

Harnett County, North Carolina

**Comprehensive
Annual
Financial Report**
for the fiscal year ended June 30, 2016

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

HARNETT COUNTY, NORTH CAROLINA

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INTRODUCTORY SECTION

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December 14, 2016

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, 2016. 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 2015 of 128,140. The county seat, the Town of Lillington, has a population of 3,476 while the City of Dunn, the largest municipality located in the County, has a population of 9,723. These two municipalities comprise approximately 10.30% of the total County population.

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

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

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

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

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

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

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

LOCAL ECONOMY

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

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

Campbell University, located in Buies Creek, is one of the largest private institutions of higher education in North Carolina and is home to more than 7,000 students representing all 50 states and more than 40 countries. Campbell 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 more than 100 undergraduate tracks and majors as well as professional and graduate programs in law, pharmacy and health sciences, business, education, divinity, engineering, nursing 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. 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 an engineering degree program opened in Fall 2016 in Buies Creek.

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 in Lillington to expand the health sciences and curriculum offered to students, as well as a campus in Dunn that offers numerous programs including Culinary Arts. 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 economic development nonprofit, works to developed programs and activities to increase economic development in the County.

Harnett County Economic Development, 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. 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.
- 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 2014 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. Harnett County Schools, 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 more than 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.
- The Brightwater non-profit continues to conduct marketing and sales in the Brightwater Science and Technology Campus as well as the Brightwater Business Park. Harnett Health System opened Central Harnett Hospital in Brightwater Science and Technology Park in 2013. Construction of the Health Science Building for Central Carolina Community College also took place at Brightwater and opened in 2013. The site continues to be a popular venue for community events and meetings. 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 East Carolina University's (ECU) nearly 10,000-square-foot facility, which is used to train 4th year dental students.
- 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.
- Rooms To Go, America's largest independent retailer of home furnishing, opened a 1.45 million-square-foot regional distribution center and retail store along I-95 in

Dunn in October 2015. The facility provides more than 250 jobs with additional trucking contracts.

- 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 \$26,311,973 or 23.38% 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 one project:

- 2016 Qualified School Construction Bond (QSCB) School Project – This project will be used to account for the expenditures associated with capital repair projects on various schools throughout the County. The funding for this project will be issuance of QSCB funds.

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.

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 \$1,000,000 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, 2015. This was the twenty-second 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**

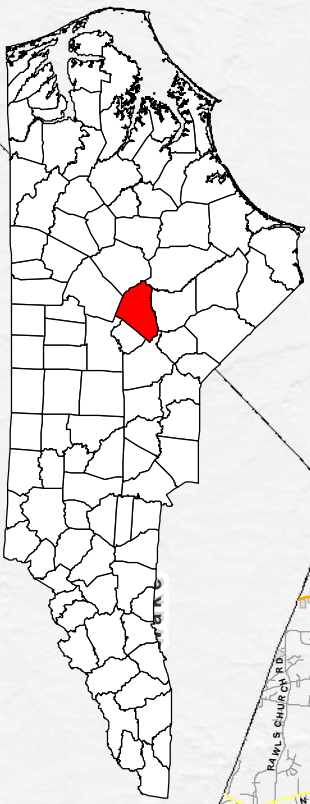
Presented to

**Harnett County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Johnston

Sampson

Cumberland

Chatham

Lee

Moore

Harnett COUNTY

NORTH CAROLINA



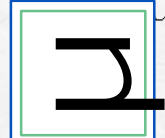
COUNTY MAP

- Road
- Campbell University
- Park
- City Limits
- Fire Station
- Waterbody
- Interstate
- US Highway
- NC Highway
- County Boundary

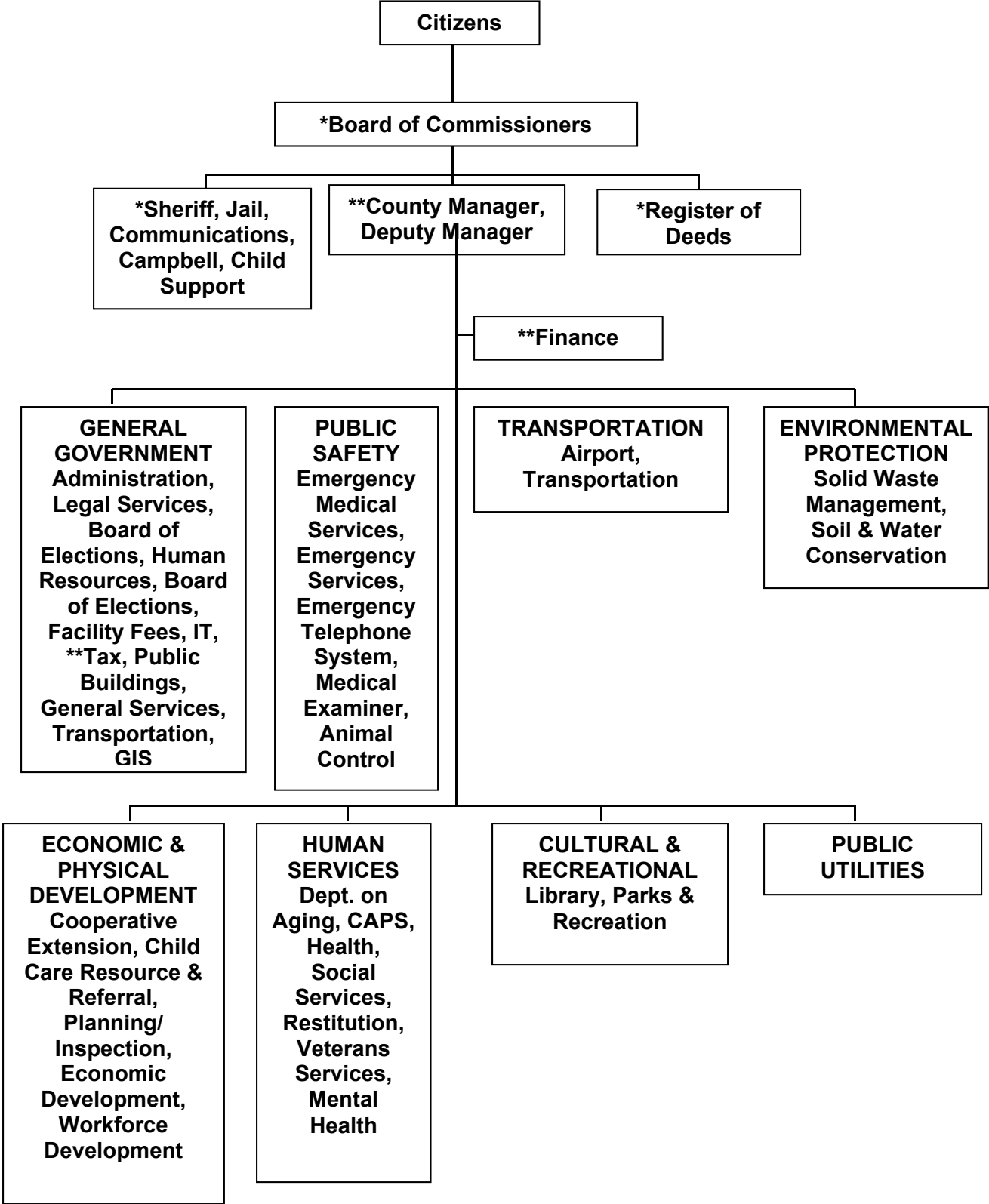
Scale: 1:240,000

0 8 Miles

Map Prepared by Harnett County GIS
 Date: November 01, 2016
 Coordinate System: NAD 1983 StatePlane North Carolina FIPS 3200 Feet
 Projection: Lambert Conformal Conic
 Datum: North American 1983
 Harnett County GIS Department
 Lillington, NC 27564
 Phone: 910-893-7523
 Email: gis@harnett.org
 Web: www.gis.harnett.org



**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*

Wayne A. Coats
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 Buzzard & McRae
Public Utilities Attorney

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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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2016, 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 Schedule of Funding Progress, 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 Liability (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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016, on our consideration of Harnett County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harnett County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 14, 2016

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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, 2016. 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.

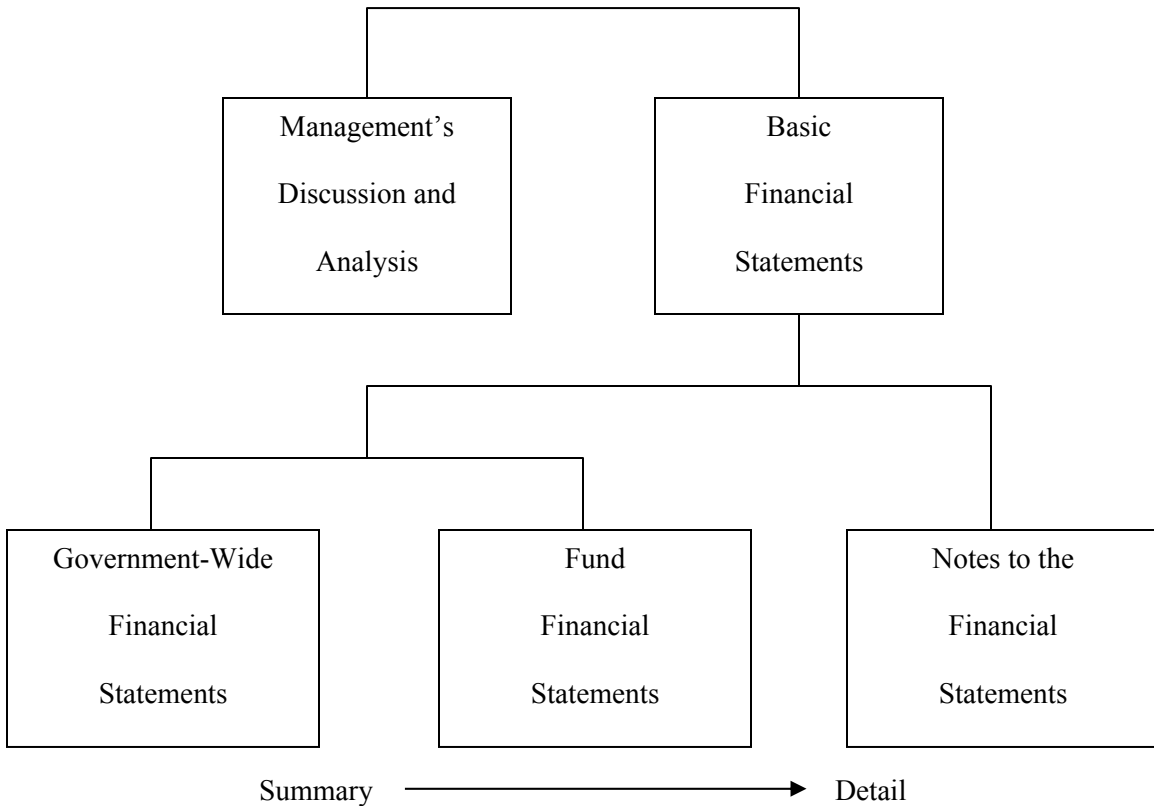
Financial Highlights

- 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 \$316,497,172 (net position).
- The government's total net position increased by \$35,009,839. 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 \$105.1 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 \$48,838,783, an increase of \$6,967,610 in comparison with the prior year. Approximately 52 percent of this total amount, or \$25,416,218, 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 \$26,311,973, or 23.38 percent, of total General Fund expenditures for the fiscal year.
- Harnett County's long-term obligations decreased by \$8,107,420 (3.60 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 \$316,497,172 as of June 30, 2016. The County's net position increased by \$35,009,839 for the fiscal year ended June 30, 2016.

The largest portion totaling \$334,624,800 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 \$15,634,038 (4.94 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(33,761,666) is unrestricted.

Harnett County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets						
Cash and cash equivalents	\$ 42,609,236	\$ 35,472,452	\$ 42,554,499	\$ 42,792,634	\$ 85,163,735	\$ 78,265,086
Taxes receivable, net	565,695	513,606	-	-	565,695	513,606
Accounts receivable, net	9,321,831	6,042,207	5,075,077	4,047,665	14,396,908	10,089,872
Due from other governments	10,784,218	9,787,640	74,439	84,824	10,858,657	9,872,464
Internal balance	(714,632)	(441,633)	714,632	441,633	-	-
Inventories	19,916	14,401	578,834	563,701	598,750	578,102
Prepaid items	1,575,381	145,224	33,502	373,400	1,608,883	518,624
Restricted assets:						
Cash and cash equivalents	3,926,321	5,769,200	1,975,446	2,129,698	5,901,767	7,898,898
Net pension asset	288,855	3,351,915	-	542,794	288,855	3,894,709
Capital assets:						
Land and construction						
in progress	16,952,109	12,027,934	80,846,209	72,744,761	97,798,318	84,772,695
Other capital assets, net	78,943,424	60,737,446	260,405,600	262,741,141	339,349,024	323,478,587
Total assets	<u>164,272,354</u>	<u>133,420,392</u>	<u>392,258,238</u>	<u>386,462,251</u>	<u>556,530,592</u>	<u>519,882,643</u>
Deferred Outflows of Resources	<u>11,366,941</u>	<u>4,659,058</u>	<u>1,801,094</u>	<u>1,962,476</u>	<u>13,168,035</u>	<u>6,621,534</u>
Liabilities						
Accounts payable	4,552,949	6,444,993	2,459,619	1,498,174	7,012,568	7,943,167
Customer deposits	-	-	1,975,446	1,871,363	1,975,446	1,871,363
Unearned revenue	-	-	189,525	168,317	189,525	168,317
Current portion of						
compensated absences	1,663,556	1,849,095	369,398	491,385	2,032,954	2,340,480
Claims payable - current	1,031,843	1,050,685	-	-	1,031,843	1,050,685
Long-term liabilities:						
Non-current portion of						
compensated absences	554,519	616,365	123,133	163,796	677,652	780,161
Claims payable - non-current	1,807,846	1,789,004	-	-	1,807,846	1,789,004
Due in less than one year	13,796,151	11,180,808	4,405,999	4,335,681	18,202,150	15,516,489
Due in more than one year	155,094,079	135,868,055	63,194,290	68,569,921	218,288,369	204,437,976
Total liabilities	<u>178,500,943</u>	<u>158,799,005</u>	<u>72,717,410</u>	<u>77,098,637</u>	<u>251,218,353</u>	<u>235,897,642</u>
Deferred Inflows of Resources	<u>1,755,070</u>	<u>7,796,282</u>	<u>228,032</u>	<u>1,322,920</u>	<u>1,983,102</u>	<u>9,119,202</u>
Net Position						
Net investment in capital assets	56,107,016	32,792,579	278,517,784	267,269,280	334,624,800	300,061,859
Restricted for:						
Stabilization for State Statute	13,589,324	12,716,214	-	-	13,589,324	12,716,214
Register of Deeds	166,172	185,475	-	-	166,172	185,475
General government	8,987	10,797	-	-	8,987	10,797
Education	9,333	1,023,375	-	-	9,333	1,023,375
Public safety	1,860,222	1,490,561	-	-	1,860,222	1,490,561
Unrestricted	<u>(76,357,772)</u>	<u>(76,734,838)</u>	<u>42,596,106</u>	<u>42,733,890</u>	<u>(33,761,666)</u>	<u>(34,000,948)</u>
Total net position	<u>\$ (4,616,718)</u>	<u>\$ (28,515,837)</u>	<u>\$ 321,113,890</u>	<u>\$ 310,003,170</u>	<u>\$ 316,497,172</u>	<u>\$ 281,487,333</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 \$105.1 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 significant change for both Governmental and Business-type Activities was for Net Pension Asset. This change was the result of the implementation of the Governmental Accounting Standards Board GASB Statement 68, *Accounting and Financial Reporting for Pensions* (an amendment of GASB Statement No. 27) during last fiscal year. The amount reflect for fiscal year ended 2015 was to record the beginning net pension liability.
- Cash and cash equivalents continue to increase as a result of the continued diligence in property tax collection. The County, for the second full year since its implementation, has continued to see be direct result 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.
- Accounts receivable for Governmental Activities increased significantly as a result of the increase in number of ambulance and transport calls associated with Emergency Medical Services.
- Accounts payable for Governmental Activities decreased as a direct result of payroll. For the fiscal year ended 2015, the County implemented a one-time shift in the manner in which the County pays the employees. The amounts reflected for fiscal year 2016 represent a more normal accounts payable figure. The Accounts payable increased for Business-Type activities as a result of construction

Harnett County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 20,285,567	\$ 12,980,368	\$ 40,058,106	\$ 37,730,820	\$ 60,343,673	\$ 50,711,188
Operating grants and contributions	23,851,134	21,746,946	268,549	-	24,119,683	21,746,946
Capital grants and contributions	73,827	891,965	6,430,392	4,172,600	6,504,219	5,064,565
General revenues:						
Property taxes	68,369,184	65,789,147	-	-	68,369,184	65,789,147
Local option sales tax	19,279,814	16,757,810	-	-	19,279,814	16,757,810
Other taxes and licenses	4,778,883	4,009,772	268,129	234,276	5,047,012	4,244,048
Unrestricted intergovernmental	41,665	67,514	-	-	41,665	67,514
Investment earnings	102,503	11,672	3,491	660	105,994	12,332
Total revenues	136,782,577	122,255,194	47,028,667	42,138,356	183,811,244	164,393,550
Expenses:						
General government	8,411,583	13,148,888	-	-	8,411,583	13,148,888
Public safety	37,715,350	35,683,468	-	-	37,715,350	35,683,468
Transportation	927,620	952,006	-	-	927,620	952,006
Environmental protection	182,736	170,630	-	-	182,736	170,630
Economic and physical development	3,170,938	4,164,532	-	-	3,170,938	4,164,532
Human services	28,109,695	25,702,623	-	-	28,109,695	25,702,623
Cultural and recreation	1,667,895	1,513,720	-	-	1,667,895	1,513,720
Education	27,328,710	27,562,131	-	-	27,328,710	27,562,131
Interest on long-term debt	5,368,931	5,463,869	-	-	5,368,931	5,463,869
Landfill	-	-	4,741,515	4,618,158	4,741,515	4,618,158
Water and sewer	-	-	31,176,432	27,239,236	31,176,432	27,239,236
Total expenses	112,883,458	114,361,867	35,917,947	31,857,394	148,801,405	146,219,261
Change in net position before transfers	23,899,119	7,893,327	11,110,720	10,280,962	35,009,839	18,174,289
Transfers	-	(2,030)	-	2,030	-	-
Change in net position	23,899,119	7,891,297	11,110,720	10,282,992	35,009,839	18,174,289
Net position, July 1	(28,515,837)	(32,502,491)	310,003,170	300,459,173	281,487,333	267,956,682
Restatement	-	(3,904,643)	-	(738,995)	-	(4,643,638)
Net position, July 1	(28,515,837)	(36,407,134)	310,003,170	299,720,178	281,487,333	263,313,044
Net position, June 30	\$ (4,616,718)	\$ (28,515,837)	\$ 321,113,890	\$ 310,003,170	\$ 316,497,172	\$ 281,487,333

Governmental Activities. Governmental activities increased the County's net position by \$23,899,119. Key elements of this increase are as follows:

- The most significant change in the governmental activities net position over the prior fiscal year was charges for services reported which increased \$7,305,199, or 56.28 percent. This change reflected an increase in activity for several areas. These areas included the Article 46 Sales Tax which is the local option sales tax restricted for education capital and debt funding, Article 44, new this year, which is the restricted portion of the sales tax expansion base, Special Districts which restricts the collection of ad valorem and sales tax for the fire districts and the Asset Forfeiture Fund which accounts for the assets seized as a result of criminal activity.
- Property taxes increased \$2,580,037, or 3.92 percent. This increase was due to the continued diligence in the collection of property taxes. This diligence, as well as the impact of the State's Tax and Tags Program, is best reflected in the County's collection rate which increased from seen in a more detailed analysis of the County's collection rates.
- Local option sales tax increased \$2,522,004, or 15.05 percent, as a result of an improving economy as well as the sales tax base expansion that implemented.
- Operating grants and contributions increased \$2,104,188, or 9.68 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 \$11,110,720. Key elements of this increase are as follows:

- Charges for services increased \$2,327,286, or 6.17 percent, due to an increase in residential water sales, services provided to Moore and Johnston County and sewer sales for Public Utilities. The Solid Waste fund also saw an increase in revenue from landfill tipping fees and recycled/scrap metal.
- Capital Grants and Contributions increased \$2,257,792, or 54.11. The increase in revenue reported in this category is due to the activity associated with the various Public Utilities projects which are currently underway in the Public Utilities Department. The Public Utilities 42 MGD Water Treatment Plant Project consists of the modification and additions to the existing Harnett Regional Water Treatment Plant to increase the treatment capacity to 42 MGD. It also consists of modifications to the South Regional Booster Station. This project increases the County's water treatment capacity from 27 to 42 MGD and also increases the hydraulic ability to move water to Moore County and the southwestern area of the County. The Campbell Osteopathic School of Medicine project consists of the installation of waterlines and improvements to the roadway at Highway 421.
- Water and sewer expenditures increased 14.45 percent from \$27,239,236 to \$31,176,432. Expenditures associated with chemicals, utilities, and treatment costs for Public Utilities as well as project activity contributed to the increase.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Harnett County. At the end of the current fiscal year, the County's fund balance available in the General Fund was \$26,311,973, while total fund balance reached \$39,696,606, an increase of 17.89 percent. The increase in the County's fund balance can be contributed to many areas. The tax collection percentage of the County continues to remain a strong point of its strengthening fund balance. The County currently ranks 7th in the state in tax collections. The revenue from the receipt of sales tax increased 13%. This increase was due to an increase in sales within the County as well as the change to the sales tax base. Most importantly, this increase can also be contributed to the financial policies which the Board has adopted. The Board, as well as senior management, continue to monitor the County's activities and financial position for ways to improve not only the financial position of the County, but provide services in a more efficient manner. The County's improved financial condition has made it possible to invest idle funds. This activity increased investment earnings for the General Fund from \$9,027 to \$97,737; an increase of 983% over the prior fiscal year. Monthly financial reports are provided to the Board and can be found on the County's homepage under *Open Government*. The County also continuously monitors debt for opportunities to pay down or refinance for savings opportunities. The County currently has an available fund balance of 23.38 percent of General Fund expenditures and transfers to other funds, while total fund balance represents 35.27 percent of that same amount.

At June 30, 2016, the governmental funds of Harnett County reported a combined fund balance of \$48,838,783, a 16.64 percent increase over last year. The primary reason for this increase was due to the increase in the General Fund. The combined total of Other Governmental Funds increased slightly by \$944,080 as a result of increase in sales tax revenue for the Article 46 Local Option Sales Tax and the Emergency Telephone System Fund.

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 \$153,922, and those for the Water and Sewer Fund equaled \$41,727,552. The total growth in net position for both funds was \$1,115,125 and \$9,722,596, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of Harnett County's business-type activities.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$3,663,112 and increased expenditures by \$4,750,452. Following are the main components of this increase:

- \$1,601,691 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. These budgetary adjustments also resulted in expenditures adjustments for the Public Safety, Economic & Physical Development and Human Services expenditures. 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.
- \$1,339,321 Other Taxes and Licenses due to the receipt of Medicaid Hold Harmless revenue associated with the Article 44 sales tax swap.
- \$1,103,666 for General Government expenditures for the Transportation Department to provide contracted Medicaid transportation for Social Services clients and for Public Buildings to budget additional maintenance and repair funds.

Capital Asset and Debt Administration

Capital Assets. Harnett County's capital assets for its governmental and business-type activities as of June 30, 2016, totals \$437,147,342 (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 software for the Tax and Social Services Departments.
- 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,745,454	\$ 2,219,535	\$ 2,551,109	\$ 2,139,814	\$ 9,296,563	\$ 4,359,349
Plant, distribution, and collection systems	-	-	242,620,545	245,144,200	242,620,545	245,144,200
Buildings	70,134,973	51,302,651	15,686,516	15,903,712	85,821,489	67,206,363
Land improvements	5,652,059	6,344,096	-	-	5,652,059	6,344,096
Furniture, fixtures, and equipment	493,965	685,762	1,329,389	1,159,783	1,823,354	1,845,545
Computer hardware	(29,400)	-	-	-	(29,400)	-
Computer software	428,768	256,897	-	-	428,768	256,897
Vehicles	2,263,059	2,148,040	769,150	533,446	3,032,209	2,681,486
Construction in progress	10,206,655	9,808,399	78,295,100	70,604,947	88,501,755	80,413,346
Total	\$ 95,895,533	\$ 72,765,380	\$ 341,251,809	\$ 335,485,902	\$ 437,147,342	\$ 408,251,282

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, 2016, Harnett County had total debt outstanding of \$217,042,623. Of this amount, \$12,805,000 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, 2016, the County's outstanding debt consisted of:

Harnett County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Installment purchase	\$ 130,613,196	\$ 130,875,519	\$ 2,140,437	\$ 2,907,374	\$ 132,753,633	\$ 133,782,893
General obligation bonds	-	-	12,805,000	13,399,000	12,805,000	13,399,000
Capitalized leases	23,558,839	25,574,147	333,175	483,097	23,892,014	26,057,244
Limited obligation bonds	-	-	18,095,000	18,900,000	18,095,000	18,900,000
Special obligation bonds	-	-	1,270,000	1,434,000	1,270,000	1,434,000
Revenue bonds	-	-	11,218,000	11,973,000	11,218,000	11,973,000
State bond loan	-	-	17,008,976	19,603,906	17,008,976	19,603,906
Total	\$ 154,172,035	\$ 156,449,666	\$ 62,870,588	\$ 68,700,377	\$ 217,042,623	\$ 225,150,043

Harnett County's total debt decreased by \$8,107,420 (3.60 percent) during the past fiscal year, primarily due to principal repayments in the current year.

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 \$483,458,748.

