,023,375	\$ 2,334,955	\$ 1,616,268	\$ 58,977	\$ 7,266,813

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Airport Drainage Outfall	Runway 5 Approach Clearance	DP6 Generator Switch	Single Family	Urgent Repair	Sheriff Training Facility	Radio Upgrade	Good Hope Mental Health
Revenues:								
Restricted intergovernmental	\$ 337,109	\$ 173,200	\$ 37,703	\$ 35,938	\$ 15,769	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	3,979	-	-	15,389	-
Total revenues	<u>337,109</u>	<u>173,200</u>	<u>37,703</u>	<u>39,917</u>	<u>15,769</u>	<u>-</u>	<u>15,389</u>	<u>-</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	765,754	-
Public safety	-	-	-	-	-	13,414	-	-
Economic and physical development	402,171	182,856	-	47,653	16,316	-	-	-
Education	-	-	-	-	-	-	-	-
Total expenditures	<u>402,171</u>	<u>182,856</u>	<u>-</u>	<u>47,653</u>	<u>16,316</u>	<u>13,414</u>	<u>765,754</u>	<u>-</u>
Revenues over (under) expenditures	<u>(65,062)</u>	<u>(9,656)</u>	<u>37,703</u>	<u>(7,736)</u>	<u>(547)</u>	<u>(13,414)</u>	<u>(750,365)</u>	<u>-</u>
Other Financing Sources (Uses):								
Long-term debt issued	-	-	-	-	-	-	391,911	-
Transfers in	46,542	24,779	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	(10,202)
Total other financing sources (uses)	<u>46,542</u>	<u>24,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,911</u>	<u>(10,202)</u>
Net change in fund balances	(18,520)	15,123	37,703	(7,736)	(547)	(13,414)	(358,454)	(10,202)
Fund Balances:								
Beginning of year - July 1	<u>949</u>	<u>1,294</u>	<u>(37,703)</u>	<u>-</u>	<u>-</u>	<u>207,425</u>	<u>1,867,209</u>	<u>10,202</u>
End of year - June 30	<u>\$ (17,571)</u>	<u>\$ 16,417</u>	<u>\$ -</u>	<u>\$ (7,736)</u>	<u>\$ (547)</u>	<u>\$ 194,011</u>	<u>\$ 1,508,755</u>	<u>\$ -</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, 2015

	Scattered Site Housing II	Taxiway & Apron Rehab	Airport Capital Reserve	Anderson Creek	Article 46 School Capital Project Fund	QSCB 2012 Capital Project Fund	Highland Middle School	Jetport Runway	Total
Revenues:									
Restricted intergovernmental	\$ 312,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 335,938	\$ 1,247,853
Investment earnings	-	-	-	-	-	-	2,580	-	2,580
Miscellaneous	-	-	-	-	1,764	-	143,223	-	164,355
Total revenues	<u>312,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,764</u>	<u>-</u>	<u>145,803</u>	<u>335,938</u>	<u>1,414,788</u>
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	765,754
Public safety	-	-	-	-	-	-	-	-	13,414
Economic and physical development	312,196	-	-	-	-	-	-	262,425	1,223,617
Education	-	-	-	-	278,389	648,367	3,897,524	-	4,824,280
Total expenditures	<u>312,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,389</u>	<u>648,367</u>	<u>3,897,524</u>	<u>262,425</u>	<u>6,827,065</u>
Revenues over (under) expenditures	-	-	-	-	(276,625)	(648,367)	(3,751,721)	73,513	(5,412,277)
Other Financing Sources (Uses):									
Long-term debt issued	-	-	-	-	-	-	-	-	391,911
Transfers in	-	-	50,025	-	1,300,000	2,400,000	-	-	3,821,346
Transfers (out)	-	-	(71,321)	(3,896)	-	-	(2,400,000)	-	(2,485,419)
Total other financing sources (uses)	-	-	(21,296)	(3,896)	1,300,000	2,400,000	(2,400,000)	-	1,727,838
Net change in fund balances	-	-	(21,296)	(3,896)	1,023,375	1,751,633	(6,151,721)	73,513	(3,684,439)
Fund Balances:									
Beginning of year - July 1	-	13,900	21,296	3,896	-	-	7,495,993	(14,536)	9,569,925
End of year - June 30	\$ -	\$ 13,900	\$ -	\$ -	\$ 1,023,375	\$ 1,751,633	\$ 1,344,272	\$ 58,977	\$ 5,885,486

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, 2015

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 3,874,435	\$ 3,330,093	\$ 335,938	\$ 3,666,031	\$ (208,404)
Total revenues	<u>3,874,435</u>	<u>3,330,093</u>	<u>335,938</u>	<u>3,666,031</u>	<u>(208,404)</u>
Expenditures:					
Economic and physical development:					
Engineering	114,412	114,136	(5,846)	108,290	6,122
Construction	<u>3,959,434</u>	<u>3,670,381</u>	<u>268,271</u>	<u>3,938,652</u>	<u>20,782</u>
Total expenditures	<u>4,073,846</u>	<u>3,784,517</u>	<u>262,425</u>	<u>4,046,942</u>	<u>26,904</u>
Revenues over (under) expenditures	<u>(199,411)</u>	<u>(454,424)</u>	<u>73,513</u>	<u>(380,911)</u>	<u>(181,500)</u>
Other Financing Sources (Uses):					
Transfers in	439,888	439,888	-	439,888	-
Contingency	<u>(240,477)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,477</u>
Total other financing sources (uses)	<u>199,411</u>	<u>439,888</u>	<u>-</u>	<u>439,888</u>	<u>240,477</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (14,536)</u>	<u>73,513</u>	<u>\$ 58,977</u>	<u>\$ 58,977</u>
Fund Balance:					
Beginning of year - July 1			<u>(14,536)</u>		
End of year - June 30			<u>\$ 58,977</u>		

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, 2015

	<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	\$ 170,000	\$ 17,045	\$ 35,938	\$ 52,983	\$ (117,017)
Miscellaneous	-	-	3,979	3,979	3,979
Total revenues	<u>170,000</u>	<u>17,045</u>	<u>39,917</u>	<u>56,962</u>	<u>(113,038)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	27,250	17,045	10,195	27,240	10
Construction	<u>142,750</u>	<u>-</u>	<u>37,458</u>	<u>37,458</u>	<u>105,292</u>
Total expenditures	<u>170,000</u>	<u>17,045</u>	<u>47,653</u>	<u>64,698</u>	<u>105,302</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(7,736)	<u>\$ (7,736)</u>	<u>\$ (7,736)</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ (7,736)</u>		

HARNETT COUNTY, NORTH CAROLINA

URGENT REPAIR 2013
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<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	\$ 75,000	\$ -	\$ 15,769	\$ 15,769	\$ (59,231)
Total revenues	<u>75,000</u>	<u>-</u>	<u>15,769</u>	<u>15,769</u>	<u>(59,231)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	7,200	-	1,614	1,614	5,586
Construction	<u>67,800</u>	<u>-</u>	<u>14,702</u>	<u>14,702</u>	<u>53,098</u>
Total expenditures	<u>75,000</u>	<u>-</u>	<u>16,316</u>	<u>16,316</u>	<u>58,684</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(547)</u>	<u>\$ (547)</u>	<u>\$ (547)</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u><u>\$ (547)</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, 2015

	<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>	
Expenditures:					
Public safety:					
Legal and administrative	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Engineering	17,500	1,575	12,091	13,666	3,834
Construction	103,300	-	1,323	1,323	101,977
Materials	82,200	-	-	-	82,200
Contingency	5,000	-	-	-	5,000
Total expenditures	<u>209,000</u>	<u>1,575</u>	<u>13,414</u>	<u>14,989</u>	<u>194,011</u>
Revenues over (under) expenditures	<u>(209,000)</u>	<u>(1,575)</u>	<u>(13,414)</u>	<u>(14,989)</u>	<u>194,011</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>209,000</u>	<u>209,000</u>	<u>-</u>	<u>209,000</u>	<u>-</u>
Total other financing sources (uses)	<u>209,000</u>	<u>209,000</u>	<u>-</u>	<u>209,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 207,425</u>	<u>(13,414)</u>	<u>\$ 194,011</u>	<u>\$ 194,011</u>
Fund Balance:					
Beginning of year - July 1			<u>207,425</u>		
End of year - June 30			<u>\$ 194,011</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, 2015

	<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	\$ 306,675	\$ -	\$ 15,389	\$ 15,389	\$ (291,286)
Total revenues	<u>306,675</u>	<u>-</u>	<u>15,389</u>	<u>15,389</u>	<u>(291,286)</u>
Expenditures:					
General government:					
Capital outlay	7,541,945	4,667,098	765,754	5,432,852	2,109,093
Total expenditures	<u>7,541,945</u>	<u>4,667,098</u>	<u>765,754</u>	<u>5,432,852</u>	<u>2,109,093</u>
Revenues over (under) expenditures	<u>(7,235,270)</u>	<u>(4,667,098)</u>	<u>(750,365)</u>	<u>(5,417,463)</u>	<u>1,817,807</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>4,667,098</u>	<u>391,911</u>	<u>5,059,009</u>	<u>(136,784)</u>
Total other financing sources (uses)	<u>7,235,270</u>	<u>6,534,307</u>	<u>391,911</u>	<u>6,926,218</u>	<u>(309,052)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,867,209</u>	<u>(358,454)</u>	<u>\$ 1,508,755</u>	<u>\$ 1,508,755</u>
Fund Balance:					
Beginning of year - July 1			<u>1,867,209</u>		
End of year - June 30			<u>\$ 1,508,755</u>		

HARNETT COUNTY, NORTH CAROLINA

ARTICLE 46 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, 2015

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax	\$ 1,764	\$ -	\$ 1,764	\$ 1,764	\$ -
Total revenues	<u>1,764</u>	<u>-</u>	<u>1,764</u>	<u>1,764</u>	<u>-</u>
Expenditures:					
Education:					
Construction	1,301,764	-	278,389	278,389	1,023,375
Total expenditures	<u>1,301,764</u>	<u>-</u>	<u>278,389</u>	<u>278,389</u>	<u>1,023,375</u>
Revenues over (under) expenditures	<u>(1,300,000)</u>	<u>-</u>	<u>(276,625)</u>	<u>(276,625)</u>	<u>1,023,375</u>
Other Financing Sources (Uses):					
Transfers in	1,300,000	-	1,300,000	1,300,000	-
Total other financing sources (uses)	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,023,375	<u>\$ 1,023,375</u>	<u>\$ 1,023,375</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 1,023,375</u>		

HARNETT COUNTY, NORTH CAROLINA

QSCB 2012 CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Expenditures:					
Education:					
Legal and administrative	\$ 1,000	\$ -	\$ 835	\$ 835	\$ 165
Engineering	200,000	-	69,670	69,670	130,330
Construction	1,652,210	-	577,862	577,862	1,074,348
Contingency	546,790	-	-	-	546,790
Total expenditures	<u>2,400,000</u>	<u>-</u>	<u>648,367</u>	<u>648,367</u>	<u>1,751,633</u>
Revenues over (under) expenditures	<u>(2,400,000)</u>	<u>-</u>	<u>(648,367)</u>	<u>(648,367)</u>	<u>1,751,633</u>
Other Financing Sources (Uses):					
Transfers in	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,751,633</u>	<u>\$ 1,751,633</u>	<u>\$ 1,751,633</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 1,751,633</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, 2015**

	<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	\$ 172	\$ 172	\$ -	\$ 172	\$ -
Miscellaneous	<u>166,314</u>	<u>166,313</u>	<u>-</u>	<u>166,313</u>	<u>(1)</u>
Total revenues	<u>166,486</u>	<u>166,485</u>	<u>-</u>	<u>166,485</u>	<u>(1)</u>
Expenditures:					
Human services:					
Engineering	<u>169,813</u>	<u>169,813</u>	<u>-</u>	<u>169,813</u>	<u>-</u>
Total expenditures	<u>169,813</u>	<u>169,813</u>	<u>-</u>	<u>169,813</u>	<u>-</u>
Revenues over (under) expenditures	<u>(3,327)</u>	<u>(3,328)</u>	<u>-</u>	<u>(3,328)</u>	<u>(1)</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>3,327</u>	<u>13,530</u>	<u>(10,202)</u>	<u>3,328</u>	<u>1</u>
Total other financing sources (uses)	<u>3,327</u>	<u>13,530</u>	<u>(10,202)</u>	<u>3,328</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,202</u>	<u>(10,202)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>10,202</u>		
End of year - June 30			<u>\$ -</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, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers (out)	\$ (102,036)	\$ (71,321)	\$ 30,715	\$ (19,252)
Transfers in	102,036	50,025	(52,011)	36,667
Total other financing sources (uses)	-	(21,296)	(21,296)	17,415
Net change in fund balance	\$ -	(21,296)	\$ (21,296)	17,415
Fund Balance:				
Beginning of year - July 1		21,296		3,881
End of year - June 30		\$ -		\$ 21,296

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, 2015

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 500,000	\$ 497,520	\$ -	\$ 497,520	\$ (2,480)
Sales tax	3,897	4,365	-	4,365	468
Total revenues	<u>503,897</u>	<u>501,885</u>	<u>-</u>	<u>501,885</u>	<u>(2,012)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	2,000	-	-	-	2,000
Engineering	51,282	2,829	-	2,829	48,453
Construction	446,170	495,160	-	495,160	(48,990)
Contingency	548	-	-	-	548
Total expenditures	<u>500,000</u>	<u>497,989</u>	<u>-</u>	<u>497,989</u>	<u>2,011</u>
Revenues over (under) expenditures	<u>3,897</u>	<u>3,896</u>	<u>-</u>	<u>3,896</u>	<u>(1)</u>
Other Financing Sources (Uses):					
Transfers out	<u>(3,897)</u>	<u>-</u>	<u>(3,896)</u>	<u>(3,896)</u>	<u>1</u>
Total other financing sources (uses)	<u>(3,897)</u>	<u>-</u>	<u>(3,896)</u>	<u>(3,896)</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,896</u>	<u>(3,896)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>3,896</u>		
End of year - June 30			<u>\$ -</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, 2015

	<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	\$ 79,202	\$ 312,196	\$ 391,398	\$ (8,602)
Total revenues	<u>400,000</u>	<u>79,202</u>	<u>312,196</u>	<u>391,398</u>	<u>(8,602)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	33,000	24,166	8,524	32,690	310
Rehabilitation	<u>367,000</u>	<u>55,036</u>	<u>303,672</u>	<u>358,708</u>	<u>8,292</u>
Total expenditures	<u>400,000</u>	<u>79,202</u>	<u>312,196</u>	<u>391,398</u>	<u>8,602</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

**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, 2015**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 125,000	\$ -	\$ -	\$ -	\$ (125,000)
Investment earnings	9,777	7,929	2,580	10,509	732
Sales tax	628,314	506,508	143,223	649,731	21,417
Total revenues	<u>763,091</u>	<u>514,437</u>	<u>145,803</u>	<u>660,240</u>	<u>(102,851)</u>
Expenditures:					
Education:					
Legal and administrative	9,913	8,488	1,142	9,630	283
Engineering	1,450,000	595,727	33,286	629,013	820,987
Construction	26,354,862	21,962,277	3,863,096	25,825,373	529,489
Furniture and Fixtures	750,000	653,636	-	653,636	96,364
Debt issue costs	390,345	390,345	-	390,345	-
Total expenditures	<u>28,955,120</u>	<u>23,610,473</u>	<u>3,897,524</u>	<u>27,507,997</u>	<u>1,447,123</u>
Revenues over (under) expenditures	<u>(28,192,029)</u>	<u>(23,096,036)</u>	<u>(3,751,721)</u>	<u>(26,847,757)</u>	<u>1,344,272</u>
Other Financing Sources (Uses):					
Transfers out	(2,400,000)	-	(2,400,000)	(2,400,000)	-
Bond premium	52,029	52,029	-	52,029	-
Bond issued	30,540,000	30,540,000	-	30,540,000	-
Total other financing sources (uses)	<u>28,192,029</u>	<u>30,592,029</u>	<u>(2,400,000)</u>	<u>28,192,029</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,495,993</u>	<u>(6,151,721)</u>	<u>\$ 1,344,272</u>	<u>\$ 1,344,272</u>
Fund Balance:					
Beginning of year - July 1			<u>7,495,993</u>		
End of year - June 30			<u>\$ 1,344,272</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, 2015

	<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	\$ 254,624	\$ 210,751	\$ 37,703	\$ 248,454	\$ (6,170)
Total revenues	<u>254,624</u>	<u>210,751</u>	<u>37,703</u>	<u>248,454</u>	<u>(6,170)</u>
Expenditures:					
General government:					
Capital outlay	<u>254,624</u>	<u>248,454</u>	<u>-</u>	<u>248,454</u>	<u>6,170</u>
Total expenditures	<u>254,624</u>	<u>248,454</u>	<u>-</u>	<u>248,454</u>	<u>6,170</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (37,703)</u>	37,703	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>(37,703)</u>		
End of year - June 30			<u>\$ -</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, 2015

	<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	\$ 137,144	\$ -	\$ 137,144	\$ (125,095)
Total revenues	<u>262,239</u>	<u>137,144</u>	<u>-</u>	<u>137,144</u>	<u>(125,095)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	1,200	-	-	-	1,200
Engineering	<u>290,177</u>	<u>152,382</u>	<u>-</u>	<u>152,382</u>	<u>137,795</u>
Total expenditures	<u>291,377</u>	<u>152,382</u>	<u>-</u>	<u>152,382</u>	<u>138,995</u>
Revenues over (under) expenditures	<u>(29,138)</u>	<u>(15,238)</u>	<u>-</u>	<u>(15,238)</u>	<u>13,900</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>29,138</u>	<u>29,138</u>	<u>-</u>	<u>29,138</u>	<u>-</u>
Total other financing sources (uses)	<u>29,138</u>	<u>29,138</u>	<u>-</u>	<u>29,138</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,900</u>	<u>-</u>	<u>\$ 13,900</u>	<u>\$ 13,900</u>
Fund Balance:					
Beginning of year - July 1			<u>13,900</u>		
End of year - June 30			<u>\$ 13,900</u>		

HARNETT COUNTY, NORTH CAROLINA

AIRPORT DRAINAGE OUTFALL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<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	\$ 447,817	\$ 33,866	\$ 337,109	\$ 370,975	\$ (76,842)
Total revenues	<u>447,817</u>	<u>33,866</u>	<u>337,109</u>	<u>370,975</u>	<u>(76,842)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	749	-	748	748	1
Engineering	137,025	36,881	59,922	96,803	40,222
Construction	<u>360,549</u>	<u>-</u>	<u>341,501</u>	<u>341,501</u>	<u>19,048</u>
Total expenditures	<u>498,323</u>	<u>36,881</u>	<u>402,171</u>	<u>439,052</u>	<u>59,271</u>
Revenues over (under) expenditures	<u>(50,506)</u>	<u>(3,015)</u>	<u>(65,062)</u>	<u>(68,077)</u>	<u>(17,571)</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>50,506</u>	<u>3,964</u>	<u>46,542</u>	<u>50,506</u>	<u>-</u>
Total other financing sources (uses)	<u>50,506</u>	<u>3,964</u>	<u>46,542</u>	<u>50,506</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 949</u>	(18,520)	<u>\$ (17,571)</u>	<u>\$ (17,571)</u>
Fund Balance:					
Beginning of year - July 1			<u>949</u>		
End of year - June 30			<u>\$ (17,571)</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, 2015

	<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	\$ 253,914	\$ 29,504	\$ 173,200	\$ 202,704	\$ (51,210)
Total revenues	<u>253,914</u>	<u>29,504</u>	<u>173,200</u>	<u>202,704</u>	<u>(51,210)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	742	-	742	742	-
Engineering	76,497	31,644	38,494	70,138	6,359
Construction	<u>204,888</u>	<u>-</u>	<u>143,620</u>	<u>143,620</u>	<u>61,268</u>
Total expenditures	<u>282,127</u>	<u>31,644</u>	<u>182,856</u>	<u>214,500</u>	<u>67,627</u>
Revenues over (under) expenditures	<u>(28,213)</u>	<u>(2,140)</u>	<u>(9,656)</u>	<u>(11,796)</u>	<u>16,417</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>28,213</u>	<u>3,434</u>	<u>24,779</u>	<u>28,213</u>	<u>-</u>
Total other financing sources (uses)	<u>28,213</u>	<u>3,434</u>	<u>24,779</u>	<u>28,213</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,294</u>	15,123	<u>\$ 16,417</u>	<u>\$ 16,417</u>
Fund Balance:					
Beginning of year - July 1			<u>1,294</u>		
End of year - June 30			<u>\$ 16,417</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water and sewer sales	\$ 24,740,350	\$ 28,034,871	\$ 3,294,521
Water and sewer taps	230,000	271,985	41,985
Johnson County	3,600	3,703	103
Other operating revenues	4,002,415	3,851,150	(151,265)
Total operating revenues	<u>28,976,365</u>	<u>32,161,709</u>	<u>3,185,344</u>
Non-operating revenues:			
Interest earned on investments	<u>5,000</u>	<u>172</u>	<u>(4,828)</u>
Total revenues	<u>28,981,365</u>	<u>32,161,881</u>	<u>3,180,516</u>
Expenditures:			
Salaries and employee benefits	8,712,565	7,927,719	784,846
Purchased water	70,000	19,048	50,952
Sewage treatment	1,957,700	1,655,534	302,166
Other operating expenses	9,786,207	7,637,466	2,148,741
Capital outlay	505,000	502,598	2,402
Debt service:			
Debt principal	3,406,567	3,256,566	150,001
Interest and fees	4,907,970	4,732,853	175,117
Total expenditures	<u>29,346,009</u>	<u>25,731,784</u>	<u>3,614,225</u>
Revenues over (under) expenditures	<u>(364,644)</u>	<u>6,430,097</u>	<u>6,794,741</u>
Other Financing Sources (Uses):			
Debt issued	10,673,000	10,673,000	-
Payments to escrow agents	(10,542,225)	(10,542,225)	-
Appropriated fund balance	12,698,837	-	(12,698,837)
Transfers in	-	4,510,560	4,510,560
Transfers out	(12,464,968)	(12,064,968)	400,000
Total other financing sources (uses)	<u>364,644</u>	<u>(7,423,633)</u>	<u>(7,788,277)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (993,536)</u>	<u>\$ (993,536)</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Debt principal		\$ 13,712,408	
Loan issued		(10,673,000)	
Contributions made to the pension plan in the current year		313,068	
Pension expense		(30,726)	
Increase in compensated absences		(146,294)	
Increase in other post-employment benefits		(200,172)	
Bad debt expense		(6,588)	
Capital contribution		1,519,158	
Contributed asset		2,653,442	
Sales tax refund from projects		326	
Expense from projects		(296,356)	
Interest and fees from project		(1,367,313)	
Amortization expense		66,384	
Transfers in from projects		2,883,155	
Intrafund transfers		7,556,438	
Capital outlay		502,598	
Depreciation		<u>(6,395,389)</u>	
Change in net position		<u>\$ 9,097,603</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 300,000	\$ 300,000	\$ -
Interest and fees	<u>25,418</u>	<u>23,133</u>	<u>2,285</u>
Total expenditures	<u>325,418</u>	<u>323,133</u>	<u>2,285</u>
Revenues over (under) expenditures	<u>(325,418)</u>	<u>(323,133)</u>	<u>2,285</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>325,418</u>	<u>323,133</u>	<u>(2,285)</u>
Total other financing sources (uses)	<u>325,418</u>	<u>323,133</u>	<u>(2,285)</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:			
Reconciling items:			
Debt principal		\$ 300,000	
Reduction in investment in direct financing lease receivable		<u>(300,000)</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 465,480	\$ 465,480	\$ -
Interest and fees	<u>954,897</u>	<u>954,882</u>	<u>15</u>
Total expenditures	<u>1,420,377</u>	<u>1,420,362</u>	<u>15</u>
Revenues over (under) expenditures	<u>(1,420,377)</u>	<u>(1,420,362)</u>	<u>15</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>1,420,377</u>	<u>1,420,362</u>	<u>(15)</u>
Total other financing sources (uses)	<u>1,420,377</u>	<u>1,420,362</u>	<u>(15)</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:			
Reconciling items:			
Debt principal		\$ 465,480	
Reduction in investment in direct financing lease receivable		<u>(465,480)</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 95,000	\$ 95,000	\$ -
Interest and fees	58,125	57,888	237
Total expenditures	<u>153,125</u>	<u>152,888</u>	<u>237</u>
Revenues over (under) expenditures	<u>(153,125)</u>	<u>(152,888)</u>	<u>237</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>153,125</u>	<u>152,888</u>	<u>(237)</u>
Total other financing sources (uses)	<u>153,125</u>	<u>152,888</u>	<u>(237)</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		\$ 95,000	
Reduction in investment in direct financing lease receivable		<u>(95,000)</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 145,000	\$ 145,000	\$ -
Interest and fees	<u>37,588</u>	<u>37,225</u>	<u>363</u>
Total expenditures	<u>182,588</u>	<u>182,225</u>	<u>363</u>
Revenues over (under) expenditures	<u>(182,588)</u>	<u>(182,225)</u>	<u>363</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>182,588</u>	<u>182,225</u>	<u>(363)</u>
Total other financing sources (uses)	<u>182,588</u>	<u>182,225</u>	<u>(363)</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		\$ 145,000	
Reduction in investment in direct financing lease receivable		<u>(145,000)</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 343,843	\$ 343,842	\$ 1
Interest and fees	<u>121,771</u>	<u>120,235</u>	<u>1,536</u>
Total expenditures	<u>465,614</u>	<u>464,077</u>	<u>1,537</u>
Revenues over (under) expenditures	<u>(465,614)</u>	<u>(464,077)</u>	<u>1,537</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>465,614</u>	<u>464,077</u>	<u>(1,537)</u>
Total other financing sources (uses)	<u>465,614</u>	<u>464,077</u>	<u>(1,537)</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		\$ 343,842	
Reduction in investment in direct financing lease receivable		<u>(343,842)</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 1,520	\$ 1,520	\$ -
Interest and fees	1,268	1,262	6
Total expenditures	<u>2,788</u>	<u>2,782</u>	<u>6</u>
Revenues over (under) expenditures	<u>(2,788)</u>	<u>(2,782)</u>	<u>6</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>2,788</u>	<u>2,782</u>	<u>(6)</u>
Total other financing sources (uses)	<u>2,788</u>	<u>2,782</u>	<u>(6)</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		\$ 1,520	
Reduction in investment in direct financing lease receivable		<u>(1,520)</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 40,000	\$ 40,000	\$ -
Interest and fees	<u>36,350</u>	<u>36,250</u>	<u>100</u>
Total expenditures	<u>76,350</u>	<u>76,250</u>	<u>100</u>
Revenues over (under) expenditures	<u>(76,350)</u>	<u>(76,250)</u>	<u>100</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>76,350</u>	<u>76,250</u>	<u>(100)</u>
Total other financing sources (uses)	<u>76,350</u>	<u>76,250</u>	<u>(100)</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 100,000	\$ 100,000	\$ -
Interest and fees	100,113	99,863	250
Total expenditures	<u>200,113</u>	<u>199,863</u>	<u>250</u>
Revenues over (under) expenditures	<u>(200,113)</u>	<u>(199,863)</u>	<u>250</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>200,113</u>	<u>199,863</u>	<u>(250)</u>
Total other financing sources (uses)	<u>200,113</u>	<u>199,863</u>	<u>(250)</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		\$ 100,000	
Reduction in investment in direct financing lease receivable		<u>(100,000)</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 25,000	\$ 25,000	\$ -
Interest and fees	<u>36,638</u>	<u>36,575</u>	<u>63</u>
Total expenditures	<u>61,638</u>	<u>61,575</u>	<u>63</u>
Revenues under expenditures	<u>(61,638)</u>	<u>(61,575)</u>	<u>63</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>61,638</u>	<u>61,575</u>	<u>(63)</u>
Total other financing sources (uses)	<u>61,638</u>	<u>61,575</u>	<u>(63)</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		\$ 25,000	
Reduction in investment in direct financing lease receivable		<u>(25,000)</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, 2015