Additional information on Harnett County's long-term debt can be found in Note 2 beginning on page 49 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, 2016, was 5.4 percent, which is a decrease from a rate of 7.3 percent a year ago. Compared to the State average of 4.9 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 2015 through fiscal year 2016, the total assessed value increased from \$7,827,919,100 to \$8,150,875,200, an increase of 4.12%
- Total sales tax collections continued to increase during the fiscal year ended June 30, 2016 to \$20,607,857 from \$18,124,862 in the year ended June 30, 2015, an increase of 13.70% over last year's collections.
- Harnett County's population continues to grow. The US Census Bureau population estimate for Harnett County increased 1,320 from an estimated 126,666 in 2015 to 127,986 in 2016

Budget Highlights for the Fiscal Year Ending June 30, 2017

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 \$119,881,447 and include amounts appropriated for interfund transfers and debt service. The budget increased \$1,558,706 over the fiscal year ended 2016 budget and \$1,359,842 of this increase was due to the appropriation of interfund transfers to capital funds. The County has adopted a five-year capital plan for the General Fund. This pro-active plan addresses upcoming capital needs and the transfer of funds to meet these needs. The 2016-2017 budget contains an increase in forecast estimates for sales tax and growth. Departments have been asked to continue to find ways to improve efficiency while managing expenses. Harnett County has been 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. The 2017 Budget contains no appropriation from fund balance.

Business-Type Activities. The flat rate residential water and sewer rates for the 2016-2017 fiscal year increased remained unchanged over the prior year while additional water usage rates increased. energy charges for out-of-county municipal bulk customers and basic facilities fees for septic haulers was increased. The rates for landfill services also increased to include the addition of fees for the landfill disposal of mobile homes and mattresses for the 2016-2017 fiscal year. Expenditures for public utilities and solid waste for the fiscal year have been budgeted at \$38,873,201 and \$6,005,946 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.

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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, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 42,609,236	\$ 42,554,499	\$ 85,163,735
Taxes receivable, net	565,695	-	565,695
Accounts receivable, net	9,321,831	5,075,077	14,396,908
Due from other governments	10,784,218	74,439	10,858,657
Internal balance	(714,632)	714,632	-
Inventories	19,916	578,834	598,750
Prepaid items	1,575,381	33,502	1,608,883
Restricted assets:			
Cash and cash equivalents	3,926,321	1,975,446	5,901,767
Total current assets	68,087,966	51,006,429	119,094,395
Non-current assets:			
Net pension asset	288,855	-	288,855
Capital assets:			
Land and construction in progress	16,952,109	80,846,209	97,798,318
Other capital assets, net	78,943,424	260,405,600	339,349,024
Total non-current assets	96,184,388	341,251,809	437,436,197
Total assets	164,272,354	392,258,238	556,530,592
Deferred Outflows of Resources:			
Contributions to pension plan in current fiscal year	2,054,627	360,831	2,415,458
Pension deferrals	44,682	4,255	48,937
Charge on refunding	9,267,632	1,436,008	10,703,640
Total deferred outflows of resources	11,366,941	1,801,094	13,168,035
Liabilities:			
Current liabilities:			
Accounts payable	4,552,949	2,459,619	7,012,568
Customer deposits paid from restricted assets	-	1,975,446	1,975,446
Unearned revenues	-	189,525	189,525
Current portion of compensated absences	1,663,556	369,398	2,032,954
Claims payable current	1,031,843	-	1,031,843
Total current liabilities	7,248,348	4,993,988	12,242,336
Long-term liabilities:			
Non-current portion of compensated absences	554,519	123,133	677,652
Claims payable, non-current	1,807,846	-	1,807,846
Due within one year	13,796,151	4,405,999	18,202,150
Net pension liability	2,312,730	408,129	2,720,859
Due in more than one year	152,781,349	62,786,161	215,567,510
Total liabilities	178,500,943	72,717,410	251,218,353
Deferred Inflows of Resources:			
Pension deferrals	1,301,415	228,032	1,529,447
Prepaid taxes	453,655	-	453,655
Total deferred inflows of resources	1,755,070	228,032	1,983,102
Net Position:			
Net investment in capital assets	56,107,016	278,517,784	334,624,800
Restricted for:			
Stabilization by State statute	13,589,324	-	13,589,324
Register of Deeds	166,172	-	166,172
General government	8,987	-	8,987
Education	9,333	-	9,333
Public safety	1,860,222	-	1,860,222
Unrestricted	(76,357,772)	42,596,106	(33,761,666)
Total net position	\$ (4,616,718)	\$ 321,113,890	\$ 316,497,172

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Program Revenues</u>			
	<u>Expenses</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	\$ 8,411,583	\$ 9,083,933	\$ 1,634,027	\$ 28,493
Public safety	37,715,350	8,553,075	1,022,612	-
Transportation	927,620	2,205	582,821	-
Environmental protection	182,736	8,438	30,426	-
Economic and physical development	3,170,938	20,714	45,512	39,584
Human services	28,109,695	2,567,833	18,472,123	-
Cultural and recreational	1,667,895	49,369	161,213	5,750
Education	27,328,710	-	1,902,400	-
Interest on long-term debt	5,368,931	-	-	-
Total governmental activities	<u>112,883,458</u>	<u>20,285,567</u>	<u>23,851,134</u>	<u>73,827</u>
Business-Type Activities:				
Water and sewer	31,176,432	34,697,530	-	6,430,392
Solid waste	4,741,515	5,360,576	268,549	-
Total business-type activities	<u>35,917,947</u>	<u>40,058,106</u>	<u>268,549</u>	<u>6,430,392</u>
Total primary government	<u>\$ 148,801,405</u>	<u>\$ 60,343,673</u>	<u>\$ 24,119,683</u>	<u>\$ 6,504,219</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, 2016

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ 2,334,870	\$ -	\$ 2,334,870
Public safety	(28,139,663)	-	(28,139,663)
Transportation	(342,594)	-	(342,594)
Environmental protection	(143,872)	-	(143,872)
Economic and physical development	(3,065,128)	-	(3,065,128)
Human services	(7,069,739)	-	(7,069,739)
Cultural and recreational	(1,451,563)	-	(1,451,563)
Education	(25,426,310)	-	(25,426,310)
Interest on long-term debt	(5,368,931)	-	(5,368,931)
Total governmental activities	(68,672,930)	-	(68,672,930)
Business-Type Activities:			
Water and sewer	-	9,951,490	9,951,490
Solid waste	-	887,610	887,610
Total business-type activities	-	10,839,100	10,839,100
Total primary government	(68,672,930)	10,839,100	(57,833,830)
General Revenues:			
Ad valorem taxes	68,369,184	-	68,369,184
Local option sales tax	19,279,814	-	19,279,814
Other taxes and licenses	4,778,883	268,129	5,047,012
Unrestricted intergovernmental revenues	41,665	-	41,665
Interest earned on investments, unrestricted	102,503	3,491	105,994
Total general revenues	92,572,049	271,620	92,843,669
Change in net position	23,899,119	11,110,720	35,009,839
Net Position:			
Beginning of year - July 1	(28,515,837)	310,003,170	281,487,333
End of year - June 30	\$ (4,616,718)	\$ 321,113,890	\$ 316,497,172

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

HARNETT COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 29,720,445	\$ 4,615,448	\$ 34,335,893
Taxes receivable, net	460,032	105,663	565,695
Accounts receivable, net	7,698,534	1,623,297	9,321,831
Due from other funds	521,064	-	521,064
Due from other governments	10,784,218	-	10,784,218
Inventories	19,916	-	19,916
Prepaid items	1,398,690	4,212	1,402,902
Restricted assets:			
Restricted cash and cash equivalents	-	3,926,321	3,926,321
Total assets	\$ 50,602,899	\$ 10,274,941	\$ 60,877,840
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,954,817	\$ 506,037	\$ 3,460,854
Due to other funds	-	521,064	521,064
Total liabilities	2,954,817	1,027,101	3,981,918
Deferred Inflows of Resources:			
Prepaid taxes	453,655	-	453,655
Unavailable revenue	7,037,789	-	7,037,789
Property tax receivable	460,032	105,663	565,695
Total deferred inflows of resources	7,951,476	105,663	8,057,139
Fund Balances:			
Non-spendable:			
Inventories	19,916	-	19,916
Prepaid items	1,398,690	4,212	1,402,902
Restricted for stabilization for State statute	11,966,027	1,623,297	13,589,324
Restricted for Register of Deeds	-	166,172	166,172
Restricted for general government	-	1,514,224	1,514,224
Restricted for education	-	2,430,417	2,430,417
Restricted for public safety	-	1,860,222	1,860,222
Committed	-	122,485	122,485
Assigned	-	2,316,903	2,316,903
Unassigned	26,311,973	(895,755)	25,416,218
Total fund balances	39,696,606	9,142,177	48,838,783
Total liabilities, deferred inflows of resources, and fund balances	\$ 50,602,899	\$ 10,274,941	\$ 60,877,840

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

HARNETT COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - modified accrual	\$ 48,838,783
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	95,895,533
Net pension asset	288,855
Net pension liability	(2,312,730)
Contributions to pension plans in the current fiscal year and pension related deferrals are deferred outflows of resources on the Statement of Net Position.	2,054,627
Pension related deferrals	(1,256,733)
Deferred outflow related to bond refunding not available to pay for current-period expenditures and, therefore, are deferred in the funds.	9,267,632
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	(155,698,678)
Compensated absences	(2,218,075)
Accrued interest payable	(342,055)
Other post-employment benefits	(9,997,731)
Unfunded pension	(881,091)
Claims payable	
Consolidation of Internal Service Fund	4,141,461
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>7,603,484</u>
Net position of governmental activities (Exhibit A)	<u><u>\$ (4,616,718)</u></u>

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 61,273,129	\$ 7,043,966	\$ 68,317,095
Other taxes and licenses	20,500,307	3,558,390	24,058,697
Unrestricted intergovernmental revenues	41,665	-	41,665
Restricted intergovernmental revenues	21,310,568	1,692,571	23,003,139
Permits and fees	2,255,896	1,210,928	3,466,824
Sales and services	8,788,752	75,000	8,863,752
Investment earnings	97,737	4,766	102,503
Other general revenues	3,463,903	168,047	3,631,950
Total revenues	<u>117,731,957</u>	<u>13,753,668</u>	<u>131,485,625</u>
Expenditures:			
Current:			
General government	11,980,641	918,845	12,899,486
Public safety	27,337,721	9,330,325	36,668,046
Transportation	392,951	-	392,951
Environmental protection	182,736	-	182,736
Economic and physical development	2,971,303	320,209	3,291,512
Human services	28,000,704	-	28,000,704
Cultural and recreation	1,498,127	-	1,498,127
Education	22,612,667	4,716,043	27,328,710
Debt service:			
Principal repayments	12,282,700	-	12,282,700
Interest and fees	5,013,153	-	5,013,153
Total expenditures	<u>112,272,703</u>	<u>15,285,422</u>	<u>127,558,125</u>
Revenues over (under) expenditures	<u>5,459,254</u>	<u>(1,531,754)</u>	<u>3,927,500</u>
Other Financing Sources (Uses):			
Long-term debt issued	37,018,000	2,200,000	39,218,000
Payment to escrow agents	(36,177,890)	-	(36,177,890)
Transfers to other funds	(283,334)	(924,457)	(1,207,791)
Transfers from other funds	7,500	1,200,291	1,207,791
Total other financing sources (uses)	<u>564,276</u>	<u>2,475,834</u>	<u>3,040,110</u>
Net change in fund balances	6,023,530	944,080	6,967,610
Fund Balances:			
Beginning of year - July 1	<u>33,673,076</u>	<u>8,198,097</u>	<u>41,871,173</u>
End of year - June 30	<u>\$ 39,696,606</u>	<u>\$ 9,142,177</u>	<u>\$ 48,838,783</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, 2016

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)	\$ 6,967,610
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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	52,089
Ambulance/other miscellaneous revenues	3,775,243

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.	(1,072,879)
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Change in deferred outflow - pension	(1,213)
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Change in deferred inflows - pension	6,196,623
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Change in net pension liability	(5,375,790)
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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.	(100,430)
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Deferred charge related to refunded debt that do not require current financial resources are not reported as expenditures in the governmental funds statement.	6,709,106
--	-----------

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.	6,077,707
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Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,409,085)
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Loss on sale of asset	(24,978)
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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.	41,495,631
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Consolidation of Internal Service Fund	1,827,485
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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.	<u>(39,218,000)</u>
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Change in net position of governmental activities (Exhibit B)	<u>\$ 23,899,119</u>
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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, 2016**

	<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	\$ 59,949,525	\$ 60,056,816	\$ 61,273,129	\$ 1,216,313
Other taxes and licenses	17,354,459	18,693,780	20,500,307	1,806,527
Unrestricted intergovernmental revenues	37,500	37,500	41,665	4,165
Restricted intergovernmental revenues	18,942,251	20,543,942	21,310,568	766,626
Permits and fees	3,096,506	2,747,981	2,255,896	(492,085)
Sales and services	8,389,457	9,104,646	8,788,752	(315,894)
Investment earnings	5,000	5,000	97,737	92,737
Other general revenues	3,491,122	3,739,267	3,463,903	(275,364)
Total revenues	<u>111,265,820</u>	<u>114,928,932</u>	<u>117,731,957</u>	<u>2,803,025</u>
Expenditures:				
General government	12,962,054	13,290,010	11,980,641	1,309,369
Public safety	27,839,943	28,666,641	27,337,721	1,328,920
Transportation	412,917	428,844	392,951	35,893
Environmental protection	187,879	196,983	182,736	14,247
Economic and physical development	3,244,952	3,434,860	2,971,303	463,557
Human services	28,845,468	30,447,913	28,000,704	2,447,209
Cultural and recreation	1,579,157	1,610,907	1,498,127	112,780
Education	22,466,167	22,637,667	22,612,667	25,000
Debt service:				
Principal repayments	10,909,863	12,486,314	12,282,700	203,614
Interest and fees	5,123,889	5,122,602	5,013,153	109,449
Total expenditures	<u>113,572,289</u>	<u>118,322,741</u>	<u>112,272,703</u>	<u>6,050,038</u>
Revenues over (under) expenditures	<u>(2,306,469)</u>	<u>(3,393,809)</u>	<u>5,459,254</u>	<u>8,853,063</u>
Other Financing Sources (Uses):				
Transfers to other funds	(283,334)	(283,334)	(283,334)	-
Transfers from other funds	450,000	(1,356,456)	7,500	1,363,956
Long-term debt issued	558,803	37,018,000	37,018,000	-
Payment to escrow agents	-	(36,177,890)	(36,177,890)	-
Appropriated fund balance	1,581,000	4,193,489	-	(4,193,489)
Total other financing sources (uses)	<u>2,306,469</u>	<u>3,393,809</u>	<u>564,276</u>	<u>(2,829,533)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,023,530</u>	<u>\$ 6,023,530</u>
Fund Balance:				
Beginning of year - July 1			<u>33,673,076</u>	
End of year - June 30			<u>\$ 39,696,606</u>	

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Assets:				
Current assets:				
Cash and cash investments	\$ 40,693,515	\$ 1,860,984	\$ 42,554,499	\$ 8,273,343
Accounts receivable, net	4,915,472	159,605	5,075,077	-
Restricted intergovernmental receivables	-	74,439	74,439	-
Prepaid items	33,502	-	33,502	172,479
Inventory	578,834	-	578,834	-
Restricted assets:				
Cash and investments, restricted	1,975,446	-	1,975,446	-
Total current assets	48,196,769	2,095,028	50,291,797	8,445,822
Non-current assets:				
Land and construction in progress	77,743,544	3,102,665	80,846,209	-
Other capital assets, net	256,912,240	3,493,360	260,405,600	-
Total non-current assets	334,655,784	6,596,025	341,251,809	-
Total assets	382,852,553	8,691,053	391,543,606	8,445,822
Deferred Outflows of Resources:				
Contributions to pension plan in current fiscal year	312,720	48,111	360,831	-
Pension deferrals	3,688	567	4,255	-
Charge on refunding	1,436,008	-	1,436,008	-
Total deferred outflows of resources	1,752,416	48,678	1,801,094	-
Liabilities and Net Assets:				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,580,668	297,228	1,877,896	750,040
Claims payable	-	-	-	1,031,843
Accrued interest	564,515	17,208	581,723	-
Prepaid fees	125,620	63,905	189,525	-
Customer deposits paid from restricted assets	1,975,446	-	1,975,446	-
Compensated absences, current	328,171	41,227	369,398	-
Current portion of long-term debt	3,935,437	470,562	4,405,999	-
Total current liabilities	8,509,857	890,130	9,399,987	1,781,883
Non-current liabilities:				
Compensated absences, non-current	109,391	13,742	123,133	-
Claims payable	-	-	-	1,807,846
Non-current portion of long-term debt	56,940,502	4,123,621	61,064,123	-
Other post-employment benefits	1,550,474	171,564	1,722,038	-
Net pension liability	353,712	54,417	408,129	-
Total non-current liabilities	58,954,079	4,363,344	63,317,423	1,807,846
Total liabilities	67,463,936	5,253,474	72,717,410	3,589,729
Deferred Inflows of Resources:				
Pension deferrals	197,628	30,404	228,032	-
Net Position:				
Net investment in capital assets	275,215,853	3,301,931	278,517,784	-
Unrestricted	41,727,552	153,922	41,881,474	4,856,093
Total net position	\$ 316,943,405	\$ 3,455,853	320,399,258	\$ 4,856,093
Adjustment to reflect consolidation of Internal Service Funds			714,632	
Net position			\$ 321,113,890	

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, 2016

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Operating Revenues:				
Charges for services	\$ 30,217,316	\$ 5,309,693	\$ 35,527,009	\$ -
Water and sewer taps	274,448	-	274,448	-
Johnson County	3,703	-	3,703	-
County contributions	-	-	-	11,355,440
Other operating revenues	3,971,064	8,883	3,979,947	-
Total operating revenues	<u>34,466,531</u>	<u>5,318,576</u>	<u>39,785,107</u>	<u>11,355,440</u>
Operating Expenses:				
Water distribution and sewage treatment	18,278,264	-	18,278,264	-
Solid waste	-	4,208,075	4,208,075	-
Benefits and premiums	-	-	-	9,255,451
Depreciation	9,327,622	445,290	9,772,912	-
Total operating expenses	<u>27,605,886</u>	<u>4,653,365</u>	<u>32,259,251</u>	<u>9,255,451</u>
Operating income (loss)	<u>6,860,645</u>	<u>665,211</u>	<u>7,525,856</u>	<u>2,099,989</u>
Non-Operating Revenues (Expenses):				
Miscellaneous	-	268,549	268,549	-
Solid waste disposal tax	-	268,129	268,129	-
Interest earned on investments	2,105	1,386	3,491	-
Interest and fees	(3,570,546)	(88,150)	(3,658,696)	-
Total non-operating revenues (expenses)	<u>(3,568,441)</u>	<u>449,914</u>	<u>(3,118,527)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	3,292,204	1,115,125	4,407,329	2,099,989
Capital contributions	<u>6,430,392</u>	<u>-</u>	<u>6,430,392</u>	<u>-</u>
Change in net position	9,722,596	1,115,125	10,837,721	2,099,989
Net Position:				
Beginning of year - July 1	<u>307,220,809</u>	<u>2,340,728</u>		<u>2,756,104</u>
End of year - June 30	<u>\$ 316,943,405</u>	<u>\$ 3,455,853</u>		<u>\$ 4,856,093</u>
Adjustment to reflect consolidation of Internal Service Funds			<u>272,999</u>	
Change in net position			<u>\$ 11,110,720</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, 2016

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 33,455,519	\$ 5,333,768	\$ 38,789,287	\$ 11,412,989
Cash paid for goods and services	(9,940,238)	(2,901,994)	(12,842,232)	(9,242,783)
Cash paid to employees for services	(7,335,006)	(985,273)	(8,320,279)	-
Other revenues	-	536,678	536,678	-
Customer deposits received	104,083	-	104,083	-
Net cash provided (used) by operating activities	<u>16,284,358</u>	<u>1,983,179</u>	<u>18,267,537</u>	<u>2,170,206</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(12,513,191)	(1,219,665)	(13,732,856)	-
Principal paid on long-term debt	(5,381,200)	(448,589)	(5,829,789)	-
Interest and fees	(3,637,048)	(88,150)	(3,725,198)	-
Capital contributions	4,624,428	-	4,624,428	-
Net cash provided (used) for capital and related financing activities	<u>(16,907,011)</u>	<u>(1,756,404)</u>	<u>(18,663,415)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	2,105	1,386	3,491	-
Net increase (decrease) in cash and cash equivalents	(620,548)	228,161	(392,387)	2,170,206
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>43,289,509</u>	<u>1,632,823</u>	<u>44,922,332</u>	<u>6,103,137</u>
End of year - June 30	<u>\$ 42,668,961</u>	<u>\$ 1,860,984</u>	<u>\$ 44,529,945</u>	<u>\$ 8,273,343</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 6,860,645	\$ 665,211	\$ 7,525,856	\$ 2,099,989
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	9,327,622	445,290	9,772,912	-
Other revenues	-	536,678	536,678	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,024,207)	7,183	(1,017,024)	57,549
(Increase) decrease in deferred outflow	159,557	-	159,557	-
(Increase) decrease in deferred outflows of resources for pensions	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	389,137	(87,072)	302,065	185,147
Increase (decrease) in prepaid items	(33,502)	373,400	339,898	(172,479)
Increase (decrease) in unearned revenues	13,198	8,010	21,208	-
(Increase) decrease in inventory	(15,133)	-	(15,133)	-
Increase (decrease) in customer deposits	104,083	-	104,083	-
Decrease deferred outflows - pension	1,581	243	1,824	-
Decrease in net pension asset	470,421	72,373	542,794	-
Increase in net pension liability	353,712	54,417	408,129	-
Decrease deferred inflows - pension	(948,903)	(145,985)	(1,094,888)	-
Increase (decrease) in accrued vacation pay	437,562	54,969	492,531	-
Increase (decrease) in OPEB payable	188,585	(1,538)	187,047	-
Net cash provided (used) by operating activities	<u>\$ 16,284,358</u>	<u>\$ 1,983,179</u>	<u>\$ 18,267,537</u>	<u>\$ 2,170,206</u>
Non-Cash Transactions:				
Contributed capital from developers	<u>\$ 1,805,964</u>	<u>\$ -</u>	<u>\$ 1,805,964</u>	<u>\$ -</u>

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2016

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ <u>306,486</u>
Liabilities:	
Accounts payable	\$ <u>306,486</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, 2016

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, 2016

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, 2016

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 44 *524; Article 46 Sales Tax; Special Districts; Emergency Telephone System; Emergency Radio System; Automation Enhancement & Preservation; Emergency Response Planning; Sheriff's Execution; Wings over Harnett; AMPI Unrecoverable Cost; WIA Youth Program; Asset Forfeiture; 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: Single Family; Highland Middle School; Jetport Runway; Taxiway and Apron Rehabilitation; Runway 5 Approach Clearance; Airport Capital Reserve; Airport Drainage Outfall; Radio Upgrade; Urgent Repair; Sherriff Training Facility; Article 46 School Capital Project; QSCB 2012 Capital Project; and QSCB 2016 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, 2016

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

Erwin Wastewater Project; East Central Improvements Project; Fort Bragg Water & Wastewater Project; South West Northern Training Area/Cameron Hill Project; South Central Wastewater 1B-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, 2016

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, 2016

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 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, 2016

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 are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 288,316
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QSCB 2016 Project Fund:

Capital outlays - unexpended bond proceeds	2,132,768
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Radio Upgrade Project Fund:

Capital outlays - unexpended bond proceeds	<u>1,505,237</u>
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Total governmental activities	<u>3,926,321</u>
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Business-Type Activities:

Water and Sewer Fund:

Customer deposits	<u>1,975,446</u>
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Total business-type activities	<u>1,975,446</u>
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Total restricted cash	<u>\$ 5,901,767</u>
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Ad Valorem Taxes Receivable

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

These taxes are based on the assessed values as of January 1, 2015 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other 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. 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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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.

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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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.

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 \$3,926,321 at June 30, 2016.

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.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Committed fund balance at June 30, 2016, is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Economic development	\$ 122,485

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.

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

Assigned fund balance at June 30, 2016, is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Public safety	\$ 59,451
Education Special Revenue Fund	2,257,452
Total	<u>\$ 2,316,903</u>

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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 39,696,606
Less:	
Prepays	1,398,690
Inventory	19,916
Stabilization by State statute	11,966,027
Total available fund balance	<u>\$ 26,311,973</u>

Reclassifications

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

F. Estimates

The 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/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 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. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2016, the County's deposits had a carrying amount of \$71,439,018 and a bank balance of \$73,597,927. Of the bank balance, \$1,263,830 was covered by federal depository insurance and \$72,334,097 was covered by collateral held under the Pooling Method.

At June 30, 2016, Harnett County has \$5,339 cash on hand.