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 193,877	\$ 193,877	\$ -	\$ 193,877	\$ -
Investment earnings	16,242	16,242	-	16,242	-
Restricted intergovernmental	2,838,748	2,838,748	-	2,838,748	-
Total revenues	<u>3,048,867</u>	<u>3,048,867</u>	<u>-</u>	<u>3,048,867</u>	<u>-</u>
Expenditures:					
Construction	8,693,502	8,693,500	-	8,693,500	2
Legal and administration	175,757	175,757	-	175,757	-
Engineering	1,042,236	1,042,238	-	1,042,238	(2)
Materials and supplies	246,187	246,188	-	246,188	(1)
Land	25,985	25,985	-	25,985	-
Total expenditures	<u>10,183,667</u>	<u>10,183,668</u>	<u>-</u>	<u>10,183,668</u>	<u>(1)</u>
Revenues over (under) expenditures	<u>(7,134,800)</u>	<u>(7,134,801)</u>	<u>-</u>	<u>(7,134,801)</u>	<u>(1)</u>
Other Financing Sources (Uses):					
Long-term debt issued	6,195,019	6,195,019	-	6,195,019	-
Transfers in - Enterprise Fund	1,800,000	1,800,000	-	1,800,000	-
Transfers out - Enterprise Fund	(860,219)	-	(860,218)	(860,218)	1
Total other financing sources (uses)	<u>7,134,800</u>	<u>7,995,019</u>	<u>(860,218)</u>	<u>7,134,801</u>	<u>1</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 860,218</u>	<u>\$ (860,218)</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, 2015**

	<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	61,037,566	-	61,037,566	5,328,052
Total revenues	<u>56,892,989</u>	<u>62,221,675</u>	<u>-</u>	<u>62,221,675</u>	<u>5,328,686</u>
Expenditures:					
Construction	50,802,115	50,667,429	-	50,667,429	134,686
Legal and administration	16,002	15,802	-	15,802	200
Engineering	5,297,465	5,284,525	-	5,284,525	12,940
Materials and supplies	120,000	65,787	54,154	119,941	59
Land	186,895	186,891	-	186,891	4
Total expenditures	<u>56,422,477</u>	<u>56,220,434</u>	<u>54,154</u>	<u>56,274,588</u>	<u>147,889</u>
Revenues over (under) expenditures	<u>470,512</u>	<u>6,001,241</u>	<u>(54,154)</u>	<u>5,947,087</u>	<u>5,476,575</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>\$ 6,451,241</u>	<u>\$ (54,154)</u>	<u>\$ 6,397,087</u>	<u>\$ 6,397,087</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, 2015

	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	2,317,927	(378,400)	1,939,527	827,198
Furniture and fixtures	230,000	209,875	-	209,875	20,125
Land	180,832	175,607	-	175,607	5,225
Construction interest	3,905,672	3,862,249	-	3,862,249	43,423
Bond issuance	<u>226,338</u>	<u>176,337</u>	<u>-</u>	<u>176,337</u>	<u>50,001</u>
Total expenditures	<u>63,076,649</u>	<u>62,450,610</u>	<u>(378,400)</u>	<u>62,072,210</u>	<u>1,004,439</u>
Revenues over (under) expenditures	<u>(26,905,810)</u>	<u>(26,279,855)</u>	<u>378,400</u>	<u>(25,901,455)</u>	<u>1,004,355</u>
Other Financing Sources (Uses):					
Bond issuance	24,176,285	24,176,286	-	24,176,286	1
Transfers in - Enterprise Fund	3,826,208	3,061,526	764,682	3,826,208	-
Transfers out - Enterprise Fund	<u>(1,096,683)</u>	<u>-</u>	<u>(1,096,682)</u>	<u>(1,096,682)</u>	<u>1</u>
Total other financing sources (uses)	<u>26,905,810</u>	<u>27,237,812</u>	<u>(332,000)</u>	<u>26,905,812</u>	<u>2</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 957,957</u>	<u>\$ 46,400</u>	<u>\$ 1,004,357</u>	<u>\$ 1,004,357</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, 2015**

	<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	\$ 189,628	\$ (63)	\$ 189,565	\$ 165,334
Investment earnings	4,150	4,104	-	4,104	(46)
Restricted intergovernmental	3,500,000	3,500,000	-	3,500,000	-
Total revenues	<u>3,528,381</u>	<u>3,693,732</u>	<u>(63)</u>	<u>3,693,669</u>	<u>165,288</u>
Expenditures:					
Construction	4,411,225	4,393,482	17,741	4,411,223	2
Legal and administration	4,899	1,770	-	1,770	3,129
Engineering	378,000	370,622	7,378	378,000	-
Materials and supplies	5,000	1,984	-	1,984	3,016
Land	40,100	28,900	-	28,900	11,200
Contingency	234,658	-	-	-	234,658
Total expenditures	<u>5,073,882</u>	<u>4,796,758</u>	<u>25,119</u>	<u>4,821,877</u>	<u>252,005</u>
Revenues over (under) expenditures	<u>(1,545,501)</u>	<u>(1,103,026)</u>	<u>(25,182)</u>	<u>(1,128,208)</u>	<u>417,293</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	1,545,501	1,440,404	-	1,440,404	(105,097)
Total other financing sources (uses)	<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>\$ 337,378</u>	<u>\$ (25,182)</u>	<u>\$ 312,196</u>	<u>\$ 312,196</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, 2015**

	<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	\$ 59,271	\$ 59,270	\$ -	\$ 59,270	\$ (1)
Investment earnings	3,958	2,079	-	2,079	(1,879)
Restricted intergovernmental	1,186,488	1,186,487	-	1,186,487	(1)
Total revenues	<u>1,249,717</u>	<u>1,247,836</u>	<u>-</u>	<u>1,247,836</u>	<u>(1,881)</u>
Expenditures:					
Construction	3,550,391	3,550,390	-	3,550,390	1
Legal and administration	82,474	82,473	-	82,473	1
Engineering	773,639	278,225	-	278,225	495,414
Land	165,372	165,372	-	165,372	-
Interest and fees	170,678	170,677	-	170,677	1
Contingency	314,060	-	-	-	314,060
Total expenditures	<u>5,056,614</u>	<u>4,247,137</u>	<u>-</u>	<u>4,247,137</u>	<u>809,477</u>
Revenues over (under) expenditures	<u>(3,806,897)</u>	<u>(2,999,301)</u>	<u>-</u>	<u>(2,999,301)</u>	<u>807,596</u>
Other Financing Sources (Uses):					
Debt issuance	3,449,000	3,449,000	-	3,449,000	-
Transfers in (out) - Enterprise Fund	357,897	170,000	(619,699)	(449,699)	(807,596)
Total other financing sources (uses)	<u>3,806,897</u>	<u>3,619,000</u>	<u>(619,699)</u>	<u>2,999,301</u>	<u>(807,596)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 619,699</u>	<u>\$ (619,699)</u>	<u>\$ -</u>	<u>\$ -</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, 2015

	<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	\$ 21,200	\$ 34,762	\$ 389	\$ 35,151	\$ 13,951
Investment earnings	200	2,952	-	2,952	2,752
Restricted intergovernmental	1,000,000	460,986	539,014	1,000,000	-
Total revenues	<u>1,021,400</u>	<u>498,700</u>	<u>539,403</u>	<u>1,038,103</u>	<u>16,703</u>
Expenditures:					
Construction	4,189,330	3,680,578	116,783	3,797,361	391,969
Legal and administration	93,229	72,315	12,951	85,266	7,963
Engineering	1,239,752	310,082	100,072	410,154	829,598
Materials and supplies	15,000	14,200	-	14,200	800
Land	316,700	310,949	4,554	315,503	1,197
Interest and fees	318,093	307,790	(112,779)	195,011	123,082
Contingency	168,448	-	-	-	168,448
Total expenditures	<u>6,340,552</u>	<u>4,695,914</u>	<u>121,581</u>	<u>4,817,495</u>	<u>1,523,057</u>
Revenues over (under) expenditures	<u>(5,319,152)</u>	<u>(4,197,214)</u>	<u>417,822</u>	<u>(3,779,392)</u>	<u>1,539,760</u>
Other Financing Sources (Uses):					
Debt issuance	3,937,000	3,937,000	-	3,937,000	-
Transfers in - Enterprise Fund	1,382,152	175,000	-	175,000	(1,207,152)
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>\$ (85,214)</u>	<u>\$ 417,822</u>	<u>\$ 332,608</u>	<u>\$ 332,608</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, 2015**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
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	41,601	41,602	-	41,602	1
Restricted intergovernmental	2,558,944	2,551,361	76,259	2,627,620	68,676
Total revenues	<u>2,685,470</u>	<u>2,677,859</u>	<u>76,259</u>	<u>2,754,118</u>	<u>68,648</u>
Expenditures:					
Construction	2,502,601	2,502,600	-	2,502,600	1
Legal and administration	87,329	61,550	-	61,550	25,779
Utilities plus	86,171	86,171	-	86,171	-
Engineering	516,100	424,813	863	425,676	90,424
Materials and supplies	12,350	10,896	-	10,896	1,454
Land	74,650	74,650	-	74,650	-
Town of Lillington	110,000	99,928	-	99,928	10,072
NCDOT improvement	221,303	221,237	-	221,237	66
Other improvement	117,187	85,616	31,071	116,687	500
Contingency	60,376	-	-	-	60,376
Total expenditures	<u>3,788,067</u>	<u>3,567,461</u>	<u>31,934</u>	<u>3,599,395</u>	<u>188,672</u>
Revenues over (under) expenditures	<u>(1,102,597)</u>	<u>(889,602)</u>	<u>44,325</u>	<u>(845,277)</u>	<u>257,320</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>\$ 212,995</u>	<u>\$ 44,325</u>	<u>\$ 257,320</u>	<u>\$ 257,320</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, 2015

	<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	\$ 9,408	\$ 12,181	\$ -	\$ 12,181	\$ 2,773
Investment earnings	2,195	2,379	-	2,379	184
Restricted intergovernmental	1,000,000	544,521	28,885	573,406	(426,594)
Total revenues	<u>1,011,603</u>	<u>559,081</u>	<u>28,885</u>	<u>587,966</u>	<u>(423,637)</u>
Expenditures:					
Construction	1,994,495	1,966,496	-	1,966,496	27,999
Legal and administration	47,840	47,839	-	47,839	1
Engineering	472,103	233,091	35,438	268,529	203,574
Materials	100,000	-	-	-	100,000
Land	93,250	90,083	-	90,083	3,167
Interest and fees	213,562	206,812	(74,227)	132,585	80,977
Contingency	<u>201,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,582</u>
Total expenditures	<u>3,122,832</u>	<u>2,544,321</u>	<u>(38,789)</u>	<u>2,505,532</u>	<u>617,300</u>
Revenues over (under) expenditures	<u>(2,111,229)</u>	<u>(1,985,240)</u>	<u>67,674</u>	<u>(1,917,566)</u>	<u>193,663</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)
Transfers out - Enterprise Fund	<u>(1,321,436)</u>	<u>-</u>	<u>(1,321,436)</u>	<u>(1,321,436)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,111,229</u>	<u>3,323,268</u>	<u>(1,321,436)</u>	<u>2,001,832</u>	<u>(109,397)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,338,028</u>	<u>\$ (1,253,762)</u>	<u>\$ 84,266</u>	<u>\$ 84,266</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, 2015**

	<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	\$ 9,965	\$ 9,965	\$ -	\$ 9,965	\$ -
Investment earnings	1,689	1,757	-	1,757	68
Restricted intergovernmental	1,000,000	404,796	-	404,796	(595,204)
Total revenues	<u>1,011,654</u>	<u>416,518</u>	<u>-</u>	<u>416,518</u>	<u>(595,136)</u>
Expenditures:					
Construction	1,953,690	1,953,689	-	1,953,689	1
Legal and administration	48,070	48,069	-	48,069	1
Engineering	1,714,659	230,205	-	230,205	1,484,454
Land	53,700	53,700	-	53,700	-
Interest and fees	106,359	106,359	-	106,359	-
Total expenditures	<u>3,876,478</u>	<u>2,392,022</u>	<u>-</u>	<u>2,392,022</u>	<u>1,484,456</u>
Revenues over (under) expenditures	<u>(2,864,824)</u>	<u>(1,975,504)</u>	<u>-</u>	<u>(1,975,504)</u>	<u>889,320</u>
Other Financing Sources (Uses):					
Debt issuance	2,586,000	2,586,000	-	2,586,000	-
Transfers in - Enterprise Fund	889,318	-	-	-	(889,318)
Transfers out - Enterprise Fund	(610,494)	-	(610,496)	(610,496)	(2)
Total other financing sources (uses)	<u>2,864,824</u>	<u>2,586,000</u>	<u>(610,496)</u>	<u>1,975,504</u>	<u>(889,320)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 610,496</u>	<u>\$ (610,496)</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, 2015

	<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	\$ -	\$ 7,397	\$ -	\$ 7,397	\$ 7,397
Restricted intergovernmental	849,530	417,381	-	417,381	(432,149)
Total revenues	<u>849,530</u>	<u>424,778</u>	<u>-</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	78,750	-	78,750	-
Road improvement	200,000	-	-	-	200,000
Contingency	23,240	-	-	-	23,240
Total expenditures	<u>849,530</u>	<u>448,568</u>	<u>-</u>	<u>448,568</u>	<u>400,962</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (23,790)</u>	<u>\$ -</u>	<u>\$ (23,790)</u>	<u>\$ (23,790)</u>

HARNETT COUNTY, NORTH CAROLINA

MGD WATER TREATMENT PLANT EXPANSION
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 5,450,000	\$ -	\$ 875,000	\$ 875,000	\$ (4,575,000)
Total revenues	<u>5,450,000</u>	<u>-</u>	<u>875,000</u>	<u>875,000</u>	<u>(4,575,000)</u>
Expenditures:					
Construction	11,223,806	-	-	-	11,223,806
Legal and administration	22,780	-	16,005	16,005	6,775
Engineering	703,700	-	409,200	409,200	294,500
Total expenditures	<u>11,950,286</u>	<u>-</u>	<u>425,205</u>	<u>425,205</u>	<u>11,525,081</u>
Revenues over (under) expenditures	<u>(6,500,286)</u>	<u>-</u>	<u>449,795</u>	<u>449,795</u>	<u>6,950,081</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>6,500,286</u>	<u>-</u>	<u>6,500,286</u>	<u>6,500,286</u>	<u>-</u>
Total other financing sources (uses)	<u>6,500,286</u>	<u>-</u>	<u>6,500,286</u>	<u>6,500,286</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,950,081</u>	<u>\$ 6,950,081</u>	<u>\$ 6,950,081</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, 2015

	<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>	
Expenditures:					
Construction	\$ 4,374,590	\$ -	\$ -	\$ -	\$ 4,374,590
Legal and administration	10,000	-	-	-	10,000
Engineering	350,000	130,500	31,200	161,700	188,300
Materials and supplies	20,000	-	-	-	20,000
Land	30,000	-	250	250	29,750
Contingency	198,845	-	-	-	198,845
Total expenditures	<u>4,983,435</u>	<u>130,500</u>	<u>31,450</u>	<u>161,950</u>	<u>4,821,485</u>
Revenues over (under) expenditures	<u>(4,983,435)</u>	<u>(130,500)</u>	<u>(31,450)</u>	<u>(161,950)</u>	<u>4,821,485</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>4,983,435</u>	<u>183,435</u>	<u>4,800,000</u>	<u>4,983,435</u>	<u>-</u>
Total other financing sources (uses)	<u>4,983,435</u>	<u>183,435</u>	<u>4,800,000</u>	<u>4,983,435</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 52,935</u>	<u>\$ 4,768,550</u>	<u>\$ 4,821,485</u>	<u>\$ 4,821,485</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste fees	\$ 5,092,390	\$ 5,147,312	\$ 54,922
Other operating revenues	5,400	8,260	2,860
Total operating revenues	<u>5,097,790</u>	<u>5,155,572</u>	<u>57,782</u>
Non-Operating Revenues:			
Solid waste state taxes	259,000	234,276	(24,724)
Restricted intergovernmental	154,500	25,000	(129,500)
Interest earned on investments	-	276	276
Total non-operating revenues	<u>413,500</u>	<u>259,552</u>	<u>(153,948)</u>
Total revenues	<u>5,511,290</u>	<u>5,415,124</u>	<u>(96,166)</u>
Expenditures:			
Salaries and employee benefits	1,048,177	922,702	125,475
Other operating expenses	3,560,344	3,129,697	430,647
Capital outlay	871,885	497,552	374,333
Debt service:			
Debt principal and interest	537,637	529,747	7,890
Total expenditures	<u>6,018,043</u>	<u>5,079,698</u>	<u>938,345</u>
Revenues over (under) expenditures	<u>(506,753)</u>	<u>335,426</u>	<u>842,179</u>
Other Financing Sources (Uses):			
Issuance of long-term debt	1,402,161	1,402,161	-
Payment to escrow agent	(1,396,177)	(1,396,177)	-
Sale of assets	2,000	-	(2,000)
Appropriated fund balance	498,769	-	(498,769)
Total other financing sources (uses)	<u>506,753</u>	<u>5,984</u>	<u>(500,769)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 341,410</u>	<u>\$ 341,410</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, 2015**

	<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		\$ 341,410	
Reconciling items:			
Issuance of long-term debt		(1,402,161)	
Project revenues		212	
Debt principal		1,676,740	
Contributions made to the pension plan in the current year		48,164	
Pension expense		(4,726)	
Increase in compensated absences		(8,445)	
Increase in other post-employment benefits		(35,030)	
Amortization of premium		4,188	
Capital outlay		497,550	
Depreciation		<u>(345,724)</u>	
Change in net position		<u>\$ 772,178</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, 2015

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ -	\$ 24,356	\$ -	\$ 24,356	\$ 24,356
Investment earnings	-	284	212	496	496
Restricted intergovernmental	30,000	30,000	-	30,000	-
Total revenues	<u>30,000</u>	<u>54,640</u>	<u>212</u>	<u>54,852</u>	<u>24,852</u>
Expenditures:					
Construction	1,362,562	1,224,340	19,563	1,243,903	118,659
Legal and administration	20,000	6,691	15,250	21,941	(1,941)
Engineering	130,000	129,913	-	129,913	87
Technical - Geo	20,000	16,589	-	16,589	3,411
Materials and supplies	30,000	-	4,075	4,075	25,925
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>1,488,010</u>	<u>38,888</u>	<u>1,526,898</u>	<u>253,102</u>
Revenues over (under) expenditures	<u>(1,750,000)</u>	<u>(1,433,370)</u>	<u>(38,676)</u>	<u>(1,472,046)</u>	<u>277,954</u>
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>
Total other financing sources (uses)	<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>\$ 316,630</u>	<u>\$ (38,676)</u>	<u>\$ 277,954</u>	<u>\$ 277,954</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 liabilities that have been incurred from prior years when the County was previously fully insured.

Employee Clinic Fund – accounts for the operations at the clinic that is exclusively for employees of Harnett County.

Medical Insurance Fund – accounts for the claims and payments for self-insured health insurance within the County.

Dental Insurance Fund – accounts for the dental insurance premiums and payments for employees of the County.

Unemployment Insurance Fund – accounts for the funds set aside for unemployment claims processed by the North Carolina Department of Commerce, Division of Employment Security.

HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,823,261	\$ 167,806	\$ 571,927	\$ 1,936,555
Accounts receivable	57,549	-	-	-
Total assets	<u>2,880,810</u>	<u>167,806</u>	<u>571,927</u>	<u>1,936,555</u>
Liabilities:				
Current liabilities:				
Claims payable	1,050,685	-	-	-
Accounts payable	-	2,030	5,272	512,660
Total current liabilities	<u>1,050,685</u>	<u>2,030</u>	<u>5,272</u>	<u>512,660</u>
Non-current liabilities:				
Claims payable	1,789,004	-	-	-
Total liabilities	<u>2,839,689</u>	<u>2,030</u>	<u>5,272</u>	<u>512,660</u>
Net Position:				
Unrestricted	<u>\$ 41,121</u>	<u>\$ 165,776</u>	<u>\$ 566,655</u>	<u>\$ 1,423,895</u>

HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2015

	Dental Insurance Fund	Unemployment Insurance Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 247,472	\$ 356,116	\$ 6,103,137
Accounts receivable	-	-	57,549
Total assets	<u>247,472</u>	<u>356,116</u>	<u>6,160,686</u>
Liabilities:			
Current liabilities:			
Claims payable	-	-	1,050,685
Accounts payable	44,931	-	564,893
Total current liabilities	<u>44,931</u>	<u>-</u>	<u>1,615,578</u>
Non-current liabilities:			
Claims payable	-	-	1,789,004
Total liabilities	<u>44,931</u>	<u>-</u>	<u>3,404,582</u>
Net Position:			
Unrestricted	<u>\$ 202,541</u>	<u>\$ 356,116</u>	<u>\$ 2,756,104</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, 2015**

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
Operating Revenues:				
County contribution	\$ 2,072,166	\$ -	\$ 228,950	\$ 6,697,961
Operating Expenses:				
Benefits and premiums	<u>152,636</u>	<u>33,744</u>	<u>121,440</u>	<u>5,862,173</u>
Change in net position	1,919,530	(33,744)	107,510	835,788
Net Position:				
Beginning of year - July 1	<u>(1,878,409)</u>	<u>199,520</u>	<u>459,145</u>	<u>588,107</u>
End of year - June 30	<u>\$ 41,121</u>	<u>\$ 165,776</u>	<u>\$ 566,655</u>	<u>\$ 1,423,895</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, 2015**

	Dental Insurance Fund	Unemployment Insurance Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
County contribution	\$ 544,448	\$ 339,443	\$ 9,882,968
Operating Expenses:			
Benefits and premiums	<u>341,907</u>	<u>192,524</u>	<u>6,704,424</u>
Change in net position	202,541	146,919	3,178,544
Net Position:			
Beginning of year - July 1	<u>-</u>	<u>209,197</u>	<u>(422,440)</u>
End of year - June 30	<u>\$ 202,541</u>	<u>\$ 356,116</u>	<u>\$ 2,756,104</u>

HARNETT COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 2,021,040	\$ 2,243	\$ 228,950	\$ 6,697,961
Cash paid to suppliers	<u>(502,064)</u>	<u>(31,714)</u>	<u>(116,168)</u>	<u>(5,349,513)</u>
Net cash provided (used) by operating activities	1,518,976	(29,471)	112,782	1,348,448
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>1,304,285</u>	<u>197,277</u>	<u>459,145</u>	<u>588,107</u>
End of year - June 30	<u>\$ 2,823,261</u>	<u>\$ 167,806</u>	<u>\$ 571,927</u>	<u>\$ 1,936,555</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 1,919,530	\$ (33,744)	\$ 107,510	\$ 835,788
Change in accounts receivable	(51,126)	2,243	-	-
Change in claims payable	<u>(349,428)</u>	<u>2,030</u>	<u>5,272</u>	<u>512,660</u>
Net cash provided (used) by operating activities	<u>\$ 1,518,976</u>	<u>\$ (29,471)</u>	<u>\$ 112,782</u>	<u>\$ 1,348,448</u>

HARNETT COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Dental Insurance Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 544,448	\$ 339,443	\$ 9,834,085
Cash paid to suppliers	<u>(296,976)</u>	<u>(192,524)</u>	<u>(6,488,959)</u>
Net cash provided (used) by operating activities	247,472	146,919	3,345,126
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>-</u>	<u>209,197</u>	<u>2,758,011</u>
End of year - June 30	<u>\$ 247,472</u>	<u>\$ 356,116</u>	<u>\$ 6,103,137</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 202,541	\$ 146,919	\$ 3,178,544
Change in accounts receivable	-	-	(48,883)
Change in claims payable	<u>44,931</u>	<u>-</u>	<u>215,465</u>
Net cash provided (used) by operating activities	<u>\$ 247,472</u>	<u>\$ 146,919</u>	<u>\$ 3,345,126</u>

HARNETT COUNTY, NORTH CAROLINA

**EMPLOYEE CLINIC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 268,667	\$ 228,950	\$ (39,717)
Expenditures:			
Benefits and premiums	268,667	121,440	147,227
Total expenditures	<u>268,667</u>	<u>121,440</u>	<u>147,227</u>
Change in net position	<u>\$ -</u>	107,510	<u>\$ 107,510</u>
Net Position:			
Beginning of year - July 1		<u>459,145</u>	
End of year - June 30		<u>\$ 566,655</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, 2015**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 1,250,000	\$ 2,072,166	\$ 822,166
Expenditures:			
Benefits and premiums	1,250,000	152,636	1,097,364
Total expenditures	<u>1,250,000</u>	<u>152,636</u>	<u>1,097,364</u>
Change in net position	<u>\$ -</u>	1,919,530	<u>\$ 1,919,530</u>
Net Position:			
Beginning of year - July 1		<u>(1,878,409)</u>	
End of year - June 30		<u>\$ 41,121</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, 2015

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Benefits and premiums	\$ 160,000	\$ 33,744	\$ 126,256
Total expenditures	<u>160,000</u>	<u>33,744</u>	<u>126,256</u>
Revenues over (under) expenditures	<u>(160,000)</u>	<u>(33,744)</u>	<u>126,256</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>160,000</u>	<u>-</u>	<u>(160,000)</u>
Total other financing sources (uses)	<u>160,000</u>	<u>-</u>	<u>(160,000)</u>
Change in net position	<u>\$ -</u>	<u>(33,744)</u>	<u>\$ (33,744)</u>
Net Position:			
Beginning of year - July 1		<u>199,520</u>	
End of year - June 30		<u>\$ 165,776</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, 2015

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 1,250,000	\$ 339,443	\$ (910,557)
Total revenues	<u>1,250,000</u>	<u>339,443</u>	<u>(910,557)</u>
Expenditures:			
Benefits and premiums	<u>1,250,000</u>	<u>192,524</u>	<u>1,057,476</u>
Total expenditures	<u>1,250,000</u>	<u>192,524</u>	<u>1,057,476</u>
Change in net position	<u>\$ -</u>	<u>146,919</u>	<u>\$ 146,919</u>
Net Position:			
Beginning of year - July 1		<u>209,197</u>	
End of year - June 30		<u>\$ 356,116</u>	

HARNETT COUNTY, NORTH CAROLINA

**MEDICAL INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 7,138,000	\$ 6,697,961	\$ (440,039)
Total revenues	<u>7,138,000</u>	<u>6,697,961</u>	<u>(440,039)</u>
Expenditures:			
Benefits and premiums	7,138,000	5,862,173	1,275,827
Total expenditures	<u>7,138,000</u>	<u>5,862,173</u>	<u>1,275,827</u>
Change in net position	<u>\$ -</u>	835,788	<u>\$ 835,788</u>
Net Position:			
Beginning of year - July 1		<u>588,107</u>	
End of year - June 30		<u>\$ 1,423,895</u>	

HARNETT COUNTY, NORTH CAROLINA

**DENTAL INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 376,000	\$ 544,448	\$ 168,448
Expenditures:			
Benefits and premiums	376,000	341,907	34,093
Total expenditures	<u>376,000</u>	<u>341,907</u>	<u>34,093</u>
Change in net position	<u>\$ -</u>	202,541	<u>\$ 202,541</u>
Net Position:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 202,541</u>	