B. Investments

At June 30, 2016, the County's investments of \$19,927,631 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's and a valuation measurement method of amortized cost with no maturity. 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

C. Property Tax Use-Value Assessment on Certain Lands

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

Year Levied	Tax	Interest	Total
2012	\$ 4,559,672	\$ 1,561,232	\$ 6,120,904
2013	5,091,138	1,285,512	6,376,650
2014	5,193,616	843,963	6,037,579
2015	<u>5,075,530</u>	<u>367,976</u>	<u>5,443,506</u>
Total	<u>\$ 19,919,956</u>	<u>\$ 4,058,683</u>	<u>\$ 23,978,639</u>

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	\$ 9,271,080
Nonmajor governmental	<u>89,141</u>
Governmental activities	<u>9,360,221</u>
Public utility	878,360
Solid waste	<u>155,160</u>
Business-type activities	<u>1,033,520</u>
Total	<u>\$ 10,393,741</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Due from Other Governments – Disaggregate Information

Due from other governments at the government-wide level at June 30, 2016:

<u>Governmental Activities</u>	
Local option sales tax	\$ 4,355,150
Other taxes and licenses	3,114,557
DSS receivable	1,959,293
Sales tax refund receivable	<u>1,355,218</u>
Total	<u>\$ 10,784,218</u>

<u>Business-Type Activities</u>	
Solid waste disposal tax	<u>\$ 74,439</u>

Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to pension plans in current fiscal year	\$ 2,415,458
Pension deferrals	48,937
Charge on refunding	<u>10,703,640</u>
Total	<u>\$ 13,168,035</u>

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

<u>Source</u>	<u>Amount</u>
Prepaid taxes not yet earned (General)	\$ 453,655
Accounts receivable (General)	7,037,789
Pension deferrals (Governmental)	1,529,447
Taxes receivable, net (General)	460,032
Taxes receivable, net (Other governmental funds)	<u>105,663</u>
Total	<u>\$ 9,586,586</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

E. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 2,219,535	\$ 4,525,919	\$ -	\$ 6,745,454
Construction in progress	9,808,399	414,025	(15,769)	10,206,655
Total non-depreciable capital assets	12,027,934	4,939,944	(15,769)	16,952,109
Depreciable Capital Assets:				
Buildings	87,545,061	60,201	-	87,605,262
Land improvements	13,469,655	17,050	-	13,486,705
Furniture	190,179	-	-	190,179
Equipment	4,885,674	24,324	-	4,909,998
Computer hardware	430,457	-	-	430,457
Computer software	2,904,785	351,585	-	3,256,370
Vehicles	8,147,743	684,603	(363,781)	8,468,565
Total depreciable capital assets	117,573,554	1,137,763	(363,781)	118,347,536
Less Accumulated Depreciation:				
Buildings	15,755,901	1,714,388	-	17,470,289
Land improvements	7,125,559	709,087	-	7,834,646
Furniture	102,806	11,507	-	114,313
Equipment	4,287,285	204,614	-	4,491,899
Computer hardware	430,457	29,400	-	459,857
Computer software	2,647,888	179,714	-	2,827,602
Vehicles	5,999,703	560,375	(354,572)	6,205,506
Total accumulated depreciation	36,349,599	\$ 3,409,085	\$ (354,572)	39,404,112
Total depreciable capital assets, net	81,223,955			78,943,424
Governmental activities capital assets, net	\$ 93,251,889			\$ 95,895,533

Capital assets have been restated by \$20,486,509 due to a capital lease entered into by Harnett County in previous years.

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

Depreciation Expense by Function	
General government	\$ 1,236,549
Public safety	1,301,663
Transportation	534,669
Economic and physical development	64,602
Human services	158,362
Cultural and recreational	113,240
Total	\$ 3,409,085

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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	<u>69,102,902</u>	<u>11,741,323</u>	<u>-</u>	<u>(4,328,207)</u>	<u>76,516,018</u>
Total non-depreciable capital assets	<u>70,330,428</u>	<u>11,741,323</u>	<u>-</u>	<u>(4,328,207)</u>	<u>77,743,544</u>
Depreciable Capital Assets:					
Plant, distribution, and collection systems	310,404,172	1,805,964	-	4,328,207	316,538,343
Buildings and building improvements	14,580,453	142,560	-	-	14,723,013
Furniture, fixtures, and equipment	1,040,190	207,696	-	-	1,247,886
Vehicles	<u>1,167,952</u>	<u>421,612</u>	<u>(79,136)</u>	<u>-</u>	<u>1,510,428</u>
Total depreciable capital assets	<u>327,192,767</u>	<u>2,577,832</u>	<u>(79,136)</u>	<u>4,328,207</u>	<u>334,019,670</u>
Less Accumulated Depreciation:					
Plant, distribution, and collection systems	65,259,972	8,657,826	-	-	73,917,798
Buildings and building improvements	949,057	294,925	-	-	1,243,982
Furniture, fixtures, and equipment	719,669	166,034	-	-	885,703
Vehicles	<u>930,246</u>	<u>208,837</u>	<u>(79,136)</u>	<u>-</u>	<u>1,059,947</u>
Total accumulated depreciation	<u>67,858,944</u>	<u>\$ 9,327,622</u>	<u>\$ (79,136)</u>	<u>\$ -</u>	<u>77,107,430</u>
Total depreciable capital assets, net	<u>259,333,824</u>				<u>256,912,240</u>
Public Utilities capital assets, net	<u>329,664,252</u>				<u>334,655,784</u>
Solid Waste Management:					
Non-Depreciable Capital Assets:					
Land	912,288	\$ 411,295	\$ -	\$ -	1,323,583
Construction in progress	<u>1,502,045</u>	<u>277,037</u>	<u>-</u>	<u>-</u>	<u>1,779,082</u>
Total non-depreciable capital assets	<u>2,414,333</u>	<u>688,332</u>	<u>-</u>	<u>-</u>	<u>3,102,665</u>
Depreciable Capital Assets:					
Buildings and building improvements	3,003,989	-	-	-	3,003,989
Furniture, fixtures, and equipment	1,775,068	458,634	(692,762)	-	1,540,940
Vehicles	<u>341,556</u>	<u>72,699</u>	<u>-</u>	<u>-</u>	<u>414,255</u>
Total depreciable capital assets	<u>5,120,613</u>	<u>531,333</u>	<u>(692,762)</u>	<u>-</u>	<u>4,959,184</u>
Less Accumulated Depreciation:					
Buildings and building improvements	731,673	64,831	-	-	796,504
Furniture, fixtures, and equipment	935,807	330,689	(692,762)	-	573,734
Vehicles	<u>45,816</u>	<u>49,770</u>	<u>-</u>	<u>-</u>	<u>95,586</u>
Total accumulated depreciation	<u>1,713,296</u>	<u>\$ 445,290</u>	<u>\$ (692,762)</u>	<u>\$ -</u>	<u>1,465,824</u>
Total depreciable capital assets, net	<u>3,407,317</u>				<u>3,493,360</u>
Solid Waste Management capital assets, net	<u>5,821,650</u>				<u>6,596,025</u>
Business-type activities capital assets, net	<u>\$ 335,485,902</u>				<u>\$ 341,251,809</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

At June 30, 2016, 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	\$ 11,099,122
West Central Transmission	4,983,435	167,950
Fort Bragg Water & WW	56,014,144	55,258,314
Dunn Erwin Corrective Action	1,779,082	1,779,082
SWEST NTA/Cameron Hill	4,628,206	4,628,206
South Central WW 1B-2	6,319,152	4,876,296
Brightwater Infrastructure	3,765,142	3,576,498
Campbell Osteopathic	1,359,093	1,237,838
Total	\$ 90,798,540	\$ 82,623,306

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2016 is composed of the following elements:

	Governmental	Business-Type		Total
		Water/Sewer	Solid Waste	Business-Type
Capital assets	\$ 95,895,533	\$ 334,655,784	\$ 6,596,025	\$ 341,251,809
Total debt	155,698,678	60,875,939	3,294,094	64,170,033
Deferred outflows of resources	9,267,632	1,436,008	-	1,436,008
Debt not related to capital assets	105,137,292	-	-	-
Capital related unspent debt proceeds	1,505,237	-	-	-
Total capital debt	39,788,517	59,439,931	3,294,094	62,734,025
Net investment in capital assets	\$ 56,107,016	\$ 275,215,853	\$ 3,301,931	\$ 278,517,784

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

F. Payables

Payables at the government-wide level at June 30, 2016, were as follows:

	Accounts Payable Note Disclosure				
	Governmental Activities		Business-Type Activities		Total
	General Fund	Nonmajor	Public Utilities	Solid Waste	
Payables:					
Accounts and vouchers					
Accounts and vouchers	\$ 1,453,048	\$ 490,294	\$ 1,328,047	\$ 258,639	\$ 3,530,028
Accrued payroll and related liabilities	1,501,769	15,743	252,621	38,589	1,808,722
Accrued interest payable	-	-	564,515	17,208	581,723
Total accounts payable and accrued liabilities	\$ 2,954,817	\$ 506,037	\$ 2,145,183	\$ 314,436	\$ 5,920,473

Adjustments to full-accrual include \$342,055 related to recording accrued interest on general long-term debt and accounts and vouchers related to the internal service funds of \$750,040. Finally, the fiduciary fund financial statements include \$306,486 in accounts payable and accrued liabilities recorded in agency funds. This amount is excluded from the foregoing schedule and represents amounts due to various other agencies, individuals, or governments.

G. Risk Management

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

The County is with a guaranteed cost program with One Beacon and VFIS. VFIS insures only Emergency Services for general liability and auto lines. One Beacon insures County property under a blanket limit of \$284,637,724. Replacement cost coverage is provided for any property losses. General Liability limits are \$1,000,000 per occurrence and \$2,000,000 aggregate. A \$1,000,000 umbrella policy is in place, along with a \$4,000,000 umbrella for auto liability. Cyber Liability limits are \$1,000,000. One Beacon covers the County for property, auto (excluding Emergency Services), general liability (excluding Emergency Services), inland marine, crime, employment practices liability, public officials liability, and law enforcement liability. Auto losses are paid under actual cash value (ACV). Crime coverage limit is \$250,000. VFIS insures Emergency Services which includes EMS, Emergency Management, and Fire Marshall Divisions. General Liability limits are \$1,000,000 per occurrence and \$3,000,000 aggregate. A \$2,000,000 umbrella policy is also in place. Auto losses are paid under an agreed value plan. There have been no significant reductions in insurance coverage from previous years and settled claims have not exceeded coverage in any of the past three fiscal years. 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, 2016

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, 2016, 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:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Liability as of beginning of the year	\$ 2,839,689	\$ 3,189,117
Current year claims and changes in estimates	1,035,712	304,031
Actual claim payments	<u>(1,035,712)</u>	<u>(653,459)</u>
Liability as of end of the year	<u>\$ 2,839,689</u>	<u>\$ 2,839,689</u>

H. Capital Lease Obligations

The County has entered into agreements to lease certain equipment. At June 30, 2016, the original cost of equipment under the leases is approximately \$28,539,637. Title passes to the County at the end of the lease term. These agreements are in substance lease purchases.

	<u>Original</u>	<u>Interest</u>	<u>Final</u>	<u>Amount Outstanding</u>	
	<u>Issue</u>	<u>Rate</u>	<u>Maturity</u>	<u>Governmental</u>	<u>Business-Type</u>
Capitalized Lease Obligations:					
Motorola Solutions Radio Lease	\$ 5,059,009	0.98%	December 2018	\$ 3,415,420	\$ -
Red Rock Science Center	21,910,705	6.84%	June 2038	19,754,901	-
EMS Remount/Sheriff Vehicles	830,160	1.70%	September 2018	388,518	-
Solid Waste Equipment Lease	<u>739,763</u>	1.70%	August 2018	-	333,175
Total	<u>\$ 28,539,637</u>			<u>\$ 23,558,839</u>	<u>\$ 333,175</u>

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

<u>Year Ending</u>	<u>Future Payments</u>
2017	\$ 2,289,121
2018	2,303,095
2019	2,054,759
2020	841,177
2021	855,897
2022-2026	4,509,471
2027-2031	4,918,103
2032-2036	5,363,765
2037-2038	<u>2,279,218</u>
Total minimum lease payments	25,414,606
Less amount representing interest	<u>(1,522,592)</u>
Present value of the minimum lease payments	<u>\$ 23,892,014</u>

At June 30, 2016 the net book value of capital assets (cost and accumulated depreciation) associated with leases is \$26,578,854.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

I. Long-Term Obligations

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

	Issue Date	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
					Governmental	Business-Type
Governmental						
Installment Purchase Agreements:						
2015 Refinancing of						
Agriculture Center	August 2015	\$ 1,274,000	1.49%	June 2020	\$ 1,007,000	\$ -
2015 HFTC Land Acquisition	August 2015	4,664,000	2.42%	June 2025	4,197,000	-
COPS 2011 Refunding (2002)						
97% Construction of School Facilities	November 2011	24,033,690		December 2023	16,079,690	-
3% Public Utilities Projects		743,310	2.535%	December 2023	-	497,311
COPS 2007						
53% Jail Facility	May 2007	23,220,225	4%-5%	December 2027	2,957,242	-
42% Construction of School Facilities		18,279,775			2,328,045	-
5% Solid Waste Transfer Station		2,000,000			-	254,712
Partial Refunding of COPS 2000		4,765,000			1,195,000	-
2016 Refinancing of COPS 2009						
School Construction	April 2016	31,080,000	2.20%	June 2029	31,080,000	-
2010 Refinancing						
Angier Elementary School	November 2010	14,004,000	3.35%	June 2028	9,314,000	-
COPS 2015 Refunding (2007)						
53% Jail Facility	April 2015	16,279,246	2.52%	December 2027	16,119,640	-
42% Construction of School Facilities		12,815,593	2.52%	December 2027	12,689,946	-
5% Solid Waste Transfer Station		1,402,161	2.52%	December 2027	-	1,388,414
Qualified Zone Academy Bonds						
Qualified Zone Academy Bonds	May 2004	4,000,000	0.00%	May 2020	1,626,523	-
Qualified Zone Academy Bonds	October 2005	789,500	0.00%	October 2021	384,110	-
Qualified School						
Construction Bonds (Taxable)	November 2012	29,435,000	4.638%	November 2035	29,435,000	-
Qualified Zone Academy Bonds	May 2016	2,200,000	0.00%	May 2026	2,200,000	-
Total		<u>\$ 190,985,500</u>			<u>\$ 130,613,196</u>	<u>\$ 2,140,437</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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</u>	<u>Original</u>	<u>Interest</u>	<u>Final</u>	<u>Outstanding</u>
	<u>Date</u>	<u>Issue</u>	<u>Rate</u>	<u>Maturity</u>	<u>Business-Type</u>
General Obligation Bonds:					
South Central Water & Sewer 2013 Series A	January 2013	\$ 3,449,000	3.125%	June 2052	\$ 3,348,000
South Central Water & Sewer 2013 Series B	January 2013	3,937,000	3.125%	June 2052	3,824,000
South Central Water & Sewer 2013 Series C	January 2013	3,239,000	2.50%	June 2052	3,133,000
South Central Water & Sewer 2013 Series D	January 2013	2,586,000	2.50%	June 2052	2,500,000
South Central Refunding Series 2013	April 2013	10,395,000	2.5%-5.00%	June 2043	9,760,000
West Central Refunding Series 2013	April 2013	1,485,000	3.00%-5.00%	June 2028	1,295,000
Northwest Refunding Series 2013	April 2013	1,085,000	2.00%-5.00%	June 2028	725,000
Southwest Refunding Series 2013	April 2013	2,315,000	3.00%-5.00%	June 2028	2,010,000
Southeast Refunding Series 2013	April 2013	1,000,000	2.00%-5.00%	June 2033	875,000
East Central Refunding Series 2013	April 2013	2,765,000	2.00%-5.00%	June 2035	2,480,000
Riverside Refunding Series 2013	April 2013	<u>1,020,000</u>	2.00%-5.00%	June 2041	<u>950,000</u>
Total		<u>\$ 33,276,000</u>			<u>\$ 30,900,000</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, 2016

Revenue Bond Loans:

	<u>Issue Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Amount Outstanding Business-Type</u>
Enterprise System					
Revenue Bond Loans:					
Series 2007 A (Tax Exempt)	May 2007	\$ 13,235,000	4%-5%	May 2028	\$ 665,000
Series 2015 (Tax Exempt)	April 2015	<u>10,673,000</u>	2.53%	May 2028	<u>10,553,000</u>
Total Business-Type Activities Revenue Bond Loans		<u>\$ 23,908,000</u>			<u>\$ 11,218,000</u>
State Bond Loans:					
Harnett/Wake Transmission Line	March 2001	\$ 864,047	5.25%	May 2020	\$ -
Expansion of Water Treatment Plant	June 1996	3,000,000	5.85%	May 2016	-
Expansion of Water Treatment Plant	June 1997	3,000,000	3.22%	May 2017	-
Southwest Water and Sewer District	July 1998	2,683,000	5.30%	November 2018	-
Southwest Regional III	March 2003	1,000,000	4.02%	May 2022	-
Erwin WW Project Revolving Loan	February 2012	6,195,019	2.46%	May 2033	5,265,764
East Central Project Revolving Loan	February 2011	4,366,515	2.22%	May 2032	3,493,212
Harnett County Sanitary Sewer Revolving Loan	March 2005	<u>15,000,000</u>	2.21%	May 2027	<u>8,250,000</u>
Total Business-Type Activities State Bond Loans		<u>\$ 36,108,581</u>			<u>\$ 17,008,976</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>\$ 1,270,000</u>
Total Business-Type Activities Special Obligation Bond Loans		<u>\$ 1,750,000</u>			<u>\$ 1,270,000</u>
Limited Obligation Bonds					
Enterprise Fund Limited					
Public Utilities Fund Series 2013	April 2013	<u>\$ 20,065,000</u>	2.00%-5.00%	June 2043	<u>\$ 18,095,000</u>
Total Business-Type Activities Special Obligation Bond Loans		<u>\$ 20,065,000</u>			<u>\$ 18,095,000</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Decreases</u>	<u>Deceased Refunded</u>	<u>June 30, 2016</u>	<u>Due in Less Than One Year</u>
Governmental Activities:						
Capitalized leases	\$ 25,574,147	\$ -	\$ 2,015,308	\$ -	\$ 23,558,839	\$ 2,041,952
Installment purchase agreements	130,875,519	39,218,000	10,267,392	29,212,931	130,613,196	11,618,574
Premium	1,662,268	-	135,625	-	1,526,643	135,625
Gross debt	158,111,934	39,218,000	12,418,325		155,698,678	13,796,151
Total debt	<u>158,111,934</u>	<u>39,218,000</u>	<u>12,418,325</u>	<u>29,212,931</u>	<u>155,698,678</u>	<u>13,796,151</u>
Other long-term liabilities:						
Compensated absences	2,465,460	1,545,650	1,793,035	-	2,218,075	1,663,556
Law Enforcement Officers' Special Separation Allowance	801,021	215,441	135,371	-	881,091	-
Net Pension (LIGERS)	-	2,312,730	-	-	2,312,730	-
Other post-employment benefits	8,621,912	1,980,274	604,455	-	9,997,731	-
Total	<u>\$ 170,000,327</u>	<u>\$ 45,272,095</u>	<u>\$ 14,951,186</u>	<u>\$ 29,212,931</u>	<u>\$ 171,108,305</u>	<u>\$ 15,459,707</u>

Capital leases were restated by \$20,486,004 due to a capital lease entered into by Harnett County in previous years.

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2016</u>	<u>Due in Less Than One Year</u>
Water and Sewer Fund:					
Installment purchase agreements	\$ 1,129,581	\$ -	\$ 632,270	\$ 497,311	\$ 70,860
Limited obligation bonds	18,900,000	-	805,000	18,095,000	755,000
Premium	1,318,152	-	66,500	1,251,652	66,500
General obligations	13,399,000	-	594,000	12,805,000	965,000
Revenue bonds	11,973,000	-	755,000	11,218,000	800,000
State bond loans	19,603,906	-	2,594,930	17,008,976	1,278,077
Gross debt	66,323,639	-	5,447,700	60,875,939	3,935,437
Total debt	<u>66,323,639</u>	<u>-</u>	<u>5,447,700</u>	<u>60,875,939</u>	<u>3,935,437</u>
Other long-term liabilities:					
Compensated absences	587,307	500,225	649,970	437,562	328,171
Net Pension (LIGERS)	-	353,712	-	353,712	-
Other post-employment benefits	1,361,889	284,690	96,105	1,550,474	-
Total	<u>\$ 68,272,835</u>	<u>\$ 1,138,627</u>	<u>\$ 6,193,775</u>	<u>\$ 63,217,687</u>	<u>\$ 4,263,608</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2016</u>	<u>Due in Less Than One Year</u>
Solid Waste Fund:					
Capitalized leases	\$ 483,097	\$ -	\$ 149,922	\$ 333,175	\$ 152,339
Installment purchase agreements	1,777,793	-	134,667	1,643,126	146,023
Premium	51,993	-	4,200	47,793	4,200
Special obligation bonds	<u>1,434,000</u>	<u>-</u>	<u>164,000</u>	<u>1,270,000</u>	<u>168,000</u>
Gross debt	3,746,883	-	452,789	3,294,094	470,562
Total debt	<u>3,746,883</u>	<u>-</u>	<u>452,789</u>	<u>3,294,094</u>	<u>470,562</u>
Other long-term liabilities:					
Accrued landfill closure and post-closure care costs	1,300,089	-	-	1,300,089	-
Compensated absences	67,874	20,450	33,355	54,969	41,227
Net Pension (LGERS)	-	54,417	-	54,417	-
Other post-employment benefits	<u>173,102</u>	<u>43,262</u>	<u>44,800</u>	<u>171,564</u>	<u>-</u>
Total	<u>\$ 5,287,948</u>	<u>\$ 118,129</u>	<u>\$ 530,944</u>	<u>\$ 4,875,133</u>	<u>\$ 511,789</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The following is a summary of the future maturities for the long-term obligations for the year ended June 30, 2016:

	<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 :								
2017	\$ 11,618,574	\$ 3,757,001	\$ -	\$ -	\$ 2,041,952	\$ 90,612	\$ -	\$ -
2018	10,327,423	3,384,514	-	-	2,068,970	77,567	-	-
2019	10,242,813	3,144,425	-	-	1,963,992	62,675	-	-
2020	10,970,626	2,926,642	-	-	783,640	57,536	-	-
2021	9,664,359	2,712,558	-	-	797,354	58,543	-	-
2022-2026	43,177,268	10,600,933	-	-	4,201,023	308,448	-	-
2027-2031	22,264,752	7,290,444	-	-	4,581,705	336,398	-	-
2032-2036	12,347,381	6,143,379	-	-	4,996,883	366,882	-	-
2037-2038	-	-	-	-	2,123,320	155,898	-	-
Total governmental activities	<u>130,613,196</u>	<u>39,959,895</u>	<u>-</u>	<u>-</u>	<u>23,558,839</u>	<u>1,514,559</u>	<u>-</u>	<u>-</u>
	<u>Installment Purchase</u>		<u>General Obligation Bonds</u>		<u>Capitalized Leases</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Business-Type Activities :								
2017	216,883	54,332	965,000	-	152,339	4,217	800,000	295,916
2018	211,479	46,810	986,000	-	154,795	1,761	833,000	263,575
2019	209,085	40,559	1,003,000	-	26,041	52	855,000	242,500
2020	205,560	35,325	1,033,000	-	-	-	875,000	220,869
2021	202,753	30,171	1,049,000	-	-	-	896,000	198,732
2022-2026	846,998	79,444	1,553,800	-	-	-	4,844,000	641,153
2027-2031	247,679	6,200	1,553,800	-	-	-	2,115,000	80,555
2032-2036	-	-	1,553,800	-	-	-	-	-
2037-2041	-	-	1,553,800	-	-	-	-	-
2042-2046	-	-	1,553,800	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-
Total business-type activities	<u>2,140,437</u>	<u>292,842</u>	<u>12,805,000</u>	<u>-</u>	<u>333,175</u>	<u>6,030</u>	<u>11,218,000</u>	<u>1,943,300</u>
Total government	<u>\$ 132,753,633</u>	<u>\$ 40,252,737</u>	<u>\$ 12,805,000</u>	<u>\$ -</u>	<u>\$ 23,892,014</u>	<u>\$ 1,520,589</u>	<u>\$ 11,218,000</u>	<u>\$ 1,943,300</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	Limited Obligation Bonds		Special Obligation Bonds		State Bond Loan		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:								
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,660,526	\$ 3,847,613
2018	-	-	-	-	-	-	12,396,393	3,462,081
2019	-	-	-	-	-	-	12,206,805	3,207,100
2020	-	-	-	-	-	-	11,754,266	2,984,178
2021	-	-	-	-	-	-	10,461,713	2,771,101
2022-2026	-	-	-	-	-	-	47,378,291	10,909,381
2027-2031	-	-	-	-	-	-	26,846,457	7,626,842
2032-2035	-	-	-	-	-	-	17,344,264	6,510,261
	-	-	-	-	-	-	2,123,320	155,898
Total governmental activities	-	-	-	-	-	-	154,172,035	41,474,454
	Limited Obligation Bonds		Special Obligation Bonds		State Bond Loan		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Business-Type Activities:								
2017	755,000	688,900	168,000	31,623	1,278,077	388,736	4,335,299	1,463,724
2018	770,000	666,250	173,000	27,440	1,278,077	359,748	4,406,351	1,365,584
2019	780,000	643,150	177,000	23,132	1,278,077	330,759	4,328,203	1,280,152
2020	805,000	611,950	181,000	18,725	1,278,077	301,770	4,377,637	1,188,640
2022	815,000	577,450	186,000	14,218	1,278,077	272,782	4,426,830	1,093,353
2022-2026	4,450,000	2,291,800	385,000	14,442	6,390,384	929,077	18,470,181	3,955,915
2027-2031	3,595,000	1,414,350	-	-	3,390,384	303,584	10,901,863	1,804,689
2032-2036	2,675,000	897,088	-	-	837,824	27,660	5,066,624	924,748
2037-2041	2,455,000	453,125	-	-	-	-	4,008,800	453,125
2042-2046	995,000	54,375	-	-	-	-	2,548,800	54,375
2047-2051	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-
Total business-type activities	18,095,000	8,298,438	1,270,000	129,580	17,008,976	2,914,115	62,870,588	13,584,305
Total government	\$ 18,095,000	\$ 8,298,438	\$ 1,270,000	\$ 129,580	\$ 17,008,976	\$ 2,914,115	\$ 217,042,623	\$ 55,058,759

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, 2016, such statutory limit for the County was \$652,070,016 providing a legal debt margin of approximately \$483,458,748.

As of June 30, 2016, the County was in compliance with covenants associated with its debt.

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

In prior years, the County has defeased various 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, 2016, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted to \$29,212,931.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

On April 15, 2016, the County issued \$31,080,000 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 \$28,075,000 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 \$2,005,000. 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 \$1,656,277 and resulted in an economic gain of \$1,441,597.