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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, 2015

	<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	\$ 67,022	\$ 10,515	\$ 179,769	\$ 9,688	\$ 266,994
Liabilities:					
Accounts payable and accrued liabilities	\$ 67,022	\$ 10,515	\$ 179,769	\$ 9,688	\$ 266,994

HARNETT COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Social Services:				
Assets:				
Cash and investments	\$ 99,241	\$ 576,404	\$ (608,623)	\$ 67,022
Liabilities:				
Accounts payable and accrued liabilities	\$ 99,241	\$ 576,404	\$ (608,623)	\$ 67,022
Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 36,062	\$ 9,202,430	\$ (9,227,977)	\$ 10,515
Liabilities:				
Accounts payable and accrued liabilities	\$ 36,062	\$ 9,202,430	\$ (9,227,977)	\$ 10,515
State Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 179,769	\$ 131	\$ (131)	\$ 179,769
Liabilities:				
Accounts payable and accrued liabilities	\$ 179,769	\$ 131	\$ (131)	\$ 179,769
Fines and Forfeitures Fund:				
Assets:				
Cash and investments	\$ -	\$ 345,410	\$ (345,410)	\$ -
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 345,410	\$ (345,410)	\$ -
Jail Canteen Fund:				
Assets:				
Cash and investments	\$ 25,939	\$ 242,044	\$ (258,295)	\$ 9,688
Liabilities:				
Accounts payable and accrued liabilities	\$ 25,939	\$ 242,044	\$ (258,295)	\$ 9,688
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 341,011	\$ 10,366,419	\$ (10,440,436)	\$ 266,994
Liabilities:				
Accounts payable and accrued liabilities	\$ 341,011	\$ 10,366,419	\$ (10,440,436)	\$ 266,994

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, 2015

Fiscal Year	Uncollected Balance July 1, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 58,578,502	\$ 58,254,988	\$ 323,514
2013-2014	764,790	-	565,631	199,159
2012-2013	305,885	-	129,249	176,636
2011-2012	213,519	-	64,181	149,338
2010-2011	136,176	-	26,563	109,613
2009-2010	126,004	-	16,271	109,733
2008-2009	92,903	-	10,238	82,665
2007-2008	103,240	-	10,775	92,465
2006-2007	98,640	-	10,306	88,334
2005-2006	95,580	-	8,839	86,741
2004-2005	117,052	-	117,052	-
Total	<u>\$ 2,053,789</u>	<u>\$ 58,578,502</u>	<u>\$ 59,214,093</u>	<u>1,418,198</u>
Less: allowance for uncollectible accounts - General Fund				<u>1,019,976</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 398,222</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 59,642,848
Reconciling items:				
Interest collected				(483,927)
Taxes written off				117,052
Prior year releases				<u>(61,880)</u>
Total collections and credits				<u>\$ 59,214,093</u>

HARNETT COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2015

	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	\$ 7,850,357,600	\$ 0.7500	\$ 58,877,682	\$ 52,961,739	\$ 5,915,943
Total	<u>7,850,357,600</u>		<u>58,877,682</u>	<u>52,961,739</u>	<u>5,915,943</u>
Discoveries:					
Current years taxes	9,654,450	0.7500	128,726	128,726	-
Total	<u>9,654,450</u>		<u>128,726</u>	<u>128,726</u>	<u>-</u>
Abatements	<u>(32,092,950)</u>		<u>(427,906)</u>	<u>(425,898)</u>	<u>(2,008)</u>
Total property valuation	<u>\$ 7,827,919,100</u>				
Net Levy			58,578,502	52,664,567	5,913,935
Uncollected taxes at June 30, 2015			<u>(323,514)</u>	<u>(322,580)</u>	<u>(934)</u>
Current Year's Taxes Collected			<u>\$ 58,254,988</u>	<u>\$ 52,341,987</u>	<u>\$ 5,913,001</u>
Current Levy Collection Percentage			<u>99.45%</u>	<u>99.39%</u>	<u>99.98%</u>

HARNETT COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
COMBINED WATER AND SEWER DISTRICTS OPERATING FUND
JUNE 30, 2015**

	Northeast Metro Water and Sewer Fund	Buies 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	\$ 15,850,724	\$ 2,066,765	\$ 7,550,528	\$ 1,971,504	\$ 2,559,641	\$ 7,736,910	\$ 832,505	\$ 1,035,454	\$ 1,814,115	\$ -	\$ -	\$ 41,418,146
Accounts receivable, net	1,489,186	194,174	709,377	185,224	240,480	726,888	78,214	97,282	170,437	-	-	3,891,262
Inventory	215,728	28,129	102,763	26,832	34,837	105,299	11,330	14,093	24,690	-	-	563,701
Due from districts	-	-	-	-	-	-	-	-	-	805,000	(805,000)	-
Cash and investments, restricted	716,171	93,381	341,149	89,077	115,650	349,571	37,614	46,784	81,966	-	-	1,871,363
Total current assets	18,271,809	2,382,449	8,703,817	2,272,637	2,950,608	8,918,667	959,664	1,193,612	2,091,208	805,000	(805,000)	47,744,472
Non-current assets:												
Due from the districts	-	-	-	-	-	-	-	-	-	18,095,000	(18,095,000)	-
Land and construction in progress	26,915,455	3,509,488	12,821,237	3,347,728	4,346,420	13,137,724	1,413,642	1,758,261	3,080,473	-	-	70,330,428
Other capital assets, net	99,247,054	12,940,758	47,276,556	12,344,290	16,026,830	48,443,558	5,212,610	6,483,346	11,358,821	-	-	259,333,824
Net pension asset	180,030	23,474	85,758	22,392	29,072	87,875	9,455	11,761	20,604	-	-	470,421
Total non-current assets	126,342,539	16,473,720	60,183,551	15,714,410	20,402,323	61,669,157	6,635,707	8,253,367	14,459,899	18,095,000	(18,095,000)	330,134,673
Total assets	144,614,349	18,856,169	68,887,368	17,987,047	23,352,931	70,587,824	7,595,371	9,446,979	16,551,107	18,900,000	(18,900,000)	377,873,145
Deferred outflows	732,317	95,486	348,841	91,085	118,258	357,452	38,462	47,839	83,814	-	-	1,913,555
Liabilities:												
Current liabilities:												
Accounts payable and accrued liabilities	217,747	28,392	103,724	27,083	35,163	106,285	11,436	14,224	24,921	-	-	568,976
Accrued interest	229,530	29,928	109,337	28,549	37,065	112,036	12,055	14,994	26,270	-	-	599,764
Prepaid fees	43,024	5,610	20,495	5,351	6,948	21,000	2,260	2,811	4,924	-	-	112,422
Customer deposits	716,171	93,381	341,149	89,077	115,650	349,571	37,614	46,784	81,966	-	-	1,871,363
Due to public utilities	-	-	250,000	95,000	135,000	155,000	25,000	45,000	100,000	-	(805,000)	-
Compensated absences - current	168,572	21,980	80,300	20,967	27,222	82,282	8,854	11,012	19,293	-	-	440,480
Current portion of long-term debt	1,485,982	193,756	457,851	89,826	104,963	570,324	53,046	52,072	70,071	805,000	(805,000)	3,882,891
Total current liabilities	2,861,025	373,047	1,362,856	355,853	462,010	1,396,497	150,266	186,897	327,444	805,000	(805,000)	7,475,896
Non-current liabilities:												
Compensated absences - non-current	56,191	7,327	26,767	6,989	9,074	27,427	2,951	3,671	6,431	-	-	146,827
Due to public utilities	-	-	9,760,000	1,295,000	725,000	2,010,000	875,000	950,000	2,480,000	-	(18,095,000)	-
Non-current portion of long-term debt	23,896,074	3,115,793	1,622,948	1,677,180	3,133,838	9,653,932	380,059	611,019	254,905	18,095,000	-	62,440,748
Other post-employment benefits	521,195	67,958	248,272	64,826	84,165	254,401	27,374	34,047	59,651	-	-	1,361,889
Total non-current liabilities	24,473,460	3,191,078	11,657,987	3,043,994	3,952,077	11,945,760	1,285,384	1,598,737	2,800,987	18,095,000	(18,095,000)	63,949,464
Total liabilities	27,334,485	3,564,125	13,020,843	3,399,847	4,414,087	13,342,257	1,435,650	1,785,634	3,128,431	18,900,000	(18,900,000)	71,423,360
Deferred inflows	438,777	57,212	209,013	54,575	70,856	214,172	23,045	28,663	50,218	-	-	1,146,531
Net Position:												
Net investment in capital assets	101,391,075	13,220,315	48,297,865	12,610,962	16,373,056	49,490,078	5,325,217	6,623,404	11,604,205	-	-	264,936,178
Restricted for capital projects	16,182,328	2,110,003	7,708,488	2,012,748	2,613,190	7,898,769	849,921	1,057,116	1,852,067	-	-	42,284,631
Unrestricted	\$ 117,573,404	\$ 15,330,318	\$ 56,006,353	\$ 14,623,711	\$ 18,986,246	\$ 57,388,847	\$ 6,175,138	\$ 7,680,520	\$ 13,456,271	\$ -	\$ -	\$ 307,220,809
Total net position												

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, 2015**

	Northeast Metro Water and Sewer Fund	Buies 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	\$ 10,728,945	\$ 1,398,940	\$ 5,110,757	\$ 1,334,460	\$ 1,732,555	\$ 5,685,472	\$ 114,943	\$ 700,872	\$ 1,227,927	\$ 28,034,871
Water and sewer taps	104,089	13,572	49,583	12,946	16,809	55,159	1,115	6,800	11,913	271,985
Johnston County	1,417	185	675	176	229	751	15	93	162	3,703
Other operating revenues	1,473,961	192,189	702,124	183,330	238,021	781,080	15,791	96,287	168,695	3,851,478
Total operating revenues	12,308,412	1,604,886	5,863,139	1,530,913	1,987,614	6,522,461	131,864	804,051	1,408,697	32,162,037
Operating Expenses:										
Water distribution and sewage treatment	6,605,006	861,222	3,146,310	821,527	1,066,604	3,500,118	70,762	431,474	755,943	17,258,966
Depreciation	2,447,515	319,130	1,165,879	304,421	395,235	1,296,985	26,221	159,885	280,118	6,395,389
Total operating expenses	9,052,522	1,180,352	4,312,189	1,125,947	1,461,839	4,797,103	96,983	591,359	1,036,061	23,654,355
Operating income (loss)	3,255,890	424,533	1,550,950	404,966	525,775	1,725,358	34,881	212,692	372,636	8,507,681
Non-Operating Revenues (Expenses):										
Miscellaneous	113,415	14,788	54,026	14,107	18,315	60,101	1,215	7,409	12,980	296,356
Interest earned on investments	66	9	31	8	11	35	1	4	8	172
Interest and fees	(1,485,349)	(193,674)	(707,550)	(184,747)	(239,860)	(787,115)	(15,913)	(97,031)	(169,998)	(3,881,237)
Total non-operating revenues (expenses)	(1,371,868)	(178,877)	(653,492)	(170,632)	(221,535)	(726,979)	(14,697)	(89,618)	(157,010)	(3,584,709)
Income (loss) before capital contributions and transfers	1,884,022	245,656	897,458	234,334	304,240	998,379	20,184	123,074	215,626	4,922,973
Capital contributions	1,596,854	208,213	760,665	198,616	257,867	846,203	17,108	104,315	182,760	4,172,600
Income (loss) before transfers	3,480,876	453,869	1,658,123	432,949	562,106	1,844,582	37,292	227,389	398,386	9,095,572
Transfers:										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	777	101	370	97	125	412	8	51	89	2,030
Total transfers	777	101	370	97	125	412	8	51	89	2,030
Change in net position	3,481,653	453,970	1,658,493	433,046	562,232	1,844,994	37,300	227,440	398,475	9,097,603
Net Position:										
Beginning of year - July 1	114,336,856	14,908,307	54,464,617	14,221,151	18,463,595	55,673,739	6,140,464	7,469,092	13,085,849	298,763,668
Prior period adjustment	(245,105)	(31,959)	(116,756)	(30,486)	(39,581)	(129,886)	(2,626)	(16,012)	(28,052)	(640,462)
Beginning of year - restated	114,091,751	14,876,348	54,347,860	14,190,665	18,424,014	55,543,853	6,137,838	7,453,080	13,057,796	298,123,206
End of year - June 30	\$ 117,573,404	\$ 15,330,318	\$ 56,006,353	\$ 14,623,711	\$ 18,986,246	\$ 57,388,847	\$ 6,175,138	\$ 7,680,520	\$ 13,456,271	\$ 307,220,809

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	180
<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	187
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	194
<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	198
<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	200
<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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 32,792,579
Restricted	-	-	-	-	-	14,023,136	10,537,181	10,997,970	11,787,945	15,426,422
Unrestricted	(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)	(76,734,838)
Total governmental activities net position	\$ 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)	\$ (28,515,837)
Business-type activities										
Net investment in capital assets	\$ 76,151,245	\$ 99,508,987	\$ 111,540,080	\$ 150,839,435	\$ 179,931,416	\$ 229,078,137	\$ 250,808,927	\$ 243,042,418	\$ 245,118,371	\$ 267,269,280
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,736,125	7,577,237	10,348,070	5,174,536	14,168,332	14,966,901	18,408,236	42,092,691	55,340,802	42,733,890
Total business-type activities net position	\$ 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	\$ 310,003,170
Primary Government										
Net investment in capital assets	\$ 115,693,911	\$ 134,771,742	\$ 148,811,986	\$ 213,996,936	\$ 216,301,540	\$ 265,132,948	\$ 288,107,156	\$ 305,506,610	\$ 295,484,288	\$ 300,061,859
Restricted	-	-	-	-	-	14,023,136	10,537,181	10,997,970	11,787,945	15,426,422
Unrestricted	(26,686,400)	(10,179,376)	(20,014,490)	(77,061,444)	(62,891,682)	(74,083,580)	(62,644,603)	(63,579,216)	(39,315,551)	(34,000,948)
Total primary government net position	\$ 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	\$ 281,487,333

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$ 11,780,292	\$ 11,819,168	\$ 26,813,716	\$ 28,913,861	\$ 47,059,620	\$ 14,978,146	\$ 11,217,967	\$ 11,810,197	\$ 13,333,033	\$ 13,148,888
Public Safety	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	35,683,468
Transportation	216,201	639,875	407,741	639,194	637,306	667,369	646,939	344,069	276,823	952,006
Environmental Protection	121,443	129,917	139,421	202,232	193,652	165,460	124,255	135,892	138,984	170,630
Economic & physical development	4,678,094	4,958,192	5,382,775	6,568,721	6,388,625	6,019,831	6,321,309	5,969,164	3,809,848	4,164,532
Human Services	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	25,702,623
Cultural & Recreational	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	1,513,720
Education	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	27,562,131
Debt Service:										
Interest and fees	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	5,463,869
Total governmental activities expenses	<u>88,977,287</u>	<u>92,295,594</u>	<u>115,312,692</u>	<u>128,657,111</u>	<u>138,987,444</u>	<u>107,597,783</u>	<u>106,917,196</u>	<u>115,703,247</u>	<u>122,279,630</u>	<u>114,361,867</u>
Business type activities										
Water and Sewer	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	27,239,236
Solid Waste	3,473,564	3,743,693	4,116,940	4,204,938	4,006,639	4,266,203	4,188,342	4,586,311	4,474,124	4,618,158
Total business-type activities	<u>16,658,670</u>	<u>18,861,544</u>	<u>20,784,189</u>	<u>22,695,598</u>	<u>24,524,240</u>	<u>39,585,966</u>	<u>27,635,145</u>	<u>32,707,009</u>	<u>33,124,658</u>	<u>31,857,394</u>
Total primary government expenses	<u>\$ 105,635,957</u>	<u>\$ 111,157,138</u>	<u>\$ 136,096,881</u>	<u>\$ 151,352,709</u>	<u>\$ 163,511,684</u>	<u>\$ 147,183,749</u>	<u>\$ 134,552,341</u>	<u>\$ 148,410,256</u>	<u>\$ 155,404,288</u>	<u>\$ 146,219,261</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 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	\$ 3,090,449
Public Safety	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	7,637,977
Transportation	235,955	246,468	264,936	242,983	277,895	328,194	335,486	292,655	1,444	1,705
Environmental protection	-	-	-	-	-	-	-	-	-	3,963
Economic and physical development	-	-	-	2,652	2,638	22,128	16,013	4,148	8,085	10,766
Human services	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	2,192,224
Cultural and recreational	528,604	497,961	25,653	46,505	54,582	45,862	52,284	41,158	39,974	43,284
Education	-	-	558,955	439,948	-	-	-	-	-	-
Operating grants and contributions:										
General government	43,573	5,138	116,303	286,678	1,574,076	999,908	904,224	1,175,405	1,874,813	1,593,065
Public Safety	883,364	676,900	685,126	1,565,755	1,890,581	1,904,951	1,628,139	1,899,606	747,873	648,901
Transportation	1,187,832	2,427,366	529,786	1,165,357	754,113	594,844	382,897	811,311	3,957,957	1,042,078
Environment protection	192,253	316,873	-	35,320	23,665	15,502	8,962	-	-	26,965
Economic and physical development	1,141,569	1,184,349	1,863,797	736,305	665,288	704,113	528,743	89,601	41,017	41,395
Human services	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	16,327,523
Cultural and recreational	3,881	67,500	182,360	180,991	149,410	196,413	149,410	161,039	162,175	164,619
Education	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	1,902,400
Capital grants and contributions:										
General government	-	-	-	-	-	159,603	-	-	-	335,462
Public Safety	-	-	-	-	-	103,114	78,395	730,636	978,203	517,082
Economic and physical development	-	-	-	-	398,762	-	-	-	-	-
Human services	2,200	19,656	-	-	-	-	-	-	-	-
Cultural and recreational	-	-	15,000	8,000	282,472	3,414	28,486	-	-	39,421
Total governmental activities programs revenues	<u>32,882,004</u>	<u>32,334,478</u>	<u>34,606,343</u>	<u>34,948,804</u>	<u>48,223,842</u>	<u>37,870,726</u>	<u>37,780,045</u>	<u>41,320,506</u>	<u>39,845,794</u>	<u>35,619,279</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services:										
Water and Sewer	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	32,511,677
Solid Waste	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	5,219,143
Operating grants and contributions - water & sewer	411,375	-	511,300	-	-	-	-	-	-	-
Capital grants and contributions:										
Water and Sewer	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	4,172,600
Solid Waste	-	-	-	-	-	-	-	-	30,000	-
Total business-type activities program revenues	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	41,903,420
Total primary government program revenues	\$ 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	\$ 77,522,699
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (78,742,588)
Business-type activities	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	10,046,026
Total primary government net expense	\$ (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)	\$ (68,696,562)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad valorem taxes	\$ 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	\$ 65,789,147
Local option sales tax	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	16,757,810
Other taxes	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	4,009,772
Unrestricted grants and contributions	1,462,300	668,085	144,532	234,713	70,413	125,845	347,202	45,956	38,861	67,514
Investment earnings	901,167	1,485,912	1,516,019	451,055	91,358	33,012	15,492	18,991	2,677	11,672
Miscellaneous	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	151,650	219,199	315,526	439,265	72,819	475,001	312,024	400,000	400,000	(2,030)
Total governmental activities	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	86,633,885
Business-type activities:										
Other taxes	101,665	107,930	114,575	160,785	210,121	264,145	236,713	227,228	237,287	234,276
Investment earnings	162,363	240,284	243,356	46,845	25,173	12,585	6,651	5,961	543	660
Miscellaneous	57,179	2,288,887	38,891	695,733	-	-	-	-	-	-
Gain on sale of capital asset	(10,526)	-	60,923	3,042	-	-	-	-	-	-
Transfers	(151,650)	(219,199)	(315,526)	(439,265)	(72,819)	(475,001)	(312,024)	(400,000)	(400,000)	2,030
Total business-type activities	159,031	2,417,902	142,219	467,140	162,475	(198,271)	(68,660)	(166,811)	(162,160)	236,966
Total primary government	\$ 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	\$ 86,870,851
Change in Net Position										
Governmental activities	\$ 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)	\$ 7,891,297
Business-type activities	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	10,282,992
Total primary government	\$ 19,705,925	\$ 35,584,855	\$ 4,205,131	\$ 8,137,996	\$ 18,679,604	\$ 54,766,771	\$ 30,927,230	\$ 19,873,825	\$ 15,031,318	\$ 18,174,289

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

Fiscal Year	Governmental Activities						Business-type Activities	
	Ad Valorem	Sales Tax	Excise Stamp - Real Property	Occupancy Tax	Franchise License	Solid Waste	Total	
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	
2015	65,789,144	16,757,810	412,126	437,316	204,052	234,276	83,834,724	

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

	2006	2007 ¹	2008	2009 ²	2010 ³	2011	2012	2013 ⁴	2014 ⁵	2015
General Fund										
Reserved	\$ 8,951,368	\$ 9,590,857	\$ 11,334,321	\$ 9,113,259	\$ 7,586,459	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,845,746	13,269,357	13,642,598	9,327,602	8,858,325	-	-	-	-	-
Non Spendable	-	-	-	-	-	52,271	748,224	451,088	111,181	159,625
Restricted	-	-	-	-	-	7,347,530	8,789,704	9,433,149	9,260,952	11,496,063
Committed	-	-	-	-	-	-	574,133	-	-	-
Assigned	-	-	-	-	-	-	-	-	3,193,811	2,600,000
Unassigned	-	-	-	-	-	11,279,350	13,212,441	17,959,942	18,732,095	19,417,388
Total General Fund	\$ 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	\$ 33,673,076
All other governmental funds										
Reserved	\$ 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	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	9,699,559
Committed	-	-	-	-	-	198,652	103,168	471,969	440,695	72,877
Assigned	-	-	-	-	-	143,764	60,662	76,734	60,348	257,438
Unassigned	-	-	-	-	-	(974,816)	(470,924)	(444,222)	(1,869,528)	(1,831,777)
Capital Projects	2,432,420	2,189,267	7,617,069	28,479,842	10,366,092	-	-	-	-	-
Total all other governmental funds	\$ 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	\$ 8,198,097

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.
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.

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

	2006	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Ad valorem taxes	\$ 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	\$ 66,264,541
Other taxes and licenses	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	20,767,582
Unrestricted intergovernmental	55,149	111,481	121,282	97,470	70,413	125,845	347,202	45,956	38,861	67,514
Restricted intergovernmental	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	21,497,462
Permits and fees	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	3,379,086
Contributions	2,490,499	2,037,782	23,250	164,885	-	-	-	-	-	-
Sales and services	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	7,435,368
Investment earnings	1,023,817	1,557,886	2,286,039	470,083	91,358	33,012	15,492	18,991	2,677	11,672
Other general revenues	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	4,602,797
Total revenues	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	124,026,022
Expenditures										
General government	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	13,320,651
Public safety	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	35,489,816
Transportation	90,547	176,958	132,091	314,378	149,435	149,839	160,068	368,313	369,745	418,731
Environmental protection	118,113	129,917	136,095	192,134	184,147	163,285	118,166	123,598	128,133	165,801
Economic and physical development	5,350,214	6,779,269	6,130,542	6,556,510	6,214,196	5,931,886	6,270,644	5,873,572	7,761,868	5,087,189
Human services	27,276,463	29,265,249	30,893,900	27,167,825	24,911,584	25,078,828	24,622,510	25,488,823	25,287,199	26,243,188
Cultural and recreational	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	1,495,843
Education	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	27,562,131
Debt Service										
Principal	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	9,719,273
Interest and fees	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	5,575,501
Debt issuance cost	-	-	558	803,900	-	-	-	-	-	-
Total primary government expenses	\$ 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	\$ 125,078,124
Excess of revenues over (under) expenditures	(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)	(1,052,102)

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

	2006	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Bonds & capital lease issuance	\$ 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	-	29,486,750
Payment to escrow agents	-	-	-	-	-	(20,035,000)	(23,921,394)	-	-	(28,970,662)
Transfers in	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	4,172,536
Transfers out	(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)	(4,174,566)
Total other financing sources (uses)	1,334,480	48,722,024	15,819,238	36,385,986	423,125	978,476	753,805	30,992,033	5,897,253	514,058
Net change in fund balances	\$ (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)	\$ (538,044)
Debt service as a percentage of noncapital expenditures	9.61%	14.11%	9.90%	9.72%	9.74%	11.41%	11.28%	9.69%	11.63%	13.29%

¹ The increase in *Total other Financing Sources* is due to the issuance of the 2007 Certificates of Participation for the Law Enforcement Center.

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
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
2015	59,642,848	16,757,810	412,126	437,316	204,052	77,454,152

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	Other					
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%	
2015	6,662,194,513	172,878,610	877,793,389	373,097,429	285,138,156	7,800,825,785	0.750	7,245,769,283	107.66%	

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**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Harnett County	0.735	0.735	0.735	0.735	0.725	0.725	0.725	0.725	0.725	0.750
Municipalities:										
City of Dunn	0.460	0.520	0.520	0.480	0.480	0.480	0.480	0.500	0.500	0.500
Averasboro 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	0.070	0.070	0.070	0.070	0.070	0.070	0.090
Downtown Revitalization	-	-	-	-	-	-	0.120	0.012	0.012	0.012
Combined Rate	1.215	1.275	1.275	1.235	1.225	1.225	1.225	1.245	1.245	1.270
Town of Benson	-	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530
Satellite Properties	0.735	1.265	1.265	1.265	1.255	1.255	1.255	1.255	1.255	1.280
Town of Broadway	0.470	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440
Satellite Properties	1.205	1.175	1.175	1.175	1.165	1.165	1.165	1.165	1.165	1.190
Town of Lillington	0.560	0.560	0.560	0.560	0.520	0.520	0.520	0.520	0.520	0.520
Satellite Properties	1.295	1.295	1.295	1.295	1.245	1.245	1.245	1.245	1.245	1.270
Town of Coats	0.640	0.620	0.620	0.620	0.550	0.550	0.590	0.590	0.590	0.590
Satellite Properties	1.375	1.355	1.355	1.355	1.275	1.275	1.315	1.315	1.315	1.340
Town of Angler	0.500	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530
Satellite Properties	1.235	1.265	1.265	1.265	1.255	1.255	1.255	1.255	1.255	1.280
Town of Erwin	0.550	0.550	0.550	0.550	0.500	0.550	0.480	0.480	0.480	0.480
Satellite Properties	1.285	1.285	1.285	1.285	1.225	1.275	1.205	1.205	1.205	1.230

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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 0.835	0.110 0.835	0.110 0.835	0.110 0.835	0.110 0.835	0.110 0.860
Angier/Black River Fire District Combined Rate	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	0.070 0.820
Benhaven Fire District Combined Rate	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	0.090 0.840
Benson Banner Fire District Combined Rate	- -	- -	- -	- -	- -	- -	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.820
Boone Trail Emergency Services Combined Rate	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.820
Bules Creek Fire District Combined Rate	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	0.100 0.850
Bunnlevel Rural FD Combined Rate	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 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.850
Coats-Grove Fire District Combined Rate	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.805	0.080 0.805	0.080 0.805	0.090 0.815	0.090 0.815	0.090 0.840
Cypress Creek Combined Rate	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	0.085 0.835
Duke (Erwin) Fire District Combined Rate	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.820
Flat Branch Fire District Combined Rate	0.120 0.855	0.120 0.855	0.120 0.855	0.120 0.855	0.120 0.845	0.120 0.845	0.120 0.845	0.120 0.845	0.120 0.845	0.120 0.870