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$23,908,000 in enterprise system revenue bonds issued May 2007 and May 2015. 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. Annual principal and interest payments on the bonds are expected to require less than 6% of net revenues. The total principal and interest remaining to be paid on the bonds is \$13,161,300. Principal and interest paid for the current year and total customer revenues were \$1,094,528 and \$34,466,531, respectively.

Revenue Bonds

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

\$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>\$ 10,553,000</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>665,000</u>
Total	<u><u>\$ 11,218,000</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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 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, 2016, is as follows:

Operating revenues	\$ 34,466,531
Operations and maintenance expenses	<u>(18,278,264)</u>
Operating income before depreciation & amortization	16,188,267
Depreciation and amortization expense	<u>(9,327,622)</u>
Operating income	6,860,645
Non-operating revenues	2,105
Non-operating expenses	<u>(3,570,546)</u>
Net income	<u>\$ 3,292,204</u>
Determination of income available for debt service	
Net income	\$ 3,292,204
Adjustments:	
Bond interest expense	3,570,546
Bond service expense	<u>5,381,200</u>
Income available for debt service	12,243,950
20% of unrestricted net assets	<u>8,345,510</u>
Income available for debt service plus 20% of unrestricted net assets	<u>\$ 20,589,460</u>
Debt service requirements and coverage	
Parity debt service:	
Revenue bonds	<u>\$ 1,094,528</u>
Debt service coverage - Parity indebtedness	18.811
Revenue bond covenant requirement	1.200
Other indebtedness:	
Installment purchases	\$ 724,394
GO bonds	1,307,050
State bond loans	<u>2,280,392</u>
Debt service coverage - sum of parity and system GO indebtedness	4.775
Revenue bond covenant requirement	1.000

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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, 2016

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 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, 2016, was 7.15% of compensation for law enforcement officers and 6.77% 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 \$2,405,538 for the year ended June 30, 2016.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with 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, 2016, the County reported a liability of \$2,720,859 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was 0.60626%, which was a decrease of 0.00733% from its proportion measure as of June 30, 2014.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

For the year ended June 30, 2016, the County recognized pension expense of \$1,457,942. At June 30, 2016, 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	\$ -	\$ 639,556
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	774,620
Changes in proportion and differences between County contributions and proportionate share of contributions	28,371	106,045
County contributions subsequent to the measurement date	<u>2,405,538</u>	<u>-</u>
Total	<u>\$ 2,433,909</u>	<u>\$ 1,520,221</u>

\$2,405,538 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (920,839)
2018	(920,839)
2019	(919,955)
2020	1,269,783
Thereafter	-
Total	<u>\$ (1,491,850)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary 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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	<u>6.0%</u>	3.4%
Total	<u>100.0%</u>	

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

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 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 Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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%	Discount	1%
	Decrease	Rate	Increase
	(6.25%)	(7.25%)	(8.25%)
	<u> </u>	<u> </u>	<u> </u>
County's proportionate share of the net pension liability (asset)	<u>\$ 18,972,929</u>	<u>\$ 2,720,859</u>	<u>\$ (10,971,150)</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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

Retirees receiving benefits	11
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>122</u>
Total	<u><u>133</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. 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, 2016 was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5 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, 2014, was 16 years.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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	\$ 245,781
Interest on net pension obligation	40,051
Adjustment to annual required contribution	<u>(70,391)</u>
Annual pension cost	215,441
Contributions made	<u>135,371</u>
Increase in net pension obligation	80,070
Net pension obligation:	
Beginning of year - July 1	<u>801,021</u>
End of year - June 30	<u><u>\$ 881,091</u></u>

Three-Year Trend Information

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u> <u>End of Year</u>
2014	\$ 167,628	70.57%	\$ 722,578
2015	211,106	62.84%	801,021
2016	215,441	62.83%	881,091

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$2,409,096. The covered payroll (annual payroll of active employees covered by the plan) was \$5,599,863, and the ratio of the UAAL to the covered payroll was 43.02%.

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Section 401 (k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month, an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$358,354 which consisted of \$272,451 from the County and \$85,903 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 match the employee's contribution up to 2%. 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, 2016 were \$1,153,517 which consisted of \$412,233 from the County and \$741,284 from employee contributions.

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, 2016

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 \$9,920 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$288,855 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was 1.24646%, which was an increase of 0.028450% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(4,243). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,414	\$ 4,782
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	14,326	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,826	4,444
County contributions subsequent to the measurement date	9,920	-
Total	\$ 30,486	\$ 9,226

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

\$9,920 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, 2017. 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
2017	\$ 4,493
2018	333
2019	2,648
2020	3,866
Thereafter	-
Total	<u>\$ 11,340</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.2%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 5.75%, 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)	\$ (260,610)	\$ (288,855)	\$ (313,161)

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.

J. 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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, the County made payments for post-retirement health benefit premiums of \$745,360. The current annual required contribution (ARC) rate is 6.63 percent of annual covered payroll.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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	\$	2,290,070
Interest on net pension obligation		355,185
Adjustment to annual required contribution		<u>(337,029)</u>
Annual OPEB cost		2,308,226
Contributions made		<u>745,360</u>
Increase in net OPEB obligation		1,562,866
Net OPEB obligation, beginning of year		<u>10,156,903</u>
Net OPEB obligation, end of year	\$	<u><u>11,719,769</u></u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Pension Obligation
<u>June 30</u>	<u>Cost</u>	<u>Cost Contributed</u>	<u>Obligation</u>
2014	\$ 1,835,452	27.86%	\$ 8,779,658
2015	1,892,483	27.23%	10,156,903
2016	2,308,226	32.29%	11,719,769

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as 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.

K. 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. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. 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. The County considers these contributions to be immaterial.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

- A. 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, 2016 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 2016. Actual costs may be higher due to inflation, changes in technology, changes in regulations, or changes in landfill capacity.

M. Commitment and Contingencies

The County had commitments under uncompleted construction contracts in the enterprise funds totaling \$8,175,232 and in the governmental funds totaling \$4,727,765 at June 30, 2016.

N. 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.

O. Claims and Judgments

At June 30, 2016, 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.

P. 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, 2016

Q. Interfund Balances and Activities

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

The Article 46 Sales Tax Fund for the purchase of land	\$	240,000
The Airport Capital Reserve Fund for the County's contribution to the fund		<u>43,334</u>
Total transfers out from the General Fund		<u>283,334</u>
The General Fund from the AMPI Unrecoverable to to reimburse for costs and close the fund		7,500
QSCB 2012 Projects from the Highland Middle Project to track additional school renovations		<u>916,957</u>
Total transfers out from nonmajor governmental funds		<u>924,457</u>
From Public Utilities to the following funds:		
Northeast Metro W&S District to cover debt		10,179
South Central W&S District to cover debt		753,734
West Central W&S District to cover debt		55,038
Northwest W&S District		32,900
Southwest W&S District to cover debt		107,609
Bunnlevel/Riverside W&S District to cover debtW&S District to cover debt		1,188
Southeast W&S District to cover debt		35,038
East Central W&S District to cover debt		96,863
Riverside W&S District to cover debt		<u>35,825</u>
Total transfers out from Public Utilities Fund		<u>1,128,374</u>
From the following Capital Projects to the Public Utilities and Solid Waste to close the projects:		
Fort Bragg Water & Wastewater Project for the County's share of project cost		450,000
Southwest NTA/Cameron Hill to close out project		312,196
Dunn Erwin Corrective Plan		917
Campbell Osteopathic to close out project		<u>8,288</u>
		<u>771,401</u>
Total transfers out from the Enterprise Funds		<u>1,899,775</u>
Total	\$	<u><u>3,107,566</u></u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Interfund balances at June 30, 2016 consist of the following:

Due to the General Fund from:

Nonmajor Governmental Funds:

WIA Youth Program Fund for short term cash	\$	60,229
Highlands Middle School to supplement other funding sources		100,050
Single Family to supplement other funding sources		72,471
QSCB 2012 Project Fund to supplement other funding sources		<u>288,314</u>
Total due to the General Fund	\$	<u><u>521,064</u></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.

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.

R. 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, 2016. 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, 2016. 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 \$993,967 to the community college for operating purposes during the fiscal year ended June 30, 2016. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2016. Complete financial statements for the community college may be obtained from the 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 \$508,983 to the Authority during the fiscal year ended June 30, 2016.

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, 2016. 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.

S. 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 \$30,989 to the Council during fiscal year ended June 30, 2016.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

T. 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	\$ 90,351,524	\$ 48,518,081
State Children's Health Insurance Program	1,756,962	554,889
Temporary Assistance for Needy Families	423,046	(29)
Special Assistance to Adults	-	863,786
Low Income Home Energy Assistance	307,900	-
Child Welfare Services - Adoption Subsidy	-	365,296
Title IV-E Adoption Subsidy	791,855	203,493
Special Supplemental Food Program for Women, Infants and Children	<u>2,685,776</u>	<u>-</u>
Total	<u>\$ 96,317,063</u>	<u>\$ 50,505,516</u>

U. Prior Period Adjustment

Fund balance for the Emergency Telephone System special revenue fund and Radio Upgrade capital project fund have been restated by \$211,185 to move expenditures to the proper funds for expenditures allowed/disallowed for the Emergency Management fund. A restatement was also made for capital assets and long term debt for a capital lease entered into in prior years. Capital assets were restated by \$20,486,509 and long term debt was restated by \$20,486,004.

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, 2016

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)
12/31/2004	\$ -	\$ 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%
12/31/2015	-	2,409,096	2,409,096	0.00%	5,599,863	43.02%

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	12/31/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	3.57%
Projected salary increases	3.50% to 7.35%
Includes inflation at	3.00%
Cost of living adjustments	N/A

HARNETT COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

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 Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
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%
2016	2,290,070	745,360	33%

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 THREE FISCAL YEARS*****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Harnett County's proportion of the net pension liability (asset) (%)	0.60626%	0.61359%	0.60720%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ 2,720,859	\$ (3,618,622)	\$ 7,319,092
Harnett County's covered-employee payroll	\$ 33,805,772	\$ 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	8.05%	(10.74%)	23.33%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

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

** 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 THREE FISCAL YEARS****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,405,538	\$ 2,408,212	\$ 2,392,465
Contributions in relation to the contractually required contribution	<u>2,405,538</u>	<u>2,408,212</u>	<u>2,392,465</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Harnett County's covered-employee payroll	\$ 35,357,790	\$ 33,805,772	\$ 33,682,244
Contributions as a percentage of covered-employee payroll	6.80%	7.12%	7.10%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Harnett County's proportion of the net pension liability (asset) (%)	1.24646%	1.21801%	1.27830%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ (288,855)	\$ (276,087)	\$ (273,045)
Harnett County's covered-employee payroll	\$ 79,000	\$ 79,000	\$ 79,000
Harnett County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-365.64%	-349.48%	-345.63%
Plan fiduciary net position as a percentage of the total pension liability**	197.29%	193.88%	190.50%

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

** 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 THREE FISCAL YEARS****REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,920	\$ 9,974	\$ 9,945
Contributions in relation to the contractually required contribution	<u>9,920</u>	<u>9,974</u>	<u>9,945</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Harnett County's covered-employee payroll	\$ 79,000	\$ 79,000	\$ 79,000
Contributions as a percentage of covered-employee payroll	12.56%	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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over /Under	2015
	Budget	Actual		Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 59,546,816	\$ 61,038,158	\$ 1,491,342	\$ 59,158,921
Penalties and interest	510,000	234,971	(275,029)	483,927
Total	60,056,816	61,273,129	1,216,313	59,642,848
Other Taxes and Licenses:				
Local option sales tax	17,493,780	19,279,814	1,786,034	16,757,810
Cable franchise license	200,000	197,107	(2,893)	204,052
Occupancy taxes	575,000	554,405	(20,595)	437,316
Excise stamp - real property	425,000	468,981	43,981	412,126
Total	18,693,780	20,500,307	1,806,527	17,811,304
Unrestricted Intergovernmental:				
ABC Boards	14,000	19,919	5,919	17,031
Controlled substance	15,000	13,557	(1,443)	42,213
Civil license revenue	8,500	8,189	(311)	8,270
Total	37,500	41,665	4,165	67,514
Restricted Intergovernmental:				
Federal and State grants	20,063,942	20,894,042	830,100	18,683,614
Court facility fees	480,000	416,526	(63,474)	458,603
Total	20,543,942	21,310,568	766,626	19,142,217
Permits and Fees:				
Filing and registration fees	127,000	130,656	3,656	105,679
Dog warden fees	89,000	67,659	(21,341)	77,407
Register of Deeds' fees	662,500	594,353	(68,147)	563,723
Inspection fees	1,217,450	1,043,094	(174,356)	1,275,909
Planning fees	117,305	117,775	470	131,261
Other fees	534,726	302,359	(232,367)	362,089
Total	2,747,981	2,255,896	(492,085)	2,516,068
Sales and Services:				
Rents, concessions, and fees	113,163	131,109	17,946	109,182
Court costs and fees	230,000	208,216	(21,784)	213,548
Jail fees	25,000	36,888	11,888	26,997
Ambulance fees	5,793,219	6,066,945	273,726	5,055,217
Library fees	21,500	22,071	571	16,681
Health fees	2,921,764	2,323,523	(598,241)	1,938,743
Total	9,104,646	8,788,752	(315,894)	7,360,368

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over /Under	2015
	Budget	Actual		Actual
Investment Earnings	<u>5,000</u>	<u>97,737</u>	<u>92,737</u>	<u>9,027</u>
Other General Revenues:				
Sale of assets	50,000	24,858	(25,142)	642,466
Miscellaneous revenues	3,487,236	3,235,112	(252,124)	3,117,086
Donations	<u>202,031</u>	<u>203,933</u>	<u>1,902</u>	<u>178,865</u>
Total	<u>3,739,267</u>	<u>3,463,903</u>	<u>(275,364)</u>	<u>3,938,417</u>
Total revenues	<u>114,928,932</u>	<u>117,731,957</u>	<u>2,803,025</u>	<u>110,487,763</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	85,543	103,688		69,954
Other operating expenditures	<u>193,795</u>	<u>104,669</u>		<u>88,116</u>
Total	<u>279,338</u>	<u>208,357</u>	<u>70,981</u>	<u>158,070</u>
Administration:				
Salaries and employee benefits	278,648	275,724		264,488
Other operating expenditures	<u>28,900</u>	<u>24,114</u>		<u>19,907</u>
Total	<u>307,548</u>	<u>299,838</u>	<u>7,710</u>	<u>284,395</u>
Legal Services:				
Salaries and employee benefits	18,289	41,012		(22,755)
Other operating expenditures	<u>47,050</u>	<u>7,455</u>		<u>29,652</u>
Total	<u>65,339</u>	<u>48,467</u>	<u>16,872</u>	<u>6,897</u>
Human Resources:				
Salaries and employee benefits	180,649	165,259		202,435
Other operating expenditures	<u>58,000</u>	<u>39,903</u>		<u>44,719</u>
Total	<u>238,649</u>	<u>205,162</u>	<u>33,487</u>	<u>247,154</u>
Board of Elections:				
Salaries and employee benefits	309,612	279,189		216,642
Other operating expenditures	<u>137,837</u>	<u>107,009</u>		<u>93,217</u>
Total	<u>447,449</u>	<u>386,198</u>	<u>61,251</u>	<u>309,859</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over /Under	2015
	Budget	Actual		Actual
Finance:				
Salaries and employee benefits	634,698	645,915		647,837
Other operating expenditures	256,142	221,811		181,317
Total	890,840	867,726	23,114	829,154
Facility Fees:				
Other operating expenditures	411,771	81,438		79,320
Total	411,771	81,438	330,333	79,320
IT:				
Salaries and employee benefits	841,878	784,592		771,701
Other operating expenditures	1,075,977	1,003,142		954,809
Total	1,917,855	1,787,734	130,121	1,726,510
Tax:				
Salaries and employee benefits	472,899	381,125		389,547
Other operating expenditures	1,268,035	1,266,536		1,197,139
Total	1,740,934	1,647,661	93,273	1,586,686
Register of Deeds:				
Salaries and employee benefits	568,843	570,564		510,490
Other operating expenditures	223,825	189,171		185,164
Total	792,668	759,735	32,933	695,654
Public Buildings:				
Salaries and employee benefits	656,584	654,249		658,102
Other operating expenditures	2,307,594	2,228,395		3,030,334
Capital outlay	-	-		48,352
Total	2,964,178	2,882,644	81,534	3,736,788
General Services:				
Salaries and employee benefits	319,022	312,099		311,135
Other operating expenditures	422,800	389,323		434,595
Capital outlay	-	-		10,732
Total	741,822	701,422	40,400	756,462
Transportation:				
Salaries and employee benefits	736,640	664,828		547,196
Other operating expenditures	1,138,992	858,322		292,290
Total	1,875,632	1,523,150	352,482	839,486

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>2016</u>		<u>Variance Over /Under</u>	<u>2015</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
GIS:				
Salaries and employee benefits	566,800	550,193		403,668
Other operating expenditures	49,187	30,916		32,934
Total	<u>615,987</u>	<u>581,109</u>	34,878	<u>436,602</u>
Total general government	<u>13,290,010</u>	<u>11,980,641</u>	1,309,369	<u>11,693,037</u>
Public Safety:				
Sheriff:				
Salaries and employee benefits	8,814,581	8,637,257		8,570,528
Other operating expenditures	1,594,025	1,237,526		1,209,936
Capital outlay	485,803	485,255		424,902
Total	<u>10,894,409</u>	<u>10,360,038</u>	534,371	<u>10,205,366</u>
Campbell Campus Deputies:				
Salaries and employee benefits	430,316	427,079		367,536
Other operating expenditures	50,584	15,544		22,138
Total	<u>480,900</u>	<u>442,623</u>	38,277	<u>389,674</u>
Sheriff Department Grants:				
Other operating expenditures	46,161	26,924		1,607
Total	<u>46,161</u>	<u>26,924</u>	19,237	<u>1,607</u>
Communications:				
Salaries and employee benefits	1,541,228	1,478,169		1,244,968
Other operating expenditures	160,300	145,922		144,606
Total	<u>1,701,528</u>	<u>1,624,091</u>	77,437	<u>1,389,574</u>
Jail:				
Salaries and employee benefits	3,211,156	3,117,658		3,008,290
Other operating expenditures	1,601,143	1,433,807		1,398,871
Total	<u>4,812,299</u>	<u>4,551,465</u>	260,834	<u>4,407,161</u>
Child Support Enforcement:				
Salaries and employee benefits	66,167	65,953		67,286
Other operating expenditures	10,700	700		2,840
Total	<u>76,867</u>	<u>66,653</u>	10,214	<u>70,126</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over /Under	2015
	Budget	Actual		Actual
Emergency Services:				
Salaries and employee benefits	579,112	602,984		610,283
Other operating expenditures	243,739	127,755		122,160
Capital outlay	-	-		32,721
Total	822,851	730,739	92,112	765,164
Emergency Medical Services:				
Salaries and employee benefits	3,832,474	3,796,232		3,652,342
Other operating expenditures	573,592	495,679		392,334
Capital outlay	123,000	121,828		35,102
Total	4,529,066	4,413,739	115,327	4,079,778
Emergency Medical Transport:				
Salaries and employee benefits	1,099,963	1,062,843		993,172
Other operating expenditures	106,152	89,633		105,987
Capital outlay	-	-		46,632
Total	1,206,115	1,152,476	53,639	1,145,791
Emergency Telephone System:				
Salaries and employee benefits	-	-		174,898
Other operating expenditures	-	-		308,285
Total	-	-	-	483,183
Rescue Districts:				
Other operating expenditures	3,361,704	3,361,704	-	3,361,704
Medical Examiner:				
Other operating expenditures	95,000	89,900	5,100	47,050
Public Safety Appropriations:				
Other operating expenditures	81,328	78,794		83,696
Total	81,328	78,794	2,534	83,696
Emergency Services Grant:				
Other operating expenditures	60,000	-		-
Total	60,000	-	60,000	-

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over /Under	2015
	Budget	Actual		Actual
Animal Control:				
Salaries and employee benefits	360,121	355,066		330,719
Other operating expenditures	138,292	83,509		77,902
Capital outlay	-	-		23,086
Total	498,413	438,575	59,838	431,707
Total public safety	28,666,641	27,337,721	1,328,920	26,861,581
Transportation Administration:				
Airport:				
Other operating expenditures	219,108	194,529	24,579	209,741
Transportation:				
Airport:				
Other operating expenditures	209,736	198,422	11,314	208,990
Total transportation	428,844	392,951	35,893	418,731
Environmental Protection:				
Soil and Water:				
Salaries and employee benefits	174,973	172,343		154,496
Other operating expenditures	10,010	6,393		7,305
Capital outlay	8,000	-		-
Total	192,983	178,736	14,247	161,801
Environmental Protection Allocation:				
Salaries and employee benefits				
Other operating expenditures	4,000	4,000		4,000
Total	4,000	4,000	-	4,000
Total environmental protection	196,983	182,736	14,247	165,801
Economic and Physical Development:				
Planning and Inspections:				
Salaries and employee benefits	1,248,013	1,248,976		1,233,553
Other operating expenditures	117,451	61,076		84,002
Capital outlay	-	-		45,732
Total	1,365,464	1,310,052	55,412	1,363,287

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over /Under	2015
	Budget	Actual		Actual
Economic Development:				
Salaries and employee benefits	95,590	95,341		95,790
Other operating expenditures	579,152	341,217		1,286,556
Total	674,742	436,558	238,184	1,382,346
Cooperative Extension:				
Salaries and employee benefits	421,784	346,068		325,969
Other operating expenditures	225,517	211,572		159,208
Capital outlay	23,417	23,251		-
Total	670,718	580,891	89,827	485,177
Abandoned Manufactured Homes:				
Salaries and employee benefits	36,425	32,171		57,241
Total	36,425	32,171	4,254	57,241
Forestry Program:				
Operating expenditures	111,511	101,648	9,863	112,289
Economic and Physical Development:				
Appropriations:				
Operating expenditures	576,000	509,983	66,017	458,253
Total economic and physical development	3,434,860	2,971,303	463,557	3,858,593
Human Services:				
Health:				
Salaries and employee benefits	4,898,826	4,287,788		4,192,818
Other operating expenditures	2,438,749	1,787,973		1,821,450
Capital outlay	8,000	7,117		-
Total	7,345,575	6,082,878	1,262,697	6,014,268
Social Services:				
Salaries and employee benefits	9,599,854	9,447,276		9,136,546
Other operating expenditures	780,180	707,858		696,357
Capital outlay	205,344	169,808		322,495
Total	10,585,378	10,324,942	260,436	10,155,398
Restitution:				
Salaries and employee benefits	95,716	88,298		82,927
Operating expenditures	24,192	15,024		17,377
Total	119,908	103,322	16,586	100,304

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over /Under	2015
	Budget	Actual		Actual
Veterans Services:				
Salaries and employee benefits	169,190	167,629		171,426
Other operating expenditures	17,406	12,770		7,208
Total	186,596	180,399	6,197	178,634
Department on Aging:				
Salaries and employee benefits	135,949	135,394		135,564
Other operating expenditures	182,411	179,850		172,091
Total	318,360	315,244	3,116	307,655
Nutrition:				
Salaries and employee benefits	59,639	59,444		59,902
Other operating expenditures	378,281	372,893		355,087
Total	437,920	432,337	5,583	414,989
Community Alternatives Program:				
Salaries and employee benefits	277,581	268,016		278,165
Other operating expenditures	100,747	61,405		50,588
Total	378,328	329,421	48,907	328,753
Mental Health:				
Other operating expenditures	605,679	605,679		605,679
Total	605,679	605,679	-	605,679
RSVP:				
Salaries and employee benefits	63,425	63,227		64,339
Other operating expenditures	14,865	14,284		13,319
Total	78,290	77,511	779	77,658
Family Caregivers Grant:				
Salaries and employee benefits	50,794	49,958		49,543
Other operating expenditures	14,008	11,206		14,512
Total	64,802	61,164	3,638	64,055
Human Services Appropriations:				
Other operating expenditures	145,000	136,805		90,780
Total	145,000	136,805	8,195	90,780

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over /Under	2015
	Budget	Actual		Actual
Public Assistance:				
TANF	5,000	-		-
Aid to the aged and blind	950,000	863,786		835,853
Medicaid	30,000	3,793		4,083
Aid to the blind	6,000	3,984		4,103
County assistance	147,734	140,242		2,365
CP&L Project SHARE	6,501	6,098		7,153
Crisis intervention	508,003	507,288		425,224
Adoption Assistance - IV-B	130,000	110,267		139,970
Adoption IV-B vendor	40,000	20,475		25,881
Adoption IV-E vendor	20,000	2,870		10,790
Adoption assistance -IV- E	280,000	201,715		252,161
Foster care - other	3,000	3,159		2,180
Title IV-E - foster care	480,000	449,539		520,139
Foster care County payments	5,000	295		1,190
State foster home care	730,000	755,741		474,874
Special services - foster care	33,000	11,090		13,877
Vendor transportation	825,000	752,452		560,787
Independent living - foster care	9,000	7,814		6,735
Day care	5,225,553	5,030,121		4,141,167
All County clothing allowance	15,000	12,475		13,250
Professional services	20,000	16,997		5,953
WorkFirst - emergency cash	5,000	4,806		4,999
WorkFirst	53,000	42,882		39,421
Contracted services	28,105	20,648		18,802
Child support enforcement	50,750	37,054		29,094
LIEAP	508,078	308,300		323,700
Donations	14,704	7,521		1,148
Food stamp issuance	35,000	27,475		25,858
Special needs adoption	18,649	2,115		14,258
Total	<u>10,182,077</u>	<u>9,351,002</u>	<u>831,075</u>	<u>7,905,015</u>
Total human services	<u>30,447,913</u>	<u>28,000,704</u>	<u>2,447,209</u>	<u>26,243,188</u>
Cultural and Recreation:				
Parks and Recreation:				
Salaries and employee benefits	223,913	212,166		193,086
Other operating expenditures	232,015	222,839		210,785
Total	<u>455,928</u>	<u>435,005</u>	<u>20,923</u>	<u>403,871</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over /Under	2015
	Budget	Actual		Actual
Libraries:				
Salaries and benefits	728,418	658,547		671,631
Other operating expenditures	273,561	251,575		270,341
Total	1,001,979	910,122	91,857	941,972
Culture and Recreation Appropriations:				
Other operating expenditures	153,000	153,000	-	150,000
Total cultural and recreation	1,610,907	1,498,127	112,780	1,495,843
Education:				
CCCC campus	993,967	993,967		928,467
CCCC campus capital outlay	95,000	70,000		25,000
Public schools - current expenses	21,267,993	21,267,993		21,523,700
Public schools - capital outlay	280,707	280,707		-
Total education	22,637,667	22,612,667	25,000	22,477,167
Debt Service:				
Principal retirement	12,486,314	12,282,700		9,719,273
Interest and fees	5,122,602	5,013,153		5,575,501
Total debt service	17,608,916	17,295,853	313,063	15,294,774
Total expenditures	118,322,741	112,272,703	6,050,038	108,508,715
Revenues over (under) expenditures	(3,393,809)	5,459,254	8,853,063	1,979,048
Other Financing Sources (Uses):				
Transfer out	(283,334)	(283,334)	-	(64,701)
Transfer in	(1,356,456)	7,500	1,363,956	336,513
Long-term debt issued	37,018,000	37,018,000	-	29,094,839
Payment to escrow agent	(36,177,890)	(36,177,890)	-	(28,970,662)
Appropriated fund balance	4,193,489	-	(4,193,489)	-
Total other financing sources (uses)	3,393,809	564,276	(2,829,533)	395,989
Net change in fund balance	\$ -	6,023,530	\$ 6,023,530	2,375,037
Fund Balance:				
Beginning of year - July 1		33,673,076		31,298,039
End of year - June 30		\$ 39,696,606		\$ 33,673,076

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:

Article 44 *524 – accounts for the expanded sales tax article 44 *524

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

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

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.

Emergency Radio System Fund – accounts for revenues charged to towns and emergency units for the air time/radio use of Harnett County's 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.

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

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 Fund – 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.

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

NONMAJOR FUNDS – GOVERNMENTAL (continued)

Wings Over Harnett Fund – accounts for revenues that are derived from the airport event held each fiscal year.

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

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Assets:			
Cash and investments	\$ 4,283,659	\$ 331,789	\$ 4,615,448
Taxes receivable, net	105,663	-	105,663
Accounts receivable, net	1,419,975	203,322	1,623,297
Prepaid items	<u>4,212</u>	<u>-</u>	<u>4,212</u>
Cash and cash equivalents, restricted	<u>-</u>	<u>3,926,321</u>	<u>3,926,321</u>
 Total assets	 <u>\$ 5,813,509</u>	 <u>\$ 4,461,432</u>	 <u>\$ 10,274,941</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 494,090	\$ 11,947	\$ 506,037
Due to other funds	<u>60,229</u>	<u>460,835</u>	<u>521,064</u>
Total liabilities	<u>554,319</u>	<u>472,782</u>	<u>1,027,101</u>
Deferred Inflows of Resources:			
Property tax receivable	<u>105,663</u>	<u>-</u>	<u>105,663</u>
Total deferred inflows of resources	<u>105,663</u>	<u>-</u>	<u>105,663</u>
Fund Balances:			
Non-spendable:			
Prepaid items	4,212	-	4,212
Restricted for stabilization for State statute	1,419,975	203,322	1,623,297
Restricted for Register of Deeds	166,172	-	166,172
Restricted for general government	8,987	1,505,237	1,514,224
Restricted for education	-	2,430,417	2,430,417
Restricted for public safety	1,666,211	194,011	1,860,222
Committed	-	122,485	122,485
Assigned	2,316,903	-	2,316,903
Unassigned	<u>(428,933)</u>	<u>(466,822)</u>	<u>(895,755)</u>
Total fund balances	<u>5,153,527</u>	<u>3,988,650</u>	<u>9,142,177</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 5,813,509</u>	 <u>\$ 4,461,432</u>	 <u>\$ 10,274,941</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Revenues:			
Ad valorem taxes	\$ 7,043,966	\$ -	\$ 7,043,966
Other taxes and licenses	3,558,390	-	3,558,390
Restricted intergovernmental	1,263,187	429,384	1,692,571
Permits and fees	1,210,928	-	1,210,928
Sales and services	75,000	-	75,000
Investment earnings	3,992	774	4,766
Miscellaneous	-	168,047	168,047
Total revenues	<u>13,155,463</u>	<u>598,205</u>	<u>13,753,668</u>
Expenditures:			
Current:			
General government	699,851	218,994	918,845
Public safety	9,330,325	-	9,330,325
Economic and physical development	27,010	293,199	320,209
Education	278,676	4,437,367	4,716,043
Total expenditures	<u>10,335,862</u>	<u>4,949,560</u>	<u>15,285,422</u>
Revenues over (under) expenditures	<u>2,819,601</u>	<u>(4,351,355)</u>	<u>(1,531,754)</u>
Other Financing Sources (Uses):			
Long-term debt issued	-	2,200,000	2,200,000
Transfers in	240,000	960,291	1,200,291
Transfers (out)	(7,500)	(916,957)	(924,457)
Total other financing sources (uses)	<u>232,500</u>	<u>2,243,334</u>	<u>2,475,834</u>
Net change in fund balances	<u>3,052,101</u>	<u>(2,108,021)</u>	<u>944,080</u>
Fund Balances:			
Beginning of year - July 1	2,312,611	5,885,486	8,198,097
Prior period adjustment	(211,185)	211,185	-
Beginning of year - restated	<u>2,101,426</u>	<u>6,096,671</u>	<u>8,198,097</u>
End of year - June 30	<u>\$ 5,153,527</u>	<u>\$ 3,988,650</u>	<u>\$ 9,142,177</u>

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HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Article 44 *524	Special Districts Fund	Article 46 Sales Tax	Law Enforcement Fund	Emergency Telephone System Fund	Emergency Radio System Fund	Automation Enhancement and Preservation Fund
Assets:							
Cash and investments	\$ -	\$ 106,726	\$ 2,257,452	\$ 18,659	\$ 737,984	\$ 198,691	\$ 166,172
Taxes receivable, net	-	105,663	-	-	-	-	-
Accounts receivable, net	321,027	424,086	535,237	-	58,336	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 321,027</u>	<u>\$ 636,475</u>	<u>\$ 2,792,689</u>	<u>\$ 18,659</u>	<u>\$ 796,320</u>	<u>\$ 198,691</u>	<u>\$ 166,172</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable	\$ -	\$ 453,867	\$ -	\$ 8,410	\$ 290	\$ 6,524	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>453,867</u>	<u>-</u>	<u>8,410</u>	<u>290</u>	<u>6,524</u>	<u>-</u>
Deferred Inflows of Resources:							
Property tax receivable	-	105,663	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>105,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Non-spendable							
Prepaid items	-	-	-	-	-	-	-
Restricted for stabilization for State statute	321,027	424,086	535,237	-	58,336	-	-
Restricted for Register of Deeds	-	-	-	-	-	-	166,172
Restricted for general government	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	737,694	192,167	-
Assigned	-	-	2,257,452	10,249	-	-	-
Unassigned	-	(347,141)	-	-	-	-	-
Total fund balances	<u>321,027</u>	<u>76,945</u>	<u>2,792,689</u>	<u>10,249</u>	<u>796,030</u>	<u>192,167</u>	<u>166,172</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 321,027</u>	<u>\$ 636,475</u>	<u>\$ 2,792,689</u>	<u>\$ 18,659</u>	<u>\$ 796,320</u>	<u>\$ 198,691</u>	<u>\$ 166,172</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Emergency Response Planning Fund	WIA Youth Program Fund	AMPI Unrecoverable Cost Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Wings Over Harnett Fund	Electronics Management Fund	Total
Assets:								
Cash and investments	\$ 50,275	\$ -	\$ -	\$ 736,350	\$ 2,363	\$ 2,489	\$ 6,498	\$ 4,283,659
Taxes receivable, net	-	-	-	-	-	-	-	105,663
Accounts receivable, net	-	81,289	-	-	-	-	-	1,419,975
Prepaid items	-	-	-	-	4,212	-	-	4,212
Total assets	<u>\$ 50,275</u>	<u>\$ 81,289</u>	<u>\$ -</u>	<u>\$ 736,350</u>	<u>\$ 6,575</u>	<u>\$ 2,489</u>	<u>\$ 6,498</u>	<u>\$ 5,813,509</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:								
Liabilities:								
Accounts payable	\$ 1,073	\$ 15,481	\$ -	\$ -	\$ 8,445	\$ -	\$ -	\$ 494,090
Due to other funds	-	60,229	-	-	-	-	-	60,229
Total liabilities	<u>1,073</u>	<u>75,710</u>	<u>-</u>	<u>-</u>	<u>8,445</u>	<u>-</u>	<u>-</u>	<u>554,319</u>
Deferred Inflows of Resources:								
Property tax receivable	-	-	-	-	-	-	-	105,663
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,663</u>
Fund Balances:								
Non-spendable								
Prepaid items	-	-	-	-	4,212	-	-	4,212
Restricted for stabilization for State statute	-	81,289	-	-	-	-	-	1,419,975
Restricted for Register of Deeds	-	-	-	-	-	-	-	166,172
Restricted for general government	-	-	-	-	-	2,489	6,498	8,987
Restricted for public safety	-	-	-	736,350	-	-	-	1,666,211
Assigned	49,202	-	-	-	-	-	-	2,316,903
Unassigned	-	(75,710)	-	-	(6,082)	-	-	(428,933)
Total fund balances	<u>49,202</u>	<u>5,579</u>	<u>-</u>	<u>736,350</u>	<u>(1,870)</u>	<u>2,489</u>	<u>6,498</u>	<u>5,153,527</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,275</u>	<u>\$ 81,289</u>	<u>\$ -</u>	<u>\$ 736,350</u>	<u>\$ 6,575</u>	<u>\$ 2,489</u>	<u>\$ 6,498</u>	<u>\$ 5,813,509</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, 2016

	Article 44 *524	Article 46 Sales Tax	Special Districts Fund	Law Enforcement Fund	Emergency Telephone System Fund	Emergency Radio System Fund	Automation Enhancement and Preservation Fund	Emergency Response Planning Fund
Revenues:								
Ad valorem taxes	\$ -	\$ -	\$ 7,043,966	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	321,027	1,916,430	1,320,933	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-	-
Permits and fees	-	-	-	90,289	700,030	348,303	61,223	-
Sales and services	-	-	-	-	-	-	-	75,000
Investment earnings	-	3,992	-	-	-	-	-	-
Total revenues	<u>321,027</u>	<u>1,920,422</u>	<u>8,364,899</u>	<u>90,289</u>	<u>700,030</u>	<u>348,303</u>	<u>61,223</u>	<u>75,000</u>
Expenditures:								
General government	-	-	-	-	-	-	80,526	-
Public safety	-	-	8,041,286	96,230	850,976	156,136	-	100,830
Health and human services	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-
Education	-	-	278,676	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>8,319,962</u>	<u>96,230</u>	<u>850,976</u>	<u>156,136</u>	<u>80,526</u>	<u>100,830</u>
		105,661						
Revenues over (under) expenditures	<u>321,027</u>	<u>1,920,422</u>	<u>44,937</u>	<u>(5,941)</u>	<u>(150,946)</u>	<u>192,167</u>	<u>(19,303)</u>	<u>(25,830)</u>
Other Financing Sources (Uses):								
Long-term debt issued	-	-	-	-	-	-	-	-
Loan expenditures (closing costs)	-	-	-	-	-	-	-	-
Transfers - Intrafund	-	-	-	-	-	-	-	-
Transfers in (out)	-	240,000	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>321,027</u>	<u>2,160,422</u>	<u>44,937</u>	<u>(5,941)</u>	<u>(150,946)</u>	<u>192,167</u>	<u>(19,303)</u>	<u>(25,830)</u>
Fund Balances:								
Beginning of year - July 1	-	632,267	32,008	16,190	1,158,161	-	185,475	75,032
Prior period adjustment	-	-	-	-	(211,185)	-	-	-
Beginning of year - restated	<u>-</u>	<u>632,267</u>	<u>32,008</u>	<u>16,190</u>	<u>946,976</u>	<u>-</u>	<u>185,475</u>	<u>75,032</u>
End of year - June 30	<u>\$ 321,027</u>	<u>\$ 2,792,689</u>	<u>\$ 76,945</u>	<u>\$ 10,249</u>	<u>\$ 796,030</u>	<u>\$ 192,167</u>	<u>\$ 166,172</u>	<u>\$ 49,202</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, 2016

	WIA Youth Program Fund	AMPI Unrecoverable Cost Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Wings Over Harnett Fund	Electronics Management Fund	Total
Revenues:							
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,043,966
Other taxes and licenses	-	-	-	-	-	-	3,558,390
Restricted intergovernmental	619,856	-	538,717	82,997	-	21,617	1,263,187
Permits and fees	-	-	-	-	11,083	-	1,210,928
Sales and services	-	-	-	-	-	-	75,000
Investment earnings	-	-	-	-	-	-	3,992
Total revenues	<u>619,856</u>	<u>-</u>	<u>538,717</u>	<u>82,997</u>	<u>11,083</u>	<u>21,617</u>	<u>13,155,463</u>
Expenditures:							
General government	619,325	-	-	-	-	-	699,851
Public safety	-	-	-	84,867	-	-	9,330,325
Health and human services	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	8,594	18,416	27,010
Education	-	-	-	-	-	-	278,676
Total expenditures	<u>619,325</u>	<u>-</u>	<u>-</u>	<u>84,867</u>	<u>8,594</u>	<u>18,416</u>	<u>10,335,862</u>
Revenues over (under) expenditures	<u>531</u>	<u>-</u>	<u>538,717</u>	<u>(1,870)</u>	<u>2,489</u>	<u>3,201</u>	<u>2,819,601</u>
Other Financing Sources (Uses):							
Long-term debt issued	-	-	-	-	-	-	-
Loan expenditures (closing costs)	-	-	-	-	-	-	-
Transfers - Intrafund	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	240,000
Transfers (out)	-	(7,500)	-	-	-	-	(7,500)
Total other financing sources (uses)	<u>-</u>	<u>(7,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,500</u>
Net change in fund balances	<u>531</u>	<u>(7,500)</u>	<u>538,717</u>	<u>(1,870)</u>	<u>2,489</u>	<u>3,201</u>	<u>3,052,101</u>
Fund Balances:							
Beginning of year - July 1	5,048	7,500	197,633	-	-	3,297	2,312,611
Prior period adjustment	-	-	-	-	-	-	(211,185)
Beginning of year - restated	<u>5,048</u>	<u>7,500</u>	<u>197,633</u>	<u>-</u>	<u>-</u>	<u>3,297</u>	<u>2,101,426</u>
End of year - June 30	<u>\$ 5,579</u>	<u>\$ -</u>	<u>\$ 736,350</u>	<u>\$ (1,870)</u>	<u>\$ 2,489</u>	<u>\$ 6,498</u>	<u>\$ 5,153,527</u>

HARNETT COUNTY, NORTH CAROLINA

ARTICLE 44 *524

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ -	\$ 321,027	\$ 321,027
Total revenues	<u>-</u>	<u>321,027</u>	<u>321,027</u>
 Net change in fund balance	 <u>\$ -</u>	 321,027	 <u>\$ 321,027</u>
 Fund Balance:			
Beginning of year - July 1		<u>-</u>	
 End of year - June 30		 <u>\$ 321,027</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Other taxes and licenses	\$ 1,540,000	\$ 1,916,430	\$ 376,430	\$ 1,747,585
Investment earnings	-	3,992	3,992	-
Total revenues	<u>1,540,000</u>	<u>1,920,422</u>	<u>380,422</u>	<u>1,747,585</u>
Revenues over (under) expenditures	<u>1,540,000</u>	<u>1,920,422</u>	<u>380,422</u>	<u>1,747,585</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>(1,540,000)</u>	<u>240,000</u>	<u>1,780,000</u>	<u>(1,540,000)</u>
Total other financing sources (uses)	<u>(1,540,000)</u>	<u>240,000</u>	<u>1,780,000</u>	<u>(1,540,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,160,422</u>	<u>\$ 2,160,422</u>	<u>207,585</u>
Fund Balance:				
Beginning of year - July 1		<u>632,267</u>		<u>424,682</u>
End of year - June 30		<u>\$ 2,792,689</u>		<u>\$ 632,267</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, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 7,869,823	\$ 7,043,966	\$ (825,857)	\$ 6,621,693
Other taxes and licenses	1,039,125	1,320,933	281,808	1,208,758
Total revenues	<u>8,908,948</u>	<u>8,364,899</u>	<u>(544,049)</u>	<u>7,830,451</u>
Expenditures:				
Public safety	8,612,077	8,041,286	570,791	7,569,512
Education	296,871	278,676	18,195	260,684
Total expenditures	<u>8,908,948</u>	<u>8,319,962</u>	<u>588,986</u>	<u>7,830,196</u>
Net change in fund balance	<u>\$ -</u>	44,937	<u>\$ 44,937</u>	255
Fund Balance:				
Beginning of year - July 1		<u>32,008</u>		<u>31,753</u>
End of year - June 30		<u>\$ 76,945</u>		<u>\$ 32,008</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, 2016

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

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ 150,000	\$ 90,289	\$ (59,711)	\$ 93,500
Total revenues	<u>150,000</u>	<u>90,289</u>	<u>(59,711)</u>	<u>93,500</u>
Expenditures:				
Public safety:				
Other expenditures	150,000	96,230	53,770	74,475
Total expenditures	<u>150,000</u>	<u>96,230</u>	<u>53,770</u>	<u>74,475</u>
Net change in fund balance	\$ <u>-</u>	(5,941)	\$ <u>(5,941)</u>	19,025
Fund Balance:				
Beginning of year - July 1		<u>16,190</u>		<u>(2,835)</u>
End of year - June 30		<u>\$ 10,249</u>		<u>\$ 16,190</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 700,030	\$ 700,030	\$ -	\$ 710,923
Miscellaneous	-	-	-	500,025
Investment earnings	400	-	(400)	-
Total revenues	<u>700,430</u>	<u>700,030</u>	<u>(400)</u>	<u>1,210,948</u>
Expenditures:				
Public safety:				
Operating expenditures	664,959	660,334	4,625	503,194
Capital outlay	405,028	190,642	214,386	282,366
Total expenditures	<u>1,069,987</u>	<u>850,976</u>	<u>219,011</u>	<u>785,560</u>
Revenues over (under) expenditures	<u>(369,557)</u>	<u>(150,946)</u>	<u>218,611</u>	<u>425,388</u>
Other Financing Sources (Uses):				
Appropriated fund balance	369,557	-	(369,557)	-
Total other financing sources (uses)	<u>369,557</u>	<u>-</u>	<u>(369,557)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(150,946)</u>	<u>\$ (150,946)</u>	<u>425,388</u>
Fund Balance:				
Beginning of year - July 1		1,158,161		<u>732,773</u>
Prior period adjustment		(211,185)		
Beginning of year - July 1 as restated		<u>946,976</u>		
End of year - June 30		<u>\$ 796,030</u>		<u>\$ 1,158,161</u>

HARNETT COUNTY, NORTH CAROLINA

**EMERGENCY RADIO SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Permits and fees	\$ 285,000	\$ 348,303	\$ 63,303
Total revenues	<u>285,000</u>	<u>348,303</u>	<u>63,303</u>
Expenditures:			
Public safety:			
Operating expenditures	207,887	156,136	51,751
Capital outlay	77,113	-	77,113
Total expenditures	<u>285,000</u>	<u>156,136</u>	<u>128,864</u>
Net change in fund balance	<u>\$ -</u>	192,167	<u>\$ 192,167</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 192,167</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, 2016**

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 75,000	\$ 61,223	\$ (13,777)	\$ 58,595
Total revenues	<u>75,000</u>	<u>61,223</u>	<u>(13,777)</u>	<u>58,595</u>
Expenditures:				
General government:				
Operating expenditures	<u>87,100</u>	<u>80,526</u>	<u>6,574</u>	<u>67,557</u>
Total expenditures	<u>87,100</u>	<u>80,526</u>	<u>6,574</u>	<u>67,557</u>
Revenues over (under) expenditures	<u>(12,100)</u>	<u>(19,303)</u>	<u>(7,203)</u>	<u>(8,962)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>12,100</u>	<u>-</u>	<u>(12,100)</u>	<u>-</u>
Total other financing sources (uses)	<u>12,100</u>	<u>-</u>	<u>(12,100)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(19,303)</u>	<u>\$ (19,303)</u>	<u>(8,962)</u>
Fund Balance:				
Beginning of year - July 1		<u>185,475</u>		<u>194,437</u>
End of year - June 30		<u>\$ 166,172</u>		<u>\$ 185,475</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Other general revenues	\$ 76,430	\$ 75,000	\$ (1,430)	\$ 75,000
Total revenues	<u>76,430</u>	<u>75,000</u>	<u>(1,430)</u>	<u>75,000</u>
Expenditures:				
Public safety:				
Salaries and fringe benefits	30,781	29,231	1,550	30,114
Other operating expenditures	83,049	71,599	11,450	29,991
Total expenditures	<u>113,830</u>	<u>100,830</u>	<u>13,000</u>	<u>60,105</u>
Revenues over (under) expenditures	<u>(37,400)</u>	<u>(25,830)</u>	<u>11,570</u>	<u>14,895</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>37,400</u>	<u>-</u>	<u>(37,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>37,400</u>	<u>-</u>	<u>(37,400)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(25,830)</u>	<u>\$ (25,830)</u>	<u>14,895</u>
Fund Balance:				
Beginning of year - July 1		<u>75,032</u>		<u>60,137</u>
End of year - June 30		<u>\$ 49,202</u>		<u>\$ 75,032</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, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 757,589	\$ 619,856	\$ (137,733)	\$ 789,042
Total revenues	<u>757,589</u>	<u>619,856</u>	<u>(137,733)</u>	<u>789,042</u>
Expenditures:				
General government:				
Operating expenditures	<u>757,589</u>	<u>619,325</u>	<u>138,264</u>	<u>794,303</u>
Total expenditures	<u>757,589</u>	<u>619,325</u>	<u>138,264</u>	<u>794,303</u>
Revenues over (under) expenditures	<u>-</u>	<u>531</u>	<u>531</u>	<u>(5,261)</u>
Other Financing Sources (Uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,676</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,676</u>
Net change in fund balance	<u>\$ -</u>	<u>531</u>	<u>\$ 531</u>	<u>9,415</u>
Fund Balance:				
Beginning of year - July 1		<u>5,048</u>		<u>(4,367)</u>
End of year - June 30		<u>\$ 5,579</u>		<u>\$ 5,048</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, 2016**

	Project Authorization	Actual		Total to Date	Variance Over/Under
	Prior Years	Current Year			
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	<u>73,100</u>	<u>58,805</u>	<u>-</u>	<u>58,805</u>	<u>14,295</u>
Total expenditures	<u>73,100</u>	<u>58,805</u>	<u>-</u>	<u>58,805</u>	<u>14,295</u>
Revenues over (under) expenditures	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>
Other Financing Sources (Uses):					
Transfer in (out)	(7,500)	-	(7,500)	(7,500)	-
Appropriated fund balance	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,500)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,500</u>	<u>(7,500)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>7,500</u>		
End of year - June 30			<u>\$ -</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, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ -	\$ 538,717	\$ 538,717	\$ 192,981
Total revenues	-	538,717	538,717	192,981
Revenues over (under) expenditures	-	538,717	538,717	192,981
Other Financing Sources (Uses):				
Transfer in (out)	-	-	-	(78,823)
Total other financing sources (uses)	-	-	-	(78,823)
Net change in fund balance	\$ -	538,717	\$ 538,717	114,158
Fund Balance:				
Beginning of year - July 1		197,633		83,475
End of year - June 30		\$ 736,350		\$ 197,633

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, 2016

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

	2016			2015
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 350,000	\$ 82,997	\$ (267,003)	\$ 125,369
Total revenues	<u>350,000</u>	<u>82,997</u>	<u>(267,003)</u>	<u>125,369</u>
Expenditures:				
Public safety:				
Operating expenditures	<u>350,000</u>	<u>84,867</u>	<u>265,133</u>	<u>125,169</u>
Total expenditures	<u>350,000</u>	<u>84,867</u>	<u>265,133</u>	<u>125,169</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,870)</u>	<u>\$ (1,870)</u>	200
Fund Balance:				
Beginning of year - July 1		-		(200)
End of year - June 30		<u>\$ (1,870)</u>		<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

WINGS OVER HARNETT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Permits and fees	\$ 10,993	\$ 11,083	\$ 90
Total revenues	<u>10,993</u>	<u>11,083</u>	<u>90</u>
Expenditures:			
Economic and Physical Development:			
Other expenditures	<u>10,993</u>	<u>8,594</u>	<u>2,399</u>
Total expenditures	<u>10,993</u>	<u>8,594</u>	<u>2,399</u>
Net change in fund balance	<u>\$ -</u>	2,489	<u>\$ 2,489</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 2,489</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 21,618	\$ 21,617	\$ (1)	\$ -
Total revenues	<u>21,618</u>	<u>21,617</u>	<u>(1)</u>	<u>-</u>
Expenditures:				
Economic and physical development:				
Operating expenditures	21,618	18,416	3,202	4,979
Total expenditures	<u>21,618</u>	<u>18,416</u>	<u>3,202</u>	<u>4,979</u>
Net change in fund balance	\$ <u>-</u>	3,201	\$ <u>3,201</u>	(4,979)
Fund Balance:				
Beginning of year - July 1		<u>3,297</u>		<u>8,276</u>
End of year - June 30		<u>\$ 6,498</u>		<u>\$ 3,297</u>

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NONMAJOR FUNDS - GOVERNMENTAL

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

INDIVIDUAL FUND DESCRIPTION:

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

Runway 5 Approach/Clearance – accounts for the expenditures and revenues for the construction phase of Harnett Regional Jetport.