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Flatwoods Combined Rate	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	0.120 0.870
Godwin Falcon Combined Rate	- -	- -	- -	- -	- -	- -	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.850
Northwest Harnett Fire District Combined Rate	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.815	0.080 0.805	0.080 0.805	0.080 0.805	0.080 0.805	0.080 0.805	0.080 0.830
Spout Springs Combined Rate	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	0.100 0.850
Summerville Combined Rate	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	0.080 0.830
West Area Fire District Combined Rate	- -	- -	- -	- -	- -	- -	0.100 0.825	0.100 0.825	0.100 -	0.100 0.850
West Johnston Fire District Combined Rate	- -	- -	- -	- -	- -	- -	- -	- -	- -	0.070 0.820

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	2015				2006			
	2014 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2005 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		
Duke Energy Progress ¹	\$ 67,873,062	1	0.90%	\$ 57,280,009	1	1.34%		
South River EMC	35,112,684	2	0.50%	26,520,079	4	0.62%		
Delhaize America (Food Lion, Inc.)	38,053,770	3	0.40%	26,077,110	5	0.61%		
Carolina Telephone	20,934,110	4	0.40%	27,285,125	2	0.64%		
Food Lion Stores, Distribution	18,195,173	5	0.30%					
Central EMC	18,892,439	6	0.20%	10,067,358	9	0.23%		
Oldcastle APG South INC	11,501,967	7	0.20%					
Wal Mart Real Estate	12,318,880	8	0.20%	11,683,790	6	0.27%		
Wincor	11,643,090	9	0.20%					
CSX Transportation	9,153,386	10	0.10%					
Energy Conversion (formerly Morganite)				27,049,095	3	0.63%		
Robert W. Winston, Jr.				10,237,540	7	0.24%		
Anderson Creek Partners				10,104,660	8	0.23%		
Womble Rentals				9,060,631	10	0.21%		
	<u>\$ 243,678,561</u>		<u>3.40%</u>	<u>\$ 215,365,397</u>		<u>5.02%</u>		

¹ Progress Energy, Inc. (formerly Carolina Power & Light) 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 of the Levy			Total Collections to Date		
	Total Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Collected in Subsequent Years	Total Tax Collections	Total Tax Collections To Net Levy
2006	\$ 36,286,597	\$ 35,106,194	96.75%	\$ 1,093,662	\$ 36,199,856	99.76%
2007	38,222,571	36,939,726	96.64%	1,194,511	38,134,237	99.77%
2008	40,179,862	38,935,459	96.90%	1,151,938	40,087,397	99.77%
2009	41,990,253	40,791,833	97.15%	1,115,755	41,907,588	99.80%
2010	49,571,730	48,325,314	97.49%	1,136,683	49,461,997	99.78%
2011	50,653,906	49,457,451	97.64%	1,086,842	50,544,293	99.78%
2012	52,116,730	50,733,866	97.35%	1,233,536	51,967,392	99.71%
2013	53,497,265	52,209,047	97.59%	1,111,582	53,320,629	99.67%
2014	57,157,246	56,392,456	98.66%	565,631	56,958,087	99.65%
2015	58,578,502	58,254,988	99.45%	-	58,254,988	99.45%

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					
2006	\$ 941,063	\$ 66,134,470	\$ 138,654	\$ 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	725,820	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	33,321,000	11,650,000	1,594,000	-	21,419,030	234,709,593	N/A	1,903		
2015	5,088,143	130,875,519	483,097	2,907,374	32,299,000	11,973,000	1,434,000	-	19,603,906	204,664,039	N/A	1,628		

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 Personal Income expressed as a total dollar amount for the County is no longer available.

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, 2015
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated share of Overlapping Debt
Harnett County			
Debt repaid with property taxes	\$ 130,875,518	100%	\$ 130,875,518
Total direct debt			<u>130,875,518</u>
Municipality:			
Town of Angier	750,000	100%	750,000
Town of Coats	-	100%	-
City of Dunn	1,879,300	100%	1,879,300
Town of Erwin	-	100%	-
Town of Lillington	-	100%	-
Total overlapping debt			<u>2,629,300</u>
Total direct and overlapping debt			<u>\$ 133,504,818</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	
2006	\$ 15,928,322	\$ 8,662,619	\$ 7,265,703	\$ -	\$ -	\$ -	-
2007	21,974,414	10,246,860	11,727,554	44,091	62,805	106,896	10970.99%
2008	25,918,628	11,521,717	14,396,911	440,909	662,069	1,102,978	1305.28%
2009	26,969,184	13,363,984	13,605,200	470,000	690,523	1,160,523	1172.33%
2010	24,828,390	13,539,225	11,289,165	969,040	2,518,252	3,487,292	323.72%
2011	28,042,836	14,181,242	13,861,594	985,000	2,465,993	3,450,993	401.67%
2012	30,130,929	13,615,380	16,515,549	545,000	614,560	1,159,560	1424.29%
2013	30,732,953	16,541,552	14,191,401	565,000	591,438	1,156,438	1227.16%
2014	29,460,994	17,364,629	12,096,365	590,000	568,838	1,158,838	1043.84%
2015	29,075,972	17,341,136	11,734,836	615,000	586,288	1,201,288	976.85%

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 394,282	\$ 413,768	\$ 438,721	\$ 455,850	\$ 545,723	\$ 564,797	\$ 574,422	\$ 587,486	\$ 586,243	\$ 624,066
Total net debt applicable to limit	93,927	133,353	139,737	165,746	157,095	148,840	152,546	195,973	189,739	260,392
Legal debt margin	\$ 300,355	\$ 280,415	\$ 298,984	\$ 290,104	\$ 388,628	\$ 415,957	\$ 421,876	\$ 391,513	\$ 396,504	\$ 363,674
Total net debt applicable to the limit as a percentage of debt limit	23.82%	32.31%	31.85%	36.36%	28.29%	26.35%	26.56%	33.36%	32.37%	41.73%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value	\$ 7,800,825,785
Debt Limit (8% of total assessed value)	624,066,063
Debt applicable to limit:	
Certificates of participation	99,846,000
Installment purchase	33,936,892
Revolving loan	18,587,055
General obligation bond	32,299,000
State bond loans	1,016,854
Revenue bonds	11,973,000
Limited obligation bond	18,900,000
Special obligation bond	1,434,000
Obligation under capital lease	5,571,246
Subtotal	223,564,047
Authorized and unissued debt	100,000,000
Total Gross Debt	323,564,047
Less: Statutory deductions	
Bonds issued and outstanding for water and sewer purposes	51,199,000
Revenue bonds	11,973,000
	63,172,000
Total amount of debt applicable to debt limit	260,392,047
Legal debt margin	\$ 363,674,016

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
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%
2015	125,717	N/A	19,095	34	20,099	7.3%

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, AccessNC

⁴ Harnett County Board of Education

⁵ NC Department of Commerce, Division of Employment Security

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

Employer	Employment Type	2015		2006	
		Employment Range	Employment Range	Employment Range	Employment Range
Harnett County Public Schools	Education & Health Services	1,000 +	1,000 +	1,000 +	
Campbell University	Education & Health Services	1,000 +	1,000 +	500 - 999	
Food Lion	Trade, Transportation & Utilities	1,000 +	1,000 +	500 - 999	
Betsy Johnson Memorial Hospital	Education & Health Services	500 - 999	500 - 999	500 - 999	
County of Harnett	Public Administration	500 - 999	500 - 999	500 - 999	
Carlie C's Operation Center, Inc.	Trade, Transportation & Utilities	250 - 499	250 - 499	250 - 499	
NC Department of Public Safety	Public Administration	250 - 499	250 - 499	250 - 499	
Wal-Mart Associates, Inc.	Trade, Transportation & Utilities	250 - 499	250 - 499	250 - 499	
Edwards Brothers, Inc.	Information	100 - 249	100 - 249		
Champion Home Builders, Inc.	Manufacturing	100 - 249	100 - 249		
Energy Conservation System Holding	Manufacturing			250-499	
Saab Barracuda, LLC.	Manufacturing			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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	110	106	108	111	111	99	99	101	101	103.47
Public Safety	233	240	258	255	267.5	277.5	278.5	286.5	298.5	303.5
Environmental Protection	2	2	3	3	3	3	2	2	2	3
Economic and Physical Development	53	46	55	55	55	43	43	37	38	24
Human Services	248	244	251	248	247.5	259.5	259.5	259.5	257.5	256.25
Cultural & Recreation	16	15	14	15	17	12	12	13	13	14
Water and Wastewater	69	100	103	103	91	95	95	100	101	101.5
Solid Waste	11	15	15	15	13	13	13	13	14	15.05
Total	742	768	807	805	805	802	802	812	825	820.77

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire										
Number of calls answered	4,975	5,277	4,719	5,426	5,641	6,110	6,234	6,507	6,707	5,783
Emergency Medical Services										
Number of Calls Answered	-	-	-	-	-	-	30,660	27,923	28,128	28,260
Number of Transports Scheduled										
Scheduled	-	-	-	-	-	-	9,125	8,234	8,577	6,336
Sheriff										
Number of law violations:										
Arrests	8,566	5,082	5,734	8,166	9,348	10,656	10,869	10,000	11,014	10,650
Traffic violations	2,035	2,900	2,492	2,274	2,333	2,394	2,442	5,423	4,249	4,574
Inspections										
Number of permits issued	2,638	2,543	2,359	2,413	2,900	3,085	3,156	2,329	2,794	2,242
Culture and Recreation										
Circulation	373,052	393,693	399,271	413,756	405,757	411,437	365,817	344,394	266,376	356,210
Utilities										
Water System:										
Daily average treatment in gallons	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	14,303,069
Sewer System:										
Daily average treatment in gallons	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	8,146,790

Source: Information provided by various county departments

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire										
Number of Stations	18	19	19	19	19	19	19	19	19	20
Emergency Medical Services										
Number of Ambulances	-	-	-	-	-	-	27	27	27	27
Number of Quick Response Vehicles	-	-	-	-	-	-	9	9	9	9
Number of Transport Vans	-	-	-	-	-	-	2	2	2	2
Sheriff										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	104	107	152	139	156	138	156	176	176	176
Culture and Recreation										
Number of libraries	6	6	6	6	6	6	6	6	6	6
Library collections	191,865	196,551	202,357	208,873	213,446	219,849	217,323	237,630	209,709	226,870
Number of Parks	5	5	5	5	5	5	5	6	6	6
Park acreage	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,101	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	1	1	1	2	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	1,568	1,851	1,863	1,869	2,132	2,132	2,200	2,221	2,239	2,239
Number of service connections	35,522	37,794	37,891	38,214	40,575	41,241	42,001	42,274	42,900	43,555
Number of fire hydrants	3,715	5,931	5,939	5,943	5,961	4,548	4,548	4,571	4,603	4,603

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sewer System:										
Miles of sanitary sewer	200	312	318	322	322	326	326	341	354	354
Number of treatment plants	4	3	3	5	4	4	4	3	2	2
Number of service connections	7,080	7,811	8,295	8,669	9,523	10,072	10,421	10,920	11,421	11,970
Maximum daily capacity of treatment plant in gallons	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	20,600,000
Facilities and services not included in primary government:										
Education:										
Number of schools	26	26	26	26	27	27	27	27	27	28
Number of teachers	1,198	1,251	1,271	1,218	1,247	1,230	1,181	1,335	1,335	1,227
Number of students	18,274	18,876	18,968	18,518	18,764	19,011	19,378	19,868	19,847	20,099
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	1	1	1	1	1	1	1	2	2	2
Number of patient beds	101	101	101	101	101	101	101	151	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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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2015.

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 no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
November 30, 2015

**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, 2015. 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, 2015.

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
November 30, 2015

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

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

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, 2015. 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 General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether 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, 2015.

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
November 30, 2015

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

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? _____ Yes X 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
Childcare Development Fund Cluster	93.575, 93.596

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, 2015

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
Subsidized Childcare Cluster