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.

Urgent Repair 2013 - 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.

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

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

Taxiway & Apron Rehab – accounts for the expenditures and revenues for the construction phase of Harnett Regional Jetport.

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

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

QSCB 2016 Capital Project - accounts for the expenditures associated with schools located throughout the County that are funded by interest-free Qualified Zone Academy Bond (QZAB) funds from the State.

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.

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

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.

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>Airport Drainage Outfall</u>	<u>Runway 5 Approach/ Clearance</u>	<u>Single Family Rehab</u>	<u>Urgent Repair 2013</u>	<u>Sheriff Training Facility</u>	<u>Radio Upgrade</u>	<u>Taxiway & Apron Rehab</u>
Assets:							
Cash and investments	\$ 6,274	\$ 5,960	\$ -	\$ -	\$ 194,011	\$ -	\$ 13,900
Accounts receivable, net	-	5,851	72,471	-	-	-	-
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	1,505,237	-
Total assets	<u>\$ 6,274</u>	<u>\$ 11,811</u>	<u>\$ 72,471</u>	<u>\$ -</u>	<u>\$ 194,011</u>	<u>\$ 1,505,237</u>	<u>\$ 13,900</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	11,811	\$ -	\$ -	\$ -	\$ 136	\$ -
Due to other funds	-	-	72,471	-	-	-	-
Total liabilities	<u>-</u>	<u>11,811</u>	<u>72,471</u>	<u>-</u>	<u>-</u>	<u>136</u>	<u>-</u>
Fund Balances:							
Restricted for stabilization for State statute	-	5,851	72,471	-	-	-	-
Restricted for education	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	194,011	-	-
Restricted for general government	-	-	-	-	-	1,505,237	-
Committed	6,274	-	-	-	-	-	13,900
Unassigned	-	(5,851)	(72,471)	-	-	(136)	-
Total fund balances	<u>6,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,011</u>	<u>1,505,101</u>	<u>13,900</u>
Total liabilities and fund balances	<u>\$ 6,274</u>	<u>\$ 11,811</u>	<u>\$ 72,471</u>	<u>\$ -</u>	<u>\$ 194,011</u>	<u>\$ 1,505,237</u>	<u>\$ 13,900</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>Airport Capital Reserve</u>	<u>Article 46 School Capital Project Fund</u>	<u>QSCB 2016 Capital Project Fund</u>	<u>QSCB 2012 Capital Project Fund</u>	<u>Highland Middle School</u>	<u>Jetport Runway</u>	<u>Total</u>
Assets:							
Cash and investments	\$ 43,334	\$ 9,333	\$ -	\$ -	\$ -	\$ 58,977	\$ 331,789
Accounts receivable, net	-	-	-	-	125,000	-	203,322
Restricted assets:							
Cash and cash equivalents	-	-	2,132,768	-	288,316	-	3,926,321
Total assets	<u>\$ 43,334</u>	<u>\$ 9,333</u>	<u>\$ 2,132,768</u>	<u>\$ -</u>	<u>\$ 413,316</u>	<u>\$ 58,977</u>	<u>\$ 4,461,432</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,947
Due to other funds	-	-	-	288,314	100,050	-	460,835
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,314</u>	<u>100,050</u>	<u>-</u>	<u>472,782</u>
Fund Balances:							
Restricted for stabilization for State statute	-	-	-	-	125,000	-	203,322
Restricted for education	-	9,333	2,132,768	-	288,316	-	2,430,417
Restricted for public safety	-	-	-	-	-	-	194,011
Restricted for general government	-	-	-	-	-	-	1,505,237
Committed	43,334	-	-	-	-	58,977	122,485
Unassigned	-	-	-	(288,314)	(100,050)	-	(466,822)
Total fund balances	<u>43,334</u>	<u>9,333</u>	<u>2,132,768</u>	<u>(288,314)</u>	<u>313,266</u>	<u>58,977</u>	<u>3,988,650</u>
Total liabilities and fund balances	<u>\$ 43,334</u>	<u>\$ 9,333</u>	<u>\$ 2,132,768</u>	<u>\$ -</u>	<u>\$ 413,316</u>	<u>\$ 58,977</u>	<u>\$ 4,461,432</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, 2016

	<u>Airport Drainage Outfall</u>	<u>Runway 5 Approach/ Clearance</u>	<u>Single Family Rehab</u>	<u>Urgent Repair 2013</u>	<u>Sheriff Training Facility</u>	<u>Radio Upgrade</u>	<u>Taxiway & Apron Rehab</u>
Revenues:							
Restricted intergovernmental	\$ 28,493	\$ -	\$ 275,891	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	3,979	-	-	547	-	4,155	-
Total revenues	<u>32,472</u>	<u>-</u>	<u>275,891</u>	<u>547</u>	<u>-</u>	<u>4,155</u>	<u>-</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	218,994	-
Economic and physical development	8,627	16,417	268,155	-	-	-	-
Education	-	-	-	-	-	-	-
Total expenditures	<u>8,627</u>	<u>16,417</u>	<u>268,155</u>	<u>-</u>	<u>-</u>	<u>218,994</u>	<u>-</u>
Revenues over (under) expenditures	<u>23,845</u>	<u>(16,417)</u>	<u>7,736</u>	<u>547</u>	<u>-</u>	<u>(214,839)</u>	<u>-</u>
Other Financing Sources (Uses):							
Long-term debt issued	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>23,845</u>	<u>(16,417)</u>	<u>7,736</u>	<u>547</u>	<u>-</u>	<u>(214,839)</u>	<u>-</u>
Fund Balances:							
Beginning of year - July 1	(17,571)	16,417	(7,736)	(547)	194,011	1,508,755	13,900
Prior period adjustment	-	-	-	-	-	211,185	-
Beginning of year - restated	<u>(17,571)</u>	<u>16,417</u>	<u>(7,736)</u>	<u>(547)</u>	<u>194,011</u>	<u>1,719,940</u>	<u>13,900</u>
End of year - June 30	<u>\$ 6,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,011</u>	<u>\$ 1,505,101</u>	<u>\$ 13,900</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, 2016

	<u>Airport Capital Reserve</u>	<u>Article 46 School Capital Project Fund</u>	<u>QSCB 2016 Capital Project Fund</u>	<u>QSCB 2012 Capital Project Fund</u>	<u>Highland Middle School</u>	<u>Jetport Runway</u>	<u>Total</u>
Revenues:							
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ -	\$ 429,384
Investment earnings	-	-	25	749	-	-	774
Miscellaneous	-	25,746	-	119,958	13,662	-	168,047
Total revenues	-	25,746	25	120,707	138,662	-	598,205
Expenditures:							
Current:							
General government	-	-	-	-	-	-	218,994
Economic and physical development	-	-	-	-	-	-	293,199
Education	-	1,039,788	67,257	3,077,611	252,711	-	4,437,367
Total expenditures	-	1,039,788	67,257	3,077,611	252,711	-	4,949,560
Revenues over (under) expenditures	-	(1,014,042)	(67,232)	(2,956,904)	(114,049)	-	(4,351,355)
Other Financing Sources (Uses):							
Long-term debt issued	-	-	2,200,000	-	-	-	2,200,000
Transfers in	43,334	-	-	916,957	-	-	960,291
Transfers (out)	-	-	-	-	(916,957)	-	(916,957)
Total other financing sources (uses)	43,334	-	2,200,000	916,957	(916,957)	-	2,243,334
Net change in fund balances	43,334	(1,014,042)	2,132,768	(2,039,947)	(1,031,006)	-	(2,108,021)
Fund Balances:							
Beginning of year - July 1	-	1,023,375	-	1,751,633	1,344,272	58,977	5,885,486
Prior period adjustment	-	-	-	-	-	-	211,185
Beginning of year - restated	-	1,023,375	-	1,751,633	1,344,272	58,977	6,096,671
End of year - June 30	\$ 43,334	\$ 9,333	\$ 2,132,768	\$ (288,314)	\$ 313,266	\$ 58,977	\$ 3,988,650

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, 2016**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 447,817	\$ 370,975	\$ 28,493	\$ 399,468	\$ (48,349)
Miscellaneous	3,980	-	3,979	3,979	(1)
Total revenues	<u>451,797</u>	<u>370,975</u>	<u>32,472</u>	<u>403,447</u>	<u>(48,350)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	749	748	-	748	1
Engineering	137,025	96,803	8,627	105,430	31,595
Construction	<u>364,529</u>	<u>341,501</u>	<u>-</u>	<u>341,501</u>	<u>23,028</u>
Total expenditures	<u>502,303</u>	<u>439,052</u>	<u>8,627</u>	<u>447,679</u>	<u>54,624</u>
Revenues over (under) expenditures	<u>(50,506)</u>	<u>(68,077)</u>	<u>23,845</u>	<u>(44,232)</u>	<u>6,274</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>50,506</u>	<u>50,506</u>	<u>-</u>	<u>50,506</u>	<u>-</u>
Total other financing sources (uses)	<u>50,506</u>	<u>50,506</u>	<u>-</u>	<u>50,506</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (17,571)</u>	23,845	<u>\$ 6,274</u>	<u>\$ 6,274</u>
Fund Balance:					
Beginning of year - July 1			<u>(17,571)</u>		
End of year - June 30			<u>\$ 6,274</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, 2016

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 254,403	\$ 202,704	\$ -	\$ 202,704	\$ (51,699)
Total revenues	<u>254,403</u>	<u>202,704</u>	<u>-</u>	<u>202,704</u>	<u>(51,699)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	742	742	-	742	-
Engineering	76,497	70,138	7,288	77,426	(929)
Construction	<u>205,377</u>	<u>143,620</u>	<u>9,129</u>	<u>152,749</u>	<u>52,628</u>
Total expenditures	<u>282,616</u>	<u>214,500</u>	<u>16,417</u>	<u>230,917</u>	<u>51,699</u>
Revenues over (under) expenditures	<u>(28,213)</u>	<u>(11,796)</u>	<u>(16,417)</u>	<u>(28,213)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>28,213</u>	<u>28,213</u>	<u>-</u>	<u>28,213</u>	<u>-</u>
Total other financing sources (uses)	<u>28,213</u>	<u>28,213</u>	<u>-</u>	<u>28,213</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,417</u>	<u>(16,417)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>16,417</u>		
End of year - June 30			<u>\$ -</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, 2016

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 340,970	\$ 52,983	\$ 275,891	\$ 328,874	\$ (12,096)
Investment earnings	-	3,979	-	3,979	3,979
Total revenues	<u>340,970</u>	<u>56,962</u>	<u>275,891</u>	<u>332,853</u>	<u>(8,117)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	78,840	27,240	46,895	74,135	4,705
Construction	<u>262,130</u>	<u>37,458</u>	<u>221,260</u>	<u>258,718</u>	<u>3,412</u>
Total expenditures	<u>340,970</u>	<u>64,698</u>	<u>268,155</u>	<u>332,853</u>	<u>8,117</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (7,736)</u>	7,736	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>(7,736)</u>		
End of year - June 30			<u>\$ -</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, 2016

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

HARNETT COUNTY, NORTH CAROLINA

SHERIFF TRAINING FACILITY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<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	13,666	-	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>14,989</u>	<u>-</u>	<u>14,989</u>	<u>194,011</u>
Revenues over (under) expenditures	<u>(209,000)</u>	<u>(14,989)</u>	<u>-</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>\$ 194,011</u>	<u>-</u>	<u>\$ 194,011</u>	<u>\$ 194,011</u>
Fund Balance:					
Beginning of year - July 1			<u>194,011</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, 2016

	<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	\$ 306,675	\$ 15,389	\$ 4,155	\$ 19,544	\$ (287,131)
Total revenues	<u>306,675</u>	<u>15,389</u>	<u>4,155</u>	<u>19,544</u>	<u>(287,131)</u>
Expenditures:					
Capital outlay	<u>7,493,789</u>	<u>5,221,667</u>	<u>218,994</u>	<u>5,440,661</u>	<u>2,053,128</u>
Total expenditures	<u>7,493,789</u>	<u>5,221,667</u>	<u>218,994</u>	<u>5,440,661</u>	<u>2,053,128</u>
Revenues over (under) expenditures	<u>(7,187,114)</u>	<u>(5,206,278)</u>	<u>(214,839)</u>	<u>(5,421,117)</u>	<u>1,765,997</u>
Other Financing Sources (Uses):					
Transfers in (out)	1,991,321	1,867,209	-	1,867,209	(124,112)
Long-term debt issued	<u>5,195,793</u>	<u>5,059,009</u>	-	<u>5,059,009</u>	<u>(136,784)</u>
Total other financing sources (uses)	<u>7,187,114</u>	<u>6,926,218</u>	-	<u>6,926,218</u>	<u>(260,896)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,719,940</u>	<u>(214,839)</u>	<u>\$ 1,505,101</u>	<u>\$ 1,505,101</u>
Fund Balance:					
Beginning of year - July 1			1,508,755		
Prior period adjustment			<u>211,185</u>		
Beginning of year - July 1 as restated			<u>1,719,940</u>		
End of year - June 30			<u>\$ 1,505,101</u>		

HARNETT COUNTY, NORTH CAROLINA

TAXIWAY & APRON REHAB
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<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 CAPITAL RESERVE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers (out)	\$ (145,370)	\$ -	\$ 145,370	\$ (71,321)
Transfers in	145,370	43,334	(102,036)	50,025
Total other financing sources (uses)	-	43,334	43,334	(21,296)
Net change in fund balance	\$ -	43,334	\$ 43,334	(21,296)
Fund Balance:				
Beginning of year - July 1		-		21,296
End of year - June 30		\$ 43,334		\$ -

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, 2016

	<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	\$ 25,998	\$ 1,764	\$ 25,746	\$ 27,510	\$ 1,512
Total revenues	<u>25,998</u>	<u>1,764</u>	<u>25,746</u>	<u>27,510</u>	<u>1,512</u>
Expenditures:					
Education:					
Construction	<u>1,325,998</u>	<u>278,389</u>	<u>1,039,788</u>	<u>1,318,177</u>	<u>7,821</u>
Total expenditures	<u>1,325,998</u>	<u>278,389</u>	<u>1,039,788</u>	<u>1,318,177</u>	<u>7,821</u>
Revenues over (under) expenditures	<u>(1,300,000)</u>	<u>(276,625)</u>	<u>(1,014,042)</u>	<u>(1,290,667)</u>	<u>9,333</u>
Other Financing Sources (Uses):					
Transfers in	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,023,375</u>	<u>(1,014,042)</u>	<u>\$ 9,333</u>	<u>\$ 9,333</u>
Fund Balance:					
Beginning of year - July 1			<u>1,023,375</u>		
End of year - June 30			<u>\$ 9,333</u>		

HARNETT COUNTY, NORTH CAROLINA

QSCB 2016 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 65,127	\$ -	\$ 25	\$ 25	\$ (65,102)
Sales tax	219,000	-	-	-	(219,000)
Total revenues	<u>284,127</u>	<u>-</u>	<u>25</u>	<u>25</u>	<u>(284,102)</u>
Expenditures:					
Education:					
Construction	2,440,127	-	46,857	46,857	2,393,270
Debt issue costs	44,000	-	20,400	20,400	23,600
Total expenditures	<u>2,484,127</u>	<u>-</u>	<u>67,257</u>	<u>67,257</u>	<u>2,416,870</u>
Revenues over (under) expenditures	<u>(2,200,000)</u>	<u>-</u>	<u>(67,232)</u>	<u>(67,232)</u>	<u>2,132,768</u>
Other Financing Sources (Uses):					
Debt issued	2,200,000	-	2,200,000	2,200,000	-
Total other financing sources (uses)	<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,132,768</u>	<u>\$ 2,132,768</u>	<u>\$ 2,132,768</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 2,132,768</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, 2016

	<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:					
Investment earnings	\$ 590	\$ -	\$ 749	\$ 749	\$ 159
Sales tax	108,920	-	119,958	119,958	11,038
Total revenues	<u>109,510</u>	<u>-</u>	<u>120,707</u>	<u>120,707</u>	<u>11,197</u>
Expenditures:					
Education:					
Legal and administrative	1,000	835	-	835	165
Engineering	98,784	69,670	29,115	98,785	(1)
Construction	3,253,609	577,862	2,675,425	3,253,287	322
Materials and supplies	373,074	-	373,071	373,071	3
Total expenditures	<u>3,726,467</u>	<u>648,367</u>	<u>3,077,611</u>	<u>3,725,978</u>	<u>489</u>
Revenues over (under) expenditures	<u>(3,616,957)</u>	<u>(648,367)</u>	<u>(2,956,904)</u>	<u>(3,605,271)</u>	<u>11,686</u>
Other Financing Sources (Uses):					
Transfers in	<u>3,616,957</u>	<u>2,400,000</u>	<u>916,957</u>	<u>3,316,957</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>3,616,957</u>	<u>2,400,000</u>	<u>916,957</u>	<u>3,316,957</u>	<u>(300,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,751,633</u>	<u>(2,039,947)</u>	<u>\$ (288,314)</u>	<u>\$ (288,314)</u>
Fund Balance:					
Beginning of year - July 1			<u>1,751,633</u>		
End of year - June 30			<u>\$ (288,314)</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, 2016

	<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	\$ 125,000	\$ -	\$ 125,000	\$ 125,000	\$ -
Investment earnings	10,509	10,509	-	10,509	-
Sales tax	400,020	649,731	13,662	663,393	263,373
Total revenues	<u>535,529</u>	<u>660,240</u>	<u>138,662</u>	<u>798,902</u>	<u>263,373</u>
Expenditures:					
Education:					
Legal and administrative	9,631	9,630	-	9,630	1
Engineering	1,467,839	629,013	34,551	663,564	804,275
Construction	25,192,786	25,825,373	218,160	26,043,533	(850,747)
Furniture and fixtures	750,000	653,636	-	653,636	96,364
Debt issue costs	390,345	390,345	-	390,345	-
Total expenditures	<u>27,810,601</u>	<u>27,507,997</u>	<u>252,711</u>	<u>27,760,708</u>	<u>49,893</u>
Revenues over (under) expenditures	<u>(27,275,072)</u>	<u>(26,847,757)</u>	<u>(114,049)</u>	<u>(26,961,806)</u>	<u>313,266</u>
Other Financing Sources (Uses):					
Transfers out	(3,316,957)	(2,400,000)	(916,957)	(3,316,957)	-
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>27,275,072</u>	<u>28,192,029</u>	<u>(916,957)</u>	<u>27,275,072</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,344,272</u>	<u>(1,031,006)</u>	<u>\$ 313,266</u>	<u>\$ 313,266</u>
Fund Balance:					
Beginning of year - July 1			<u>1,344,272</u>		
End of year - June 30			<u>\$ 313,266</u>		

HARNETT COUNTY, NORTH CAROLINA

**HARNETT COUNTY JETPORT RUNWAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Over/Under</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 3,932,798	\$ 3,666,031	\$ -	\$ 3,666,031	\$ (266,767)
Total revenues	<u>3,932,798</u>	<u>3,666,031</u>	<u>-</u>	<u>3,666,031</u>	<u>(266,767)</u>
Expenditures:					
Economic and physical development:					
Engineering	114,412	108,290	-	108,290	6,122
Construction	3,959,435	3,938,652	-	3,938,652	20,783
Contingency	<u>298,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,839</u>
Total expenditures	<u>4,372,686</u>	<u>4,046,942</u>	<u>-</u>	<u>4,046,942</u>	<u>325,744</u>
Revenues over (under) expenditures	<u>(439,888)</u>	<u>(380,911)</u>	<u>-</u>	<u>(380,911)</u>	<u>58,977</u>
Other Financing Sources (Uses):					
Transfers in	<u>439,888</u>	<u>439,888</u>	<u>-</u>	<u>439,888</u>	<u>-</u>
Total other financing sources (uses)	<u>439,888</u>	<u>439,888</u>	<u>-</u>	<u>439,888</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 58,977</u>	<u>-</u>	<u>\$ 58,977</u>	<u>\$ 58,977</u>
Fund Balance:					
Beginning of year - July 1			<u>58,977</u>		
End of year - June 30			<u>\$ 58,977</u>		

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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water and sewer sales	\$ 26,749,883	\$ 30,217,316	\$ 3,467,433
Water and sewer taps	215,000	274,448	59,448
Johnson County	3,703	3,703	-
Other operating revenues	3,391,696	3,969,610	577,914
Total operating revenues	<u>30,360,282</u>	<u>34,465,077</u>	<u>4,104,795</u>
Non-operating revenues:			
Interest earned on investments	-	2,105	2,105
Total revenues	<u>30,360,282</u>	<u>34,467,182</u>	<u>4,106,900</u>
Expenditures:			
Salaries and employee benefits	8,538,261	7,961,153	577,108
Purchased water	35,000	17,393	17,607
Sewage treatment	2,027,400	1,708,299	319,101
Other operating expenses	10,337,095	8,452,722	1,884,373
Capital outlay	505,000	771,868	(266,868)
Debt service:			
Debt principal	3,686,360	3,686,358	2
Interest and fees	5,231,166	2,672,490	2,558,676
Total expenditures	<u>30,360,282</u>	<u>25,270,283</u>	<u>5,089,999</u>
Revenues over (under) expenditures	<u>-</u>	<u>9,196,899</u>	<u>9,196,899</u>
Other Financing Sources (Uses):			
Transfers in	-	770,484	770,484
Total other financing sources (uses)	<u>-</u>	<u>770,484</u>	<u>770,484</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 9,967,383</u>	<u>\$ 9,967,383</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, 2016**

	<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		\$ 9,967,383	
Reconciling items:			
Debt principal		5,381,200	
Amortization of bond premium		66,500	
Amortization of deferred charge on refunding		(159,557)	
Increase in other post-employment benefits		(188,585)	
Capital contribution		4,624,428	
Decrease deferred outflows - pension		(1,581)	
Decrease in net pension asset		(470,421)	
Increase in net pension liability		(353,712)	
Decrease deferred inflows - pension		948,903	
Contributed asset		1,805,964	
Sales tax refund from projects		1,453	
Expense from projects not capitalized		73,283	
Interest and fees from project		(1,128,374)	
Lease revenue from districts		(1,518,050)	
Intrafund transfers		(770,484)	
Capital outlay		771,868	
Depreciation		<u>(9,327,622)</u>	
Change in net position		<u>\$ 9,722,596</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 450,000	\$ 450,000	\$ -
Interest and fees	<u>12,131</u>	<u>10,179</u>	<u>1,952</u>
Total expenditures	<u>462,131</u>	<u>460,179</u>	<u>1,952</u>
Revenues over (under) expenditures	<u>(462,131)</u>	<u>(460,179)</u>	<u>1,952</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>462,131</u>	<u>10,179</u>	<u>(451,952)</u>
Total other financing sources (uses)	<u>462,131</u>	<u>10,179</u>	<u>(451,952)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (450,000)</u>	<u>\$ (450,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (450,000)	
Reconciling items:			
Debt principal		<u>450,000</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 820,224	\$ 820,224	\$ -
Interest and fees	<u>761,205</u>	<u>753,734</u>	<u>7,471</u>
Total expenditures	<u>1,581,429</u>	<u>1,573,958</u>	<u>7,471</u>
Revenues over (under) expenditures	<u>(1,581,429)</u>	<u>(1,573,958)</u>	<u>7,471</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>1,581,429</u>	<u>753,734</u>	<u>(827,695)</u>
Total other financing sources (uses)	<u>1,581,429</u>	<u>753,734</u>	<u>(827,695)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (820,224)</u>	<u>\$ (820,224)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (820,224)	
Reconciling items:			
Debt principal		<u>820,224</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 95,000	\$ 95,000	\$ -
Interest and fees	<u>55,275</u>	<u>55,038</u>	<u>237</u>
Total expenditures	<u>150,275</u>	<u>150,038</u>	<u>237</u>
Revenues over (under) expenditures	<u>(150,275)</u>	<u>(150,038)</u>	<u>237</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>150,275</u>	<u>55,038</u>	<u>(95,237)</u>
Total other financing sources (uses)	<u>150,275</u>	<u>55,038</u>	<u>(95,237)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (95,000)</u>	<u>\$ (95,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (95,000)	
Reconciling items:			
Debt principal		<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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 135,000	\$ 135,000	\$ -
Interest and fees	<u>33,238</u>	<u>32,900</u>	<u>338</u>
Total expenditures	<u>168,238</u>	<u>167,900</u>	<u>338</u>
Revenues over (under) expenditures	<u>(168,238)</u>	<u>(167,900)</u>	<u>338</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>168,238</u>	<u>32,900</u>	<u>(135,338)</u>
Total other financing sources (uses)	<u>168,238</u>	<u>32,900</u>	<u>(135,338)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ (135,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (135,000)	
Reconciling items:			
Debt principal		<u>135,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTHWEST
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 805,844	\$ 805,842	\$ 2
Interest and fees	<u>112,082</u>	<u>107,609</u>	<u>4,473</u>
Total expenditures	<u>917,926</u>	<u>913,451</u>	<u>4,475</u>
Revenues over (under) expenditures	<u>(917,926)</u>	<u>(913,451)</u>	<u>4,475</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>917,926</u>	<u>107,609</u>	<u>(810,317)</u>
Total other financing sources (uses)	<u>917,926</u>	<u>107,609</u>	<u>(810,317)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (805,842)</u>	<u>\$ (805,842)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (805,842)	
Reconciling items:			
Debt principal		<u>805,842</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 23,776	\$ 23,776	\$ -
Interest and fees	<u>1,289</u>	<u>1,188</u>	<u>101</u>
Total expenditures	<u>25,065</u>	<u>24,964</u>	<u>101</u>
Revenues over (under) expenditures	<u>(25,065)</u>	<u>(24,964)</u>	<u>101</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>25,065</u>	<u>1,188</u>	<u>(23,877)</u>
Total other financing sources (uses)	<u>25,065</u>	<u>1,188</u>	<u>(23,877)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (23,776)</u>	<u>\$ (23,776)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (23,776)	
Reconciling items:			
Debt principal		<u>23,776</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 45,000	\$ 45,000	\$ -
Interest and fees	<u>35,150</u>	<u>35,038</u>	<u>112</u>
Total expenditures	<u>80,150</u>	<u>80,038</u>	<u>112</u>
Revenues over (under) expenditures	<u>(80,150)</u>	<u>(80,038)</u>	<u>112</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>80,150</u>	<u>35,038</u>	<u>(45,112)</u>
Total other financing sources (uses)	<u>80,150</u>	<u>35,038</u>	<u>(45,112)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (45,000)	
Reconciling items:			
Debt principal		<u>45,000</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 100,000	\$ 100,000	\$ -
Interest and fees	<u>97,113</u>	<u>96,863</u>	<u>250</u>
Total expenditures	<u>197,113</u>	<u>196,863</u>	<u>250</u>
Revenues over (under) expenditures	<u>(197,113)</u>	<u>(196,863)</u>	<u>250</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>197,113</u>	<u>96,863</u>	<u>(100,250)</u>
Total other financing sources (uses)	<u>197,113</u>	<u>96,863</u>	<u>(100,250)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (100,000)	
Reconciling items:			
Debt principal		<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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 25,000	\$ 25,000	\$ -
Interest and fees	<u>35,888</u>	<u>35,825</u>	<u>63</u>
Total expenditures	<u>60,888</u>	<u>60,825</u>	<u>63</u>
Revenues under expenditures	<u>(60,888)</u>	<u>(60,825)</u>	<u>63</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>60,888</u>	<u>35,825</u>	<u>(25,063)</u>
Total other financing sources (uses)	<u>60,888</u>	<u>35,825</u>	<u>(25,063)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (25,000)	
Reconciling items:			
Debt principal		<u>25,000</u>	
Change in net position		<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, 2016**

	<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	\$ 1,148,399	\$ 1,148,399	\$ 562	\$ 1,148,961	\$ 562
Investment earnings	35,711	35,710	-	35,710	(1)
Restricted intergovernmental	56,014,144	61,037,566	-	61,037,566	5,023,422
Total revenues	<u>57,198,254</u>	<u>62,221,675</u>	<u>562</u>	<u>62,222,237</u>	<u>5,023,983</u>
Expenditures:					
Construction	50,990,378	50,667,429	160,500	50,827,929	162,449
Legal and administration	16,739	15,802	-	15,802	937
Engineering	5,297,465	5,284,525	7,160	5,291,685	5,780
Materials and supplies	120,000	119,941	736	120,677	(677)
Land	186,895	186,891	-	186,891	4
Contingency	10,000	-	-	-	10,000
Total expenditures	<u>56,621,477</u>	<u>56,274,588</u>	<u>168,396</u>	<u>56,442,984</u>	<u>178,493</u>
Revenues over (under) expenditures	<u>576,777</u>	<u>5,947,087</u>	<u>(167,834)</u>	<u>5,779,253</u>	<u>5,202,476</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	450,000	450,000	-	450,000	-
Transfers out - Enterprise Fund	(1,026,777)	-	(450,000)	(450,000)	576,777
Total other financing sources (uses)	<u>(576,777)</u>	<u>450,000</u>	<u>(450,000)</u>	<u>-</u>	<u>576,777</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 6,397,087</u>	<u>\$ (617,834)</u>	<u>\$ 5,779,253</u>	<u>\$ 5,779,253</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, 2016**

	<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	\$ 189,566	\$ 189,565	\$ -	\$ 189,565	\$ (1)
Investment earnings	4,150	4,104	-	4,104	(46)
Restricted intergovernmental	3,500,000	3,500,000	-	3,500,000	-
Total revenues	<u>3,693,716</u>	<u>3,693,669</u>	<u>-</u>	<u>3,693,669</u>	<u>(47)</u>
Expenditures:					
Construction	4,411,225	4,411,223	-	4,411,223	2
Legal and administration	1,812	1,770	-	1,770	42
Engineering	378,000	378,000	-	378,000	-
Materials and supplies	1,985	1,984	-	1,984	1
Land	28,900	28,900	-	28,900	-
Total expenditures	<u>4,821,922</u>	<u>4,821,877</u>	<u>-</u>	<u>4,821,877</u>	<u>45</u>
Revenues over (under) expenditures	<u>(1,128,206)</u>	<u>(1,128,208)</u>	<u>-</u>	<u>(1,128,208)</u>	<u>(2)</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	1,128,206	1,440,404	(312,196)	1,128,208	2
Total other financing sources (uses)	<u>1,128,206</u>	<u>1,440,404</u>	<u>(312,196)</u>	<u>1,128,208</u>	<u>2</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 312,196</u>	<u>\$ (312,196)</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, 2016**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 21,200	\$ 35,151	\$ -	\$ 35,151	\$ 13,951
Investment earnings	200	2,952	-	2,952	2,752
Restricted intergovernmental	1,000,000	1,000,000	-	1,000,000	-
Total revenues	<u>1,021,400</u>	<u>1,038,103</u>	<u>-</u>	<u>1,038,103</u>	<u>16,703</u>
Expenditures:					
Construction	4,189,330	3,797,361	-	3,797,361	391,969
Legal and administration	203,229	85,266	96,905	182,171	21,058
Engineering	1,239,752	410,154	-	410,154	829,598
Materials and supplies	15,000	14,200	-	14,200	800
Land	315,503	315,503	-	315,503	-
Interest and fees	318,093	195,011	-	195,011	123,082
Contingency	59,645	-	-	-	59,645
Total expenditures	<u>6,340,552</u>	<u>4,817,495</u>	<u>96,905</u>	<u>4,914,400</u>	<u>1,426,152</u>
Revenues over (under) expenditures	<u>(5,319,152)</u>	<u>(3,779,392)</u>	<u>(96,905)</u>	<u>(3,876,297)</u>	<u>1,442,855</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>\$ 332,608</u>	<u>\$ (96,905)</u>	<u>\$ 235,703</u>	<u>\$ 235,703</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, 2016**

	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	2,627,620	-	2,627,620	68,676
Total revenues	<u>2,685,470</u>	<u>2,754,118</u>	<u>-</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	425,676	-	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	116,687	-	116,687	500
Contingency	60,376	-	-	-	60,376
Total expenditures	<u>3,788,067</u>	<u>3,599,395</u>	<u>-</u>	<u>3,599,395</u>	<u>188,672</u>
Revenues over (under) expenditures	<u>(1,102,597)</u>	<u>(845,277)</u>	<u>-</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>\$ 257,320</u>	<u>\$ -</u>	<u>\$ 257,320</u>	<u>\$ 257,320</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, 2016

	<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	\$ 891	\$ 8,288	\$ 8,288
Restricted intergovernmental	1,367,380	417,381	828,746	1,246,127	(121,253)
Total revenues	<u>1,367,380</u>	<u>424,778</u>	<u>829,637</u>	<u>1,254,415</u>	<u>(112,965)</u>
Expenditures:					
Construction	1,152,871	355,312	797,559	1,152,871	-
Legal and administration	14,507	14,506	-	14,506	1
Engineering	78,750	78,750	-	78,750	-
Road improvement	121,252	-	-	-	121,252
Total expenditures	<u>1,367,380</u>	<u>448,568</u>	<u>797,559</u>	<u>1,246,127</u>	<u>121,253</u>
Revenues over (under) expenditures	<u>-</u>	<u>(23,790)</u>	<u>32,078</u>	<u>8,288</u>	<u>8,288</u>
Other Financing Sources (Uses):					
Transfers out - Enterprise Fund	-	-	(8,288)	(8,288)	(8,288)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(8,288)</u>	<u>(8,288)</u>	<u>(8,288)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (23,790)</u>	<u>\$ 23,790</u>	<u>\$ -</u>	<u>\$ -</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, 2016

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 5,450,000	\$ 875,000	\$ 3,795,682	\$ 4,670,682	\$ (779,318)
Total revenues	<u>5,450,000</u>	<u>875,000</u>	<u>3,795,682</u>	<u>4,670,682</u>	<u>(779,318)</u>
Expenditures:					
Construction	11,223,806	-	10,543,364	10,543,364	680,442
Legal and administration	22,780	16,005	-	16,005	6,775
Engineering	703,700	409,200	202,399	611,599	92,101
Total expenditures	<u>11,950,286</u>	<u>425,205</u>	<u>10,745,763</u>	<u>11,170,968</u>	<u>779,318</u>
Revenues over (under) expenditures	<u>(6,500,286)</u>	<u>449,795</u>	<u>(6,950,081)</u>	<u>(6,500,286)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>6,500,286</u>	<u>6,500,286</u>	<u>-</u>	<u>6,500,286</u>	<u>-</u>
Total other financing sources (uses)	<u>6,500,286</u>	<u>6,500,286</u>	<u>-</u>	<u>6,500,286</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 6,950,081</u>	<u>\$ (6,950,081)</u>	<u>\$ -</u>	<u>\$ -</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, 2016

	<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	161,700	-	161,700	188,300
Materials and supplies	20,000	-	-	-	20,000
Land	30,000	250	6,000	6,250	23,750
Contingency	198,845	-	-	-	198,845
Total expenditures	<u>4,983,435</u>	<u>161,950</u>	<u>6,000</u>	<u>167,950</u>	<u>4,815,485</u>
Revenues over (under) expenditures	<u>(4,983,435)</u>	<u>(161,950)</u>	<u>(6,000)</u>	<u>(167,950)</u>	<u>4,815,485</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	4,983,435	4,983,435	-	4,983,435	-
Total other financing sources (uses)	<u>4,983,435</u>	<u>4,983,435</u>	<u>-</u>	<u>4,983,435</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,821,485</u>	<u>\$ (6,000)</u>	<u>\$ 4,815,485</u>	<u>\$ 4,815,485</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste fees	\$ 5,156,210	\$ 5,309,693	\$ 153,483
Other operating revenues	1,700	8,678	6,978
Total operating revenues	<u>5,157,910</u>	<u>5,318,371</u>	<u>160,461</u>
Non-Operating Revenues:			
Solid waste state taxes	239,000	268,129	29,129
Restricted intergovernmental	163,790	133,790	(30,000)
Interest earned on investments	-	1,291	1,291
Total non-operating revenues	<u>402,790</u>	<u>403,210</u>	<u>420</u>
Total revenues	<u>5,560,700</u>	<u>5,721,581</u>	<u>160,881</u>
Expenditures:			
Salaries and employee benefits	1,102,258	1,038,704	63,554
Other operating expenses	3,565,844	3,189,560	376,284
Capital outlay	908,900	942,628	(33,728)
Debt service:			
Debt principal and interest	547,253	540,939	6,314
Total expenditures	<u>6,124,255</u>	<u>5,711,831</u>	<u>412,424</u>
Revenues over (under) expenditures	<u>(563,555)</u>	<u>9,750</u>	<u>573,305</u>
Other Financing Sources (Uses):			
Transfers in (out)	-	917	917
Sale of assets	101,250	134,759	33,509
Appropriated fund balance	462,305	-	(462,305)
Total other financing sources (uses)	<u>563,555</u>	<u>135,676</u>	<u>(427,879)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 145,426</u>	<u>\$ 145,426</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, 2016**

	<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		\$ 145,426	
Reconciling items:			
Project revenues		300	
Debt principal		448,589	
Intrafund transfer		(917)	
Decrease deferred outflows - pension		(243)	
Decrease in net pension asset		(72,373)	
Increase in net pension liability		(54,417)	
Decrease deferred inflows - pension		145,985	
Decrease in other post-employment benefits		1,538	
Amortization of premium		4,200	
Capital outlay		942,628	
Non-capitalized project expenditures		(301)	
Depreciation		<u>(445,290)</u>	
Change in net position		<u>\$ 1,115,125</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, 2016

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ -	\$ 24,356	\$ 205	\$ 24,561	\$ 24,561
Investment earnings	-	496	95	591	591
Restricted intergovernmental	30,000	30,000	-	30,000	-
Total revenues	<u>30,000</u>	<u>54,852</u>	<u>300</u>	<u>55,152</u>	<u>25,152</u>
Expenditures:					
Construction	1,362,562	1,243,903	105,904	1,349,807	12,755
Legal and administration	19,083	21,941	2,433	24,374	(5,291)
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	169,000	200,139	(116,639)
Contingency	50,568	-	-	-	50,568
Total expenditures	<u>1,779,083</u>	<u>1,526,898</u>	<u>277,337</u>	<u>1,804,235</u>	<u>(25,152)</u>
Revenues over (under) expenditures	<u>(1,749,083)</u>	<u>(1,472,046)</u>	<u>(277,037)</u>	<u>(1,749,083)</u>	<u>-</u>
Other Financing Sources (Uses):					
Bond issuance	1,750,000	1,750,000	-	1,750,000	-
Transfers out - Enterprise Fund	(917)	-	(917)	(917)	-
Total other financing sources (uses)	<u>1,749,083</u>	<u>1,750,000</u>	<u>(917)</u>	<u>1,749,083</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 277,954</u>	<u>\$ (277,954)</u>	<u>\$ -</u>	<u>\$ -</u>

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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, 2016

	Workers' Compensation Fund	Group Insurance Fund	Employee Clinic Fund	Medical Insurance Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 3,600,293	\$ 477,059	\$ 670,134	\$ 2,595,588
Prepays	169,398	-	2,781	300
Total assets	<u>3,769,691</u>	<u>477,059</u>	<u>672,915</u>	<u>2,595,888</u>
Liabilities:				
Current liabilities:				
Claims payable	1,031,843	-	-	-
Accounts payable	-	-	4,483	714,679
Total current liabilities	<u>1,031,843</u>	<u>-</u>	<u>4,483</u>	<u>714,679</u>
Non-current liabilities:				
Claims payable	1,807,846	-	-	-
Total liabilities	<u>2,839,689</u>	<u>-</u>	<u>4,483</u>	<u>714,679</u>
Net Position:				
Unrestricted	<u>\$ 930,002</u>	<u>\$ 477,059</u>	<u>\$ 668,432</u>	<u>\$ 1,881,209</u>

HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	Dental Insurance Fund	Unemployment Insurance Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 270,083	\$ 660,186	\$ 8,273,343
Prepays	<u>-</u>	<u>-</u>	<u>172,479</u>
Total assets	<u>270,083</u>	<u>660,186</u>	<u>8,445,822</u>
Liabilities:			
Current liabilities:			
Claims payable	-	-	1,031,843
Accounts payable	<u>30,878</u>	<u>-</u>	<u>750,040</u>
Total current liabilities	<u>30,878</u>	<u>-</u>	<u>1,781,883</u>
Non-current liabilities:			
Claims payable	<u>-</u>	<u>-</u>	<u>1,807,846</u>
Total liabilities	<u>30,878</u>	<u>-</u>	<u>3,589,729</u>
Net Position:			
Unrestricted	<u>\$ 239,205</u>	<u>\$ 660,186</u>	<u>\$ 4,856,093</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, 2016**

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
Operating Revenues:				
County contribution	\$ 2,153,197	\$ 311,503	\$ 242,612	\$ 7,918,631
Operating Expenses:				
Benefits and premiums	<u>1,264,316</u>	<u>220</u>	<u>140,835</u>	<u>7,461,317</u>
Change in net position	888,881	311,283	101,777	457,314
Net Position:				
Beginning of year - July 1	<u>41,121</u>	<u>165,776</u>	<u>566,655</u>	<u>1,423,895</u>
End of year - June 30	<u>\$ 930,002</u>	<u>\$ 477,059</u>	<u>\$ 668,432</u>	<u>\$ 1,881,209</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, 2016**

	<u>Dental Insurance Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Total</u>
Operating Revenues:			
County contribution	\$ 369,211	\$ 360,286	\$ 11,355,440
Operating Expenses:			
Benefits and premiums	<u>332,547</u>	<u>56,216</u>	<u>9,255,451</u>
Change in net position	36,664	304,070	2,099,989
Net Position:			
Beginning of year - July 1	<u>202,541</u>	<u>356,116</u>	<u>2,756,104</u>
End of year - June 30	<u>\$ 239,205</u>	<u>\$ 660,186</u>	<u>\$ 4,856,093</u>

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<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	\$ 2,210,746	\$ 311,503	\$ 242,612	\$ 7,918,631
Cash paid to suppliers	<u>(1,433,714)</u>	<u>(2,250)</u>	<u>(144,405)</u>	<u>(7,259,598)</u>
Net cash provided (used) by operating activities	<u>777,032</u>	<u>309,253</u>	<u>98,207</u>	<u>659,033</u>
Net increase (decrease) in cash and cash equivalents	777,032	309,253	98,207	659,033
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>2,823,261</u>	<u>167,806</u>	<u>571,927</u>	<u>1,936,555</u>
End of year - June 30	<u>\$ 3,600,293</u>	<u>\$ 477,059</u>	<u>\$ 670,134</u>	<u>\$ 2,595,588</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 888,881	\$ 311,283	\$ 101,777	\$ 457,314
Change in prepaids	(169,398)	-	(2,781)	(300)
Change in accounts receivable	57,549	-	-	-
Change in claims payable	<u>-</u>	<u>(2,030)</u>	<u>(789)</u>	<u>202,019</u>
Net cash provided (used) by operating activities	<u>\$ 777,032</u>	<u>\$ 309,253</u>	<u>\$ 98,207</u>	<u>\$ 659,033</u>

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Dental Insurance Fund	Unemployment Insurance Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 369,211	\$ 360,286	\$ 11,412,989
Cash paid to suppliers	<u>(346,600)</u>	<u>(56,216)</u>	<u>(9,242,783)</u>
Net cash provided (used) by operating activities	<u>22,611</u>	<u>304,070</u>	<u>2,170,206</u>
Net increase (decrease) in cash and cash equivalents	22,611	304,070	2,170,206
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>247,472</u>	<u>356,116</u>	<u>6,103,137</u>
End of year - June 30	<u>\$ 270,083</u>	<u>\$ 660,186</u>	<u>\$ 8,273,343</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 36,664	\$ 304,070	\$ 2,099,989
Change in prepaids	-	-	(172,479)
Change in accounts receivable	-	-	57,549
Change in claims payable	<u>(14,053)</u>	<u>-</u>	<u>185,147</u>
Net cash provided (used) by operating activities	<u>\$ 22,611</u>	<u>\$ 304,070</u>	<u>\$ 2,170,206</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, 2016**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 254,588	\$ 242,612	\$ (11,976)
Total revenues	<u>254,588</u>	<u>242,612</u>	<u>(11,976)</u>
Expenditures:			
Benefits and premiums	<u>254,588</u>	<u>140,835</u>	<u>113,753</u>
Total expenditures	<u>254,588</u>	<u>140,835</u>	<u>113,753</u>
Change in net position	<u>\$ -</u>	<u>101,777</u>	<u>\$ 101,777</u>
Net Position:			
Beginning of year - July 1		<u>566,655</u>	
End of year - June 30		<u>\$ 668,432</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, 2016**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 2,081,483	\$ 2,153,197	\$ 71,714
Total revenues	<u>2,081,483</u>	<u>2,153,197</u>	<u>71,714</u>
Expenditures:			
Benefits and premiums	2,081,483	1,264,316	817,167
Total expenditures	<u>2,081,483</u>	<u>1,264,316</u>	<u>817,167</u>
Change in net position	<u>\$ -</u>	888,881	<u>\$ 888,881</u>
Net Position:			
Beginning of year - July 1		<u>41,121</u>	
End of year - June 30		<u>\$ 930,002</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, 2016**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 5,000	\$ 311,503	\$ 306,503
Total revenues	<u>5,000</u>	<u>311,503</u>	<u>306,503</u>
Expenditures:			
Benefits and premiums	<u>5,000</u>	<u>220</u>	<u>4,780</u>
Total expenditures	<u>5,000</u>	<u>220</u>	<u>4,780</u>
Change in net position	<u>\$ -</u>	311,283	<u>\$ 311,283</u>
Net Position:			
Beginning of year - July 1		<u>165,776</u>	
End of year - June 30		<u>\$ 477,059</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, 2016

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 1,250,000	\$ 360,286	\$ (889,714)
Total revenues	<u>1,250,000</u>	<u>360,286</u>	<u>(889,714)</u>
Expenditures:			
Benefits and premiums	<u>1,250,000</u>	<u>56,216</u>	<u>1,193,784</u>
Total expenditures	<u>1,250,000</u>	<u>56,216</u>	<u>1,193,784</u>
Change in net position	<u>\$ -</u>	304,070	<u>\$ 304,070</u>
Net Position:			
Beginning of year - July 1		<u>356,116</u>	
End of year - June 30		<u>\$ 660,186</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, 2016

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 8,025,527	\$ 7,918,631	\$ (106,896)
Total revenues	<u>8,025,527</u>	<u>7,918,631</u>	<u>(106,896)</u>
Expenditures:			
Benefits and premiums	<u>8,025,527</u>	<u>7,461,317</u>	<u>564,210</u>
Total expenditures	<u>8,025,527</u>	<u>7,461,317</u>	<u>564,210</u>
Change in net position	<u>\$ -</u>	457,314	<u>\$ 457,314</u>
Net Position:			
Beginning of year - July 1		<u>1,423,895</u>	
End of year - June 30		<u>\$ 1,881,209</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, 2016**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 546,000	\$ 369,211	\$ (176,789)
Expenditures:			
Benefits and premiums	546,000	332,547	213,453
Total expenditures	<u>546,000</u>	<u>332,547</u>	<u>213,453</u>
Change in net position	<u>\$ -</u>	36,664	<u>\$ 36,664</u>
Net Position:			
Beginning of year - July 1		<u>202,541</u>	
End of year - June 30		<u>\$ 239,205</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, 2016

	<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	\$ 70,022	\$ 47,082	\$ 179,769	\$ 9,613	\$ 306,486
Liabilities:					
Accounts payable and accrued liabilities	\$ 70,022	\$ 47,082	\$ 179,769	\$ 9,613	\$ 306,486

HARNETT COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Social Services:				
Assets:				
Cash and investments	\$ 67,022	\$ 499,150	\$ (496,150)	\$ 70,022
Liabilities:				
Accounts payable and accrued liabilities	\$ 67,022	\$ 499,150	\$ (496,150)	\$ 70,022
Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 10,515	\$ 11,550,860	\$ (11,514,293)	\$ 47,082
Liabilities:				
Accounts payable and accrued liabilities	\$ 10,515	\$ 11,550,860	\$ (11,514,293)	\$ 47,082
State Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 179,769	\$ 7,191	\$ (7,191)	\$ 179,769
Liabilities:				
Accounts payable and accrued liabilities	\$ 179,769	\$ 7,191	\$ (7,191)	\$ 179,769
Fines and Forfeitures Fund:				
Assets:				
Cash and investments	\$ -	\$ 221,119	\$ (221,119)	\$ -
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 221,119	\$ (221,119)	\$ -
Jail Canteen Fund:				
Assets:				
Cash and investments	\$ 9,688	\$ 279,984	\$ (280,059)	\$ 9,613
Liabilities:				
Accounts payable and accrued liabilities	\$ 9,688	\$ 279,984	\$ (280,059)	\$ 9,613
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 266,994	\$ 12,558,304	\$ (12,518,812)	\$ 306,486
Liabilities:				
Accounts payable and accrued liabilities	\$ 266,994	\$ 12,558,304	\$ (12,518,812)	\$ 306,486

OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable – General Fund

Analysis of Current Tax Levy

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HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 JUNE 30, 2016

Fiscal Year	Uncollected Balance July 1, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 61,131,564	\$ 60,690,471	\$ 441,093
2014-2015	323,514	-	170,431	153,083
2013-2014	199,159	-	54,950	144,209
2012-2013	176,636	-	35,490	141,146
2011-2012	149,338	-	30,087	119,251
2010-2011	109,613	-	10,665	98,948
2009-2010	109,733	-	7,676	102,057
2008-2009	82,665	-	6,936	75,729
2007-2008	92,465	-	8,695	83,770
2006-2007	88,334	-	8,397	79,937
2005-2006	86,741	-	86,741	-
Total	\$ 1,418,198	\$ 61,131,564	\$ 61,110,539	1,439,223
Less: allowance for uncollectible accounts - General Fund				979,191
Ad valorem taxes receivable, net - General Fund				\$ 460,032
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 61,273,129
Reconciling items:				
Interest collected				(234,971)
Taxes written off				86,741
Prior year releases				(14,360)
Total collections and credits				\$ 61,110,539

HARNETT COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2016

	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	\$ 8,150,875,200	\$ 0.7500	\$ 61,131,564	\$ 54,715,756	\$ 6,415,808
Total	<u>8,150,875,200</u>		<u>61,131,564</u>	<u>54,715,756</u>	<u>6,415,808</u>
Total property valuation	<u>\$ 8,150,875,200</u>				
Net Levy			61,131,564	54,715,756	6,415,808
Uncollected taxes at June 30, 2016			<u>(441,093)</u>	<u>(441,093)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 60,690,471</u>	<u>\$ 54,274,663</u>	<u>\$ 6,415,808</u>
Current Levy Collection Percentage			<u>99.28%</u>	<u>99.19%</u>	<u>100.00%</u>

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	169
<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	176
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	183
<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	187
<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	189
<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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$ 35,262,755	\$ 37,271,906	\$ 63,157,501	\$ 36,370,124	\$ 36,054,811	\$ 37,298,229	\$ 62,464,192	\$ 50,365,917	\$ 44,566,178	\$ 55,813,622
Restricted	-	-	-	-	14,023,136	10,537,181	10,997,970	11,787,945	15,913,835	17,766,806
Unrestricted	(17,756,613)	(30,362,560)	(82,235,980)	(77,060,014)	(89,050,481)	(81,052,839)	(105,671,907)	(94,656,353)	(88,995,853)	(78,490,540)
Total governmental activities net position	<u>\$ 17,506,142</u>	<u>\$ 6,909,346</u>	<u>\$ (19,078,479)</u>	<u>\$ (40,689,890)</u>	<u>\$ (38,972,534)</u>	<u>\$ (33,217,429)</u>	<u>\$ (32,209,745)</u>	<u>\$ (32,502,491)</u>	<u>\$ (28,515,840)</u>	<u>\$ (4,910,112)</u>
Business-type activities										
Net investment in capital assets	\$ 99,508,987	\$111,540,080	\$150,839,435	\$179,931,416	\$229,078,137	\$250,808,927	\$243,042,418	\$ 245,118,371	\$ 266,725,165	\$ 278,517,784
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,577,237	10,348,070	5,174,536	14,168,332	14,966,901	18,408,236	42,092,691	55,340,802	44,073,005	42,596,106
Total business-type activities net position	<u>\$107,086,224</u>	<u>\$121,888,150</u>	<u>\$156,013,971</u>	<u>\$194,099,748</u>	<u>\$244,045,038</u>	<u>\$269,217,163</u>	<u>\$285,135,109</u>	<u>\$300,459,173</u>	<u>\$310,798,170</u>	<u>\$321,113,890</u>
Primary Government										
Net investment in capital assets	\$134,771,742	\$148,811,986	\$213,996,936	\$216,301,540	\$265,132,948	\$288,107,156	\$305,506,610	\$295,484,288	\$311,291,343	\$334,331,406
Restricted	-	-	-	-	14,023,136	10,537,181	10,997,970	11,787,945	15,913,835	17,766,806
Unrestricted	(10,179,376)	(20,014,490)	(77,061,444)	(62,891,682)	(74,083,580)	(62,644,603)	(63,579,216)	(39,315,551)	(44,922,848)	(35,894,434)
Total primary government net position	<u>\$124,592,366</u>	<u>\$128,797,496</u>	<u>\$136,935,492</u>	<u>\$153,409,858</u>	<u>\$205,072,504</u>	<u>\$235,999,734</u>	<u>\$252,925,364</u>	<u>\$267,956,682</u>	<u>\$282,282,330</u>	<u>\$316,203,778</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 9,196,366
Public Safety	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	37,715,350
Transportation	639,875	407,741	639,194	637,306	657,369	646,939	344,069	276,823	952,006	927,620
Environmental Protection	129,917	139,421	202,232	193,652	165,460	124,255	135,892	138,994	170,630	182,736
Economic & physical development	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	2,732,724
Human Services	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	28,109,695
Cultural & Recreational	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	1,667,895
Education	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	27,328,710
Debt Service:										
Interest and fees	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	5,315,756
Total governmental activities expenses	<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>	<u>113,176,852</u>
Business type activities										
Water and Sewer	15,117,851	16,667,249	18,490,660	20,517,601	35,319,763	23,446,803	28,120,698	28,650,534	26,444,236	31,176,432
Solid Waste	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	4,741,515
Total business-type activities	<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>31,062,394</u>	<u>35,917,947</u>
Total primary government expenses	<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>\$ 145,424,261</u>	<u>\$ 149,094,799</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 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	\$ 9,083,933
Public Safety	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	8,553,075
Transportation	246,468	264,936	242,983	277,895	328,194	335,486	292,655	1,444	1,705	2,205
Environmental protection	-	-	-	-	-	-	-	-	3,963	8,438
Economic and physical development	-	-	2,652	2,638	22,128	16,013	4,148	8,085	10,766	20,714
Human services	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	2,567,833
Cultural and recreational	497,961	25,653	46,505	54,582	45,862	52,284	41,158	39,974	43,284	49,369
Education	-	558,955	439,948	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	5,138	116,303	286,678	1,574,076	999,908	904,224	1,175,405	1,874,813	1,593,065	1,634,027
Public Safety	676,900	685,126	1,565,755	1,890,581	1,904,951	1,628,139	1,899,606	747,873	648,901	1,022,612
Transportation	2,427,366	529,786	1,165,357	754,113	594,844	382,897	811,311	3,957,957	1,042,078	582,821
Environment protection	316,873	-	35,320	23,665	15,502	8,962	-	-	26,965	30,426
Economic and physical development	1,184,349	1,863,797	736,305	665,288	704,113	528,743	89,601	41,017	41,395	45,512
Human services	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	18,472,123
Cultural and recreational	67,500	675,919	182,360	180,991	196,413	149,410	161,039	162,175	164,619	161,213
Education	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	1,902,400
Capital grants and contributions:										
General government	-	-	-	-	159,603	-	-	-	335,462	28,493
Public Safety	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	398,782	103,114	78,395	730,636	978,203	517,082	39,584
Human services	19,656	-	-	-	-	-	-	-	-	-
Cultural and recreational	-	15,000	8,000	282,472	3,414	28,486	-	-	39,421	5,750
Total governmental activities programs revenues	<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>	<u>44,210,528</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Water and Sewer	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	34,697,530
Solid Waste	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	5,360,576
Operating grants and contributions:										
Water and Sewer	-	511,300	-	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-	-	-	-	268,549
Capital grants and contributions:										
Water and Sewer	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	6,430,392
Solid Waste	-	-	-	-	-	-	-	30,000	-	-
Total business-type activities program revenues	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	46,757,047
Total primary government program revenues	<u>\$ 76,976,974</u>	<u>\$ 70,050,240</u>	<u>\$ 91,303,083</u>	<u>\$ 111,021,690</u>	<u>\$ 130,954,504</u>	<u>\$ 90,655,975</u>	<u>\$ 91,645,184</u>	<u>\$ 88,456,676</u>	<u>\$ 77,522,699</u>	<u>\$ 90,967,575</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (68,966,324)
Business-type activities	25,780,952	14,659,708	33,658,681	38,273,608	53,497,811	25,240,785	17,617,669	15,486,224	10,841,026	10,839,100
Total primary government net expense	<u>\$ (34,180,164)</u>	<u>\$ (66,046,641)</u>	<u>\$ (60,049,626)</u>	<u>\$ (52,489,994)</u>	<u>\$ (16,229,246)</u>	<u>\$ (43,896,366)</u>	<u>\$ (56,765,072)</u>	<u>\$ (66,947,612)</u>	<u>\$ (67,901,562)</u>	<u>\$ (58,127,224)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad valorem taxes	\$ 42,322,460	\$ 44,199,461	\$ 46,969,567	\$ 56,560,748	\$ 56,372,131	\$ 58,298,100	\$ 60,032,767	\$ 64,309,216	\$ 65,789,144	\$ 68,369,184
Local option sales tax	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	19,279,814
Other taxes	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	4,778,883
Unrestricted grants and contributions	668,085	144,532	234,713	70,413	125,845	347,202	45,956	38,861	67,514	41,665
Investment earnings	1,485,912	1,516,019	451,055	91,358	33,012	15,492	18,991	2,677	11,672	102,503
Miscellaneous	1,500,079	2,050,793	2,149,503	-	-	-	-	-	-	-
Gain on sale of capital asset	-	38,318	13,850	-	-	-	-	-	-	-
Transfers	219,199	315,526	439,265	72,819	475,001	312,024	400,000	400,000	(2,030)	-
Total governmental activities	<u>67,347,117</u>	<u>70,109,553</u>	<u>67,720,482</u>	<u>71,007,123</u>	<u>71,194,288</u>	<u>74,892,256</u>	<u>76,805,708</u>	<u>82,141,090</u>	<u>86,633,882</u>	<u>92,572,049</u>
Business-type activities:										
Other taxes	107,930	114,575	160,785	210,121	264,145	236,713	227,228	237,297	234,276	268,129
Investment earnings	240,284	243,356	46,845	25,173	12,585	6,651	5,961	543	660	3,491
Miscellaneous	2,288,887	38,891	695,733	-	-	-	-	-	-	-
Gain on sale of capital asset	-	60,923	3,042	-	-	-	-	-	-	-
Transfers	(219,199)	(315,526)	(439,265)	(72,819)	(475,001)	(312,024)	(400,000)	(400,000)	2,030	-
Total business-type activities	<u>2,417,902</u>	<u>142,219</u>	<u>467,140</u>	<u>162,475</u>	<u>(198,271)</u>	<u>(68,660)</u>	<u>(166,811)</u>	<u>(162,160)</u>	<u>236,966</u>	<u>271,620</u>
Total primary government	<u>\$ 69,765,019</u>	<u>\$ 70,251,772</u>	<u>\$ 68,187,622</u>	<u>\$ 71,169,598</u>	<u>\$ 70,996,017</u>	<u>\$ 74,823,596</u>	<u>\$ 76,638,897</u>	<u>\$ 81,978,930</u>	<u>\$ 86,870,848</u>	<u>\$ 92,843,669</u>
Change in Net Position										
Governmental activities	\$ 7,386,001	\$ (10,596,796)	\$ (25,987,825)	\$ (19,756,479)	\$ 1,467,231	\$ 5,755,105	\$ 2,422,967	\$ (292,746)	\$ 7,891,294	\$ 23,605,725
Business-type activities	28,198,854	14,801,927	34,125,821	38,436,083	53,299,540	25,172,125	17,450,858	15,324,064	11,077,992	11,110,720
Total primary government	<u>\$ 35,584,855</u>	<u>\$ 4,205,131</u>	<u>\$ 8,137,996</u>	<u>\$ 18,679,604</u>	<u>\$ 54,766,771</u>	<u>\$ 30,927,230</u>	<u>\$ 19,873,825</u>	<u>\$ 15,031,318</u>	<u>\$ 18,969,286</u>	<u>\$ 34,716,445</u>

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

Fiscal Year	Governmental Activities					Business-type Activities		Total
	Ad Valorem	Sales Tax	Excise Stamp - Real Property	Occupancy Tax	Cable Franchise License	Solid Waste		
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	
2016	68,369,184	19,279,814	468,981	554,405	197,107	268,129	89,137,620	

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

	Fiscal Year									
	2007 ¹	2008	2009 ²	2010 ³	2011	2012	2013 ⁴	2014 ⁵	2015	2016
General Fund										
Reserved	\$ 9,590,857	\$ 11,334,321	\$ 9,113,259	\$ 7,586,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,269,357	13,642,598	9,327,602	8,858,325	-	-	-	-	-	-
Non Spendable	-	-	-	-	52,271	748,224	451,088	111,181	159,625	1,418,606
Restricted	-	-	-	-	7,347,530	8,789,704	9,433,149	9,260,952	11,496,063	11,966,027
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	26,311,973
Total General Fund	<u>\$ 22,860,214</u>	<u>\$ 24,976,919</u>	<u>\$ 18,440,861</u>	<u>\$ 16,444,784</u>	<u>\$ 18,679,151</u>	<u>\$ 23,324,502</u>	<u>\$ 27,844,179</u>	<u>\$ 31,298,039</u>	<u>\$ 33,673,076</u>	<u>\$ 39,696,606</u>
All other governmental funds										
Reserved	\$ 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	731,401	412,406	975,147	718,299	-	-	-	-	-	-
Non Spendable	-	-	-	-	-	2,612	1,742	-	-	4,212
Restricted	-	-	-	-	6,700,404	2,212,333	23,331,386	12,479,663	8,809,048	7,594,332
Committed	-	-	-	-	198,652	103,168	471,969	440,695	24,102	122,485
Assigned	-	-	-	-	143,764	60,662	76,734	60,348	246,463	2,316,903
Unassigned	-	-	-	-	(974,816)	(470,924)	(444,222)	(1,869,528)	(881,516)	(895,755)
Capital Projects	2,189,267	7,617,069	28,479,842	10,366,092	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 48,118,852</u>	<u>\$ 30,971,960</u>	<u>\$ 33,327,259</u>	<u>\$ 11,608,606</u>	<u>\$ 6,068,004</u>	<u>\$ 1,907,851</u>	<u>\$ 23,437,609</u>	<u>\$ 11,111,178</u>	<u>\$ 8,198,097</u>	<u>\$ 9,142,177</u>

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

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)

	Fiscal Year									
	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Ad valorem taxes	\$ 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	\$ 68,317,095
Other taxes and licenses	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	24,058,697
Unrestricted Intergovernmental	111,481	121,282	97,470	70,413	125,845	347,202	45,956	38,861	67,514	41,665
Restricted Intergovernmental	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	23,003,139
Permits and fees	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	3,466,824
Contributions	2,037,782	23,250	164,885	-	-	-	-	-	-	-
Sales and services	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	8,863,752
Investment earnings	1,557,886	2,286,039	470,083	91,358	33,012	15,492	18,991	2,677	11,672	102,503
Other general revenues	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	3,631,950
Total revenues	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	131,485,625
Expenditures										
General government	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	13,684,269
Public safety	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	36,668,046
Transportation	176,958	132,091	314,378	149,435	149,839	160,068	368,313	369,745	418,731	392,951
Environmental protection	129,917	136,095	192,134	184,147	163,285	118,166	123,598	128,133	165,801	182,736
Economic and physical development	6,779,269	6,130,542	6,556,510	6,214,196	5,931,886	6,270,644	5,873,572	7,761,858	5,087,189	3,291,512
Human services	29,265,249	30,893,900	27,167,825	24,911,594	25,078,828	24,622,510	25,488,823	25,287,199	26,243,188	28,000,704
Cultural and recreational	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	1,498,127
Education	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	27,328,710
Debt Service										
Principal	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	11,551,597
Interest and fees	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	4,959,473
Debt issuance cost	-	558	803,900	-	-	-	-	-	-	-
Total primary government expenses	\$ 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	\$ 127,558,125
Excess of revenues over (under) expenditures	(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)	3,927,500

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

	Fiscal Year									
	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other financing sources (uses)										
Bonds & capital lease issuance	\$ 48,502,824	\$ 15,503,712	\$ 35,290,378	\$ -	\$ 20,803,000	\$ 329,485	\$ 329,485	\$ 5,497,253	\$ -	\$ 2,200,000
Bond premium	-	-	656,343	-	35,475	-	52,029	-	-	-
Long-term debt refunded	-	-	-	-	-	24,033,690	30,210,515	-	29,486,750	37,018,000
Payment to escrow agents	-	-	-	-	(20,035,000)	(23,921,394)	-	-	(28,970,662)	(36,177,890)
Transfers in	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	1,207,791
Transfers out	(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)	(1,207,791)
Total other financing sources (uses)	<u>48,722,024</u>	<u>15,819,238</u>	<u>36,385,986</u>	<u>423,125</u>	<u>978,476</u>	<u>753,805</u>	<u>30,992,033</u>	<u>5,897,253</u>	<u>514,058</u>	<u>3,040,110</u>
Net change in fund balances	<u>\$ 41,743,801</u>	<u>\$ (15,030,187)</u>	<u>\$ (2,551,649)</u>	<u>\$ (23,414,092)</u>	<u>\$ (3,306,235)</u>	<u>\$ 485,198</u>	<u>\$ 26,049,435</u>	<u>\$ (8,872,571)</u>	<u>\$ (538,044)</u>	<u>\$ 6,967,610</u>
Debt service as a percentage of noncapital expenditures	<u>14.11%</u>	<u>9.90%</u>	<u>9.72%</u>	<u>9.74%</u>	<u>11.41%</u>	<u>11.28%</u>	<u>9.69%</u>	<u>11.63%</u>	<u>13.29%</u>	<u>14.05%</u>

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

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

Fiscal Year	Ad Valorem	Sales Tax	Excise Stamp Real Property	Occupancy Tax	Cable TV Franchise	Total
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
2016	61,273,129	19,279,814	468,981	554,405	197,107	81,773,436

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					
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%
2016	6,936,338,652	193,236,973	733,224,739	368,420,022	294,049,816	7,937,170,570	0.750	7,852,739,210	101.08%

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

² 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**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Harnett County	0.735	0.735	0.735	0.725	0.725	0.725	0.725	0.725	0.750	0.750
Municipalities:										
City of Dunn	0.520	0.520	0.480	0.480	0.480	0.480	0.500	0.500	0.500	0.500
Aversboro School District	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020
Aversboro Fire District	0.040	0.040	0.070	0.070	0.070	0.070	0.070	0.070	0.090	0.090
Downtown Revitalization	-	-	-	-	-	0.120	0.012	0.012	0.012	0.012
Combined Rate	1.275	1.275	1.235	1.225	1.225	1.225	1.245	1.245	1.270	1.270
Town of Benson										
Satellite Properties	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530
Combined Rate	1.265	1.265	1.265	1.255	1.255	1.255	1.255	1.255	1.280	1.280
Town of Broadway										
Satellite Properties	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440
Combined Rate	1.175	1.175	1.175	1.165	1.165	1.165	1.165	1.165	1.190	1.190
Town of Lillington										
Combined Rate	1.295	1.295	1.295	1.245	1.245	1.245	1.245	1.245	1.270	1.270
Town of Coats										
Combined Rate	1.355	1.355	1.355	1.275	1.275	1.315	1.315	1.315	1.340	1.340
Town of Angier										
Combined Rate	1.265	1.265	1.265	1.255	1.255	1.255	1.255	1.255	1.280	1.280
Town of Erwin										
Combined Rate	1.285	1.285	1.285	1.225	1.275	1.205	1.205	1.205	1.230	1.260
Fire Tax Districts:										
Anderson Creek Fire District	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Combined Rate	0.845	0.845	0.845	0.835	0.835	0.835	0.835	0.835	0.860	0.860
Angier/Black River Fire District	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Combined Rate	0.805	0.805	0.805	0.795	0.795	0.795	0.795	0.795	0.820	0.820

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Benhaven Fire District	0.070	0.070	0.070	0.070	0.070	0.080	0.090	0.090	0.090	0.090
Combined Rate	0.805	0.805	0.805	0.795	0.795	0.805	0.815	0.815	0.840	0.840
Benson Banner Fire District	-	-	-	-	-	0.070	0.070	0.070	0.070	0.090
Combined Rate	-	-	-	-	-	0.795	0.795	0.795	0.820	0.840
Boone Trail Emergency Services	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Combined Rate	0.805	0.805	0.805	0.795	0.795	0.795	0.795	0.795	0.820	0.820
Buies Creek Fire District	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	0.835	0.835	0.835	0.825	0.825	0.825	0.825	0.825	0.850	0.850
Bunnlevel Rural FD	0.110	0.110	0.110	0.110	0.110	0.110	-	-	-	-
Combined Rate	0.845	0.845	0.845	0.835	0.835	0.835	-	-	-	-
Crains Creek	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	0.835	0.835	0.835	0.825	0.825	0.825	0.825	0.825	0.850	0.850
Coats-Grove Fire District	0.080	0.080	0.080	0.080	0.080	0.080	0.090	0.090	0.090	0.090
Combined Rate	0.815	0.815	0.815	0.805	0.805	0.805	0.815	0.815	0.840	0.840
Cypress Creek	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Combined Rate	0.820	0.820	0.820	0.810	0.810	0.810	0.810	0.810	0.835	0.835
Duke (Erwin) Fire District	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.080
Combined Rate	0.805	0.805	0.805	0.795	0.795	0.795	0.795	0.795	0.820	0.830
Flat Branch Fire District	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Combined Rate	0.855	0.855	0.855	0.845	0.845	0.845	0.845	0.845	0.870	0.870
Flatwoods	0.150	0.150	0.150	0.150	0.150	0.150	0.120	0.120	0.120	0.120
Combined Rate	0.885	0.885	0.885	0.875	0.875	0.875	0.845	0.845	0.870	0.870
Godwin Falcon	-	-	-	-	-	0.100	0.100	0.100	0.100	0.100
Combined Rate	-	-	-	-	-	0.825	0.825	0.825	0.850	0.850

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Northwest Harnett Fire District	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Combined Rate	0.815	0.815	0.815	0.805	0.805	0.805	0.805	0.805	0.830	0.830
Spout Springs	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	0.835	0.835	0.835	0.825	0.825	0.825	0.825	0.825	0.850	0.850
Summerville	0.070	0.070	0.070	0.070	0.070	0.070	-	-	-	-
Combined Rate	0.805	0.805	0.805	0.795	0.795	0.795	-	-	-	-
Summerville Bunnlevel	-	-	-	-	-	0.080	0.080	0.080	0.080	0.080
Combined Rate	-	-	-	-	-	0.805	0.805	0.805	0.830	0.830
West Area Fire District	-	-	-	-	-	0.100	0.100	0.100	0.100	0.100
Combined Rate	-	-	-	-	-	0.825	0.825	-	0.850	0.850
West Johnston Fire District	-	-	-	-	-	-	-	-	0.070	0.070
Combined Rate	-	-	-	-	-	-	-	-	0.820	0.820

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 government's 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	2016			2007		
	2015 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2006 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress ¹	\$ 68,663,500	1	0.90%	\$ 63,121,843	1	1.40%
South River EMC	37,043,938	2	0.50%	26,569,680	2	0.60%
Delhaize America (Food Lion, Inc.)	35,718,910	3	0.40%	26,087,520	4	0.60%
Rooms To Go	26,627,160	4	0.40%			
Central EMC	20,133,065	5	0.30%	10,472,741	8	0.20%
Food Lion Stores, Distribution	18,646,965	6	0.20%	12,814,982	6	0.30%
Carolina Telephone	18,384,773	7	0.20%	26,485,589	3	0.60%
Angier Farms	13,625,409	8	0.20%			
Wal Mart Real Estate	12,318,880	9	0.20%	11,547,660	7	0.30%
Wincor	11,604,929	10	0.10%			
Energy Conversion (formerly Morganite)				18,110,511	5	0.40%
Edward Brothers				10,423,746	9	0.20%
Anderson Creek Partners				10,181,340	10	0.20%
	<u>\$ 262,767,529</u>		<u>3.40%</u>	<u>\$ 215,815,612</u>		<u>4.80%</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	Percent of Total Tax Collections To Net Levy
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	50,733,856	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%	170,431	58,425,419	99.74%
2016	61,131,564	60,690,471	99.28%	441,093	61,131,564	100.00%

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			
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	8.10%	1,635
2009	725,620	137,910,547	-	9,070,001	24,591,000	40,825,000	-	-	18,039,119	231,161,287	N/A	2,063
2010	498,504	131,923,791	-	7,920,748	23,805,000	39,895,000	-	-	16,752,075	220,795,118	N/A	1,907
2011	299,773	126,224,456	-	6,858,851	23,013,000	13,350,000	-	-	15,465,030	185,211,110	N/A	1,615
2012	437,297	120,798,269	-	5,758,367	35,297,000	12,805,000	-	-	25,551,602	200,647,535	N/A	1,653
2013	215,511	145,136,042	-	4,756,014	34,056,000	12,240,000	20,065,000	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	19,695,000	1,594,000	21,419,030	234,709,593	N/A	1,903
2015	5,088,148	130,875,519	483,098	2,907,373	32,299,000	11,973,000	-	1,434,000	19,603,909	204,664,047	N/A	1,628
2016	3,803,938	130,613,196	333,175	2,140,436	30,900,000	11,218,000	18,095,000	1,270,000	17,008,978	215,382,723	N/A	1,683

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, 2016
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated share of Overlapping Debt</u>
Harnett County			
Debt repaid with property taxes	\$ 130,613,196	100%	<u>\$ 130,613,196</u>
Total direct debt			130,613,196
Municipality:			
Town of Angier	1,455,664	100%	1,455,664
Town of Coats	-	100%	-
City of Dunn	4,496,667	100%	4,496,667
Town of Erwin	-	100%	-
Town of Lillington	-	100%	-
Total overlapping debt			<u>5,952,331</u>
Total direct and overlapping debt			<u><u>\$ 136,565,527</u></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	Total	
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%
2016	30,898,090	18,278,264	12,619,826	800,000	295,916	1,095,916	1151.53%

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 413,768	\$ 438,721	\$ 455,850	\$ 545,723	\$ 564,797	\$ 574,422	\$ 587,486	\$ 586,243	\$ 624,066	\$ 634,974
Total net debt applicable to limit	\$ 133,353	\$ 139,737	\$ 165,746	\$ 157,095	\$ 148,840	\$ 152,546	\$ 195,973	\$ 189,739	\$ 260,392	\$ 151,515
Legal debt margin	\$ 280,415	\$ 298,984	\$ 290,104	\$ 388,628	\$ 415,957	\$ 421,876	\$ 391,513	\$ 396,504	\$ 363,674	\$ 483,459
Total net debt applicable to the limit as a percentage of debt limit	32.31%	31.85%	36.36%	28.29%	26.35%	26.56%	33.36%	32.37%	41.73%	23.86%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	7,937,170,570
Debt Limit (8% of total assessed value)	634,973,646
Debt applicable to limit:	
Certificates of participation	84,590
Installment purchase	48,163,632
Revolving loan	17,008,978
General obligation bond	30,900,000
State bond loans	-
Revenue bonds	11,218,000
Limited obligation bond	18,095,000
Special obligation bond	1,270,000
Obligation under capital lease	4,137,113
Subtotal	130,877,313
Authorized and unissued debt	100,000,000
Total Gross Debt	230,877,313
Less: Statutory deductions	
Bonds issued and outstanding for water and sewer purpo	68,144,415
Revenue bonds	11,218,000
	79,362,415
Total amount of debt applicable to debt limit	151,514,898
Legal debt margin	\$483,458,748

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

Fiscal Year Ended June 30	Population ¹	Personal Income ²	Per Capita Income ³	Median Age ³	School Enrollment ⁴	Unemployment Rate ⁵
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%
2016	127,986	N/A	20,939	35	20,252	5.4%

¹ North Carolina Office of State Budget and Management

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

³ North Carolina Department of Commerce, 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	2016	2007
		Employment Range	Employment Range
Harnett County Public Schools	Education & Health Services	1,000 +	1,000 +
Campbell University	Education & Health Services	1,000 +	500 - 999
Food Lion	Trade, Transportation & Utilities	1,000 +	500 - 999
County of Harnett	Public Administration	1,000 +	500 - 999
Betsy Johnson Memorial Hospital	Education & Health Services	500 - 999	500 - 999
Carlie C's Operation Center, Inc.	Trade, Transportation & Utilities	250 - 499	250 - 499
NC