HARNETT COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

None

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, 2015**

2014-001 – Corrected

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>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:				
Cooperative Extension Service				
Better Care Training	10.500		\$ 320	\$ -
Total of Cooperative Extension Service			<u>320</u>	<u>-</u>
Passed-Through the NC Department of Health and Human Services:				
Division of Social Services:				
Administration:				
SNAP Cluster				
State Administrative Matching Grant for the				
Supplemental Nutrition Assistance Program	10.561		<u>840,674</u>	<u>-</u>
Total SNAP Cluster			<u>840,674</u>	<u>-</u>
Division of Public Health:				
Administration:				
Special Supplemental Food Program				
for Women, Infants, and Children	10.557		550,115	-
Direct Benefit Payment:				
Special Supplemental Food Program				
for Women, Infants, and Children	10.557		<u>2,810,060</u>	<u>-</u>
Total of Public Health			<u>3,360,175</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>4,201,169</u>	<u>-</u>
<u>U.S. Department of Agriculture and Rural Development:</u>				
Water and Waste Program Cluster:				
Water and Waste Disposal Systems for Rural Communities:				
South Central Waste Water 1-B2	10.760	15	539,014	-
South Central Waste Water 1-C2	10.760	18	<u>28,885</u>	<u>-</u>
Total Water and Waste Program Cluster			<u>567,899</u>	<u>-</u>
<u>US Department of Housing and Urban Development:</u>				
Division of NC Housing Finance Agency:				
2013 Urgent Repair Program			-	15,769
2013 Single Family Rehabilitation	14.239	SFRLP13	21,396	14,542
Home Investment Partnership Program	14.239	SFRLP13	<u>21,563</u>	<u>14,375</u>
Total US Department of Housing and Urban Development			<u>42,959</u>	<u>44,686</u>
<u>U.S. Department of Justice Office of Justice Programs:</u>				
Division Bureau of Justice Assistance				
Edward Byrne Justice Grant				
Bulletproof Vest Partnership Program	16.783	2013-DJ-BX-1198	1,607	-
State Criminal Alien Assistance Program (SCAAP)	16.607	14-0404-0-1-754	8,991	-
State Criminal Alien Assistance Program (SCAAP)	16.606	2014-AP-BX-0269	<u>3,168</u>	<u>-</u>
Division Bureau of Alcohol, Tobacco, Firearms, and Explosives				
Drug Enforcement Agency - Alcohol, Tobacco, and Firearms				
Training Assistance Program	16.012	09.G09GA0004A	<u>10,527</u>	<u>-</u>
Total U.S. Department of Justice Office of Justice Programs			<u>24,293</u>	<u>-</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>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 Program and Non-Entitlement Grants in Hawaii				
2011 Scattered Site Housing	14.228	11-C-2314	312,196	-
Total U.S. Department of Commerce Economic Development			312,196	-
<u>U.S. Department of Education:</u>				
Passed-Through Child Care Networks:				
Race to the Top/Early Learning Challenge	84.412	CY13-27707-003 RL13	14,199	-
Total U.S. Department of Education			14,199	-
<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	789,043	-
Total U.S. Department of Labor			789,043	-
<u>U.S. Department of Health and Human Services:</u>				
Division of Aging and Adult Services:				
Passed-Through Mid-Carolina Council of Governments:				
Aging Cluster:				
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		281,357	-
Nutrition Services Incentive Program	93.053		50,071	-
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	20.701	210,239	-
Total Aging Cluster			541,667	-
Special Programs for the Aging:				
National Family Caregiver Support Program Title III Part E	93.052	17-701	30,000	-
Medical Transportation General	93.633	16-701-250	19,942	21,604
Medical Transportation	93.633	16-701-33	46,582	50,463
Passed-Through Corporation for National Service:				
Retired and Senior Volunteer Program	94.002	12SRSNC009	35,563	-
Total Division of Aging and Adult Services			673,754	72,067
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		210,671	-
Division of Child Development				
Child Care and Development Fund - Discretionary	93.575	FY13-26859-003 RL13	1,354,935	-
Child Care and Development Fund - Mandatory	93.596		607,698	-
Child Care and Development Fund - Match	93.596		799,573	330,621
Total Child Care Development Fund Cluster			2,972,877	330,621

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
Temporary Assistance for Needy Families	93.558		442,960	-
Foster Care Title IV-E	93.658		28,904	14,994
State Appropriations			-	224,061
TANF - Maintenance of Effort			-	364,360
Total Subsidized Child Care Cluster			<u>3,444,741</u>	<u>934,036</u>
Division of Social Services:				
Foster Care and Adoption Cluster:				
Title IV-E Foster Care - Administration	93.658		351,216	235,593
Title IV-E Adoption Subsidy - Administration	93.659		17,458	-
Direct Benefit Payments:				
Title IV-E Foster Care	93.658		322,305	81,091
Title IV-E Adoption Subsidy	93.659		<u>837,193</u>	<u>217,538</u>
Total Foster Care and Adoption Cluster			<u>1,528,172</u>	<u>534,222</u>
Division of Social Services:				
Temporary Assistance for Needy Families Cluster:				
Administration:				
Temporary Assistance for Needy Families ("TANF")	93.558	G1302NCTANF & G1402NCTANF	900,432	-
Temporary Assistance for Needy Families	93.558		10,009	-
Direct Benefit Payments:				
Temporary Assistance for Needy Families ("TANF")	93.558	G1302NCTANF & G1402NCTANF	<u>459,785</u>	<u>(66)</u>
Total TANF Cluster			1,370,226	(66)
Direct Benefit Payments:				
Aid to Families with Dependent Children ("AFDC")	93.560		(743)	(203)
Low Income Energy Assistance-Direct Benefit				
Low Income Energy Assistance-Direct Benefit	93.568	G13B1NCLIEA & G14B1NCLIEA	323,881	-
Crisis Intervention Program	93.568	G13B1NCLIEA & G14B1NCLIEA	425,224	-
Administration:				
Promoting Safe and Stable Families	93.556	G1201NCFPSS & G1301NCFPSS &	6,927	-
Refugee Entrant Assistance	93.566		385	-
Child Support Enforcement	93.563	G1201NCFPSS & G1301NCFPSS	883,032	-
Low Income Energy Assistance	93.568	G13B1NCLIEA & G14B1NCLIEA	80,907	-
Child Welfare Services - Permanency Planning	93.645	G1201NC1400 & G1301NC1400	34,587	-
SSBG - In-Home Services	93.667	G1301NCSOSR & G1401NCSOSR	39,038	-
SSBG - Adult Protective Services	93.667	G1301NCSOSR & G1401NCSOSR	15,399	-
SSBG - Adult Day Care	93.667	G1401NCSOSR & G1501NCSOSR	7,560	-

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
SSBG - Other Services	93.667	G1301NCSOSR & G1401NCSOSR	276,085	-
TANF to SSBG	93.667	G1301NCSOSR & G1401NCSOSR	6,424	-
CPS TANF to SSBG	93.667	G1201NCSOSR & G1301NCSOSR	88,413	-
Chafee Foster Care Independence Program	93.674	G1201NC1420 & G1301NC1420	<u>34,236</u>	<u>5,090</u>
Total Division of Social Services			<u>5,119,753</u>	<u>539,043</u>
Centers for Medicare and Medicaid Services:				
Passed-Through the NC Department of Health and Human Services:				
Medicaid Cluster				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778		95,540,979	51,068,462
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778		<u>2,450,616</u>	<u>(12,130)</u>
Total Medicaid Cluster			97,991,595	51,056,332
Direct Benefit Payments:				
State Children's Insurance Program -				
NC Health Choice	93.767		1,756,962	554,889
Administration:				
State Children's Insurance Program -				
NC Health Choice	93.767		<u>43,170</u>	<u>5,466</u>
Total for Centers for Medicare and Medicaid Services			<u>99,791,727</u>	<u>51,616,687</u>
Division of Public Health:				
Immunization Program:				
Immunization Action Plan	93.268		<u>33,195</u>	-
Total Immunization Action Plan Program			<u>33,195</u>	-
Division of Public Health:				
Adolescent Parenting Program				
	93.558		60,081	-
Family Planning Title X				
	93.217		53,129	-
Maternal and Child Health Services Block Grant:				
Women's Preventive Health (Family Planning)	93.994		19,751	14,815
Child Health (HHS-MCH Block Grant)	93.994		67,991	51,000
Child Health - CFPT (Child Fatality Prevention Team)	93.994		823	617
Maternal Health (HMHC)	93.994		5,153	3,866
Care Coordination for Children/CSC	93.994		14,303	10,729
Child Nutrition Cluster:				
Summer Food Service Program	10.559		555	-
Preventative Health Services Block Grant	93.991		1,710	-
Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds	93.758		18,836	-

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
Hospital Preparedness Program and Public Health Emergency				
Preparedness Aligned Cooperative Agreements	93.074		48,279	-
Preventative Health Services Sexually Transmitted Disease	93.977		217	-
HIV Prevention Activities Health Department Based	93.940		974	-
Total Division of Public Health			<u>324,997</u>	<u>81,027</u>
Total U.S. Department of Health and Human Services			<u>109,354,972</u>	<u>53,242,860</u>
<u>NC Department of Public Safety:</u>				
NC Emergency Management, Homeland Security Branch:				
Mobile Data Interoperability Communication	97.067	2011-SS-00119-1177	169,803	-
Total NC Department of Public Safety			<u>169,803</u>	<u>-</u>
<u>U.S. Department of Transportation:</u>				
Passed-Through the NC Department of Transportation:				
Public Transportation Division:				
Division of Aviation:				
Airport Improvement Program				
State Block Grant - Jetport Rehabilitation and Strengthen	20.106	36237.25.14.1	333,110	-
State Block Grant - Airport Drainage Outfall	20.106	36237.25.12.5 & 13.1	337,110	-
State Block Grant - Runway Approach Clearance	20.106	236244.35.6.1	173,200	-
Formula Grants for Rural Areas:				
Community Transportation Capital	20.509	36233.5.16.3, 14-CT-040 51003.85.1.STT1, 15-AR-	840	105
American Recovery Reinvestment Grant (ARRA)	20.509	040	73,713	9,214
Community Transportation Administration	20.509	36233.5.16.1, 14-CT-040 , 13-CT-040 36233.50.15.3	162,070	10,129
Total U.S. Department of Transportation			<u>1,080,043</u>	<u>19,448</u>
<u>NC Department of Crime Control and Public Safety:</u>				
Division of Emergency Management:				
Emergency Management Performance Grants	97.042	EMPG-2013-37085	26,298	26,298
Homeland Security Grant Program - 2011 Homeland Security Exercise	97.067	2011-SS-001119-S01-1161	37,703	-
Total NC Department of Crime Control and Public Safety			<u>64,001</u>	<u>26,298</u>
<u>NC Department of Insurance:</u>				
Division of Seniors Health Insurance Information Program				
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations				
Medicare Counseling (SHIIP)	93.779		5,576	-
Total NC Department of Insurance			<u>5,576</u>	<u>-</u>
<u>N.C. Department of Cultural Resources</u>				
Institute of Museum and Library Services, Development Section				
Grants to States				
LSTA NC Cardinal Migration Grant	45.310		39,421	-
Total N.C. Department of Cultural Resources			<u>39,421</u>	<u>-</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
<u>U.S. Department of Justice</u>				
Passed-Through N.C. Department of Transportation:				
Equitable Sharing Program	16.922		192,021	-
Total U.S. Department of Justice			192,021	-
TOTAL FEDERAL AWARD EXPENDITURES			<u>116,857,595</u>	<u>53,333,292</u>
STATE AWARD EXPENDITURES				
<u>NC Department of Agriculture and Consumer Services:</u>				
Division of Structural Pest and Pesticides:				
Pesticide Recycling		G40100005413PET	-	789
Veterinary Division Animal Welfare Section				
Icare Spay and Neuter Program			-	894
NC Department of Agriculture and Consumer Services			-	1,683
<u>NC Department of Environment and Natural Resources:</u>				
Financial Service Division				
Abandoned Manufactured Home Planning Initiative			-	16,000
Environmental Assistance & Customer Service				
Community Waste Reduction and Recycling Grant			-	25,000
NC Department of Environment and Natural Resources			-	41,000
<u>NC Department of Cultural Resources:</u>				
State Aid to Public Libraries		45310	-	162,717
Total NC Department of Cultural Resources			-	162,717
<u>NC Department of Health and Human Services:</u>				
Division of Public Health:				
Family Planning		N/A	-	7,855
Child Health		N/A	-	5,808
Public Health Nursing		N/A	-	1,400
Maternal Health (Prenatal)		N/A	-	978
Evidence Based Intervention Services		N/A	-	50,000
General Health/State Aid		N/A	-	112,743
Tuberculosis Control		N/A	-	31,254
TB Medical Services		N/A	-	2,743
Environmental Health		N/A	-	4,000
Food and Lodging		N/A	-	4,726
HIV/STD State		N/A	-	500
Communicable Disease		N/A	-	4,001
School Nurse Funding Initiative		N/A	-	150,000
Healthy Communities		N/A	-	6,285
Sexually Transmitted Diseases		N/A	-	3,118
Total Division of Public Health			-	385,411
Division of Aging and Adult Services:				
Direct Benefit Payment:				
Special Assistance to Adults		N/A	-	836,053
Total Division of Aging and Adult Services			-	836,053

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
Division of Social Services:				
Direct Benefit Payment:				
Child Welfare Services - Adoption Subsidy		N/A	-	365,169
Child Welfare State In-Home Services		N/A	-	215,949
Progress Energy's Neighborhood Fund		N/A	-	6,549
Smart Start		N/A	-	55,000
Social Services Block Grant - State		N/A	-	30,854
State Foster Care Benefits Program		N/A	-	191,764
Total Division of Social Services			-	<u>865,285</u>
Total NC Department of Health and Human Services			-	<u>2,086,749</u>
<u>NC Department of Public Safety:</u>				
Division of Juvenile Justice:				
CBA - Juvenile Restitution		543-10591	-	94,508
CBA - JCPC ADM		543-11433	-	5,000
Court Psychologist		543-10545	-	6,000
Re-Entry - Healthy Choice		543-10619	-	53,756
Link to Success, Think Smart		543-11897	-	15,000
Teen Court At-Risk Youth		543-11764	-	49,773
NC Department of Public Safety			-	<u>224,037</u>
<u>NC Department of Transportation:</u>				
Passed-Through the NC Department of Transportation:				
Division of Aviation:				
Bright Water Infrastructure		WBS:45222.3.1	-	71,259
Division of Engineering:				
Rural Operating Assistance Program (ROAP):				
Work First Transportation Grant		DOT-16CL	-	32,313
Rural General Public Program (RGP)		3622821.1.1	-	102,506
Elderly and Disabled Transportation Assistance Program (EDTAP)		DOT-16CL	-	77,099
Total NC Department of Transportation:			-	<u>283,177</u>
<u>NC Department of Public Instruction:</u>				
Public School Building Capital Fund - Lottery Proceeds			-	<u>1,900,500</u>
<u>NC Wildlife Resources Commission:</u>				
Division of Wildlife Management				
Partners for Green Growth		WM-0286	-	3,963
Total NC Wildlife Resources Commission			-	<u>3,963</u>
TOTAL STATE AWARD EXPENDITURES			-	<u>4,703,826</u>
TOTAL AWARD EXPENDITURES			<u>\$ 116,857,595</u>	<u>\$ 58,037,118</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant I.D. Number</u>	<u>Federal</u>	<u>State</u>
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Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Harnett County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Harnett County, it is not intended to and does not present the financial position, changes in net position or cash flows of Harnett County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

Note 3: Subrecipients

Of the federal and State expenditures presented in the schedule, Harnett County provided federal and State awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Public School Building Capital Fund - Lottery Proceeds		XXXX	\$ -	\$ 1,900,500

Note 4: Cluster of Programs

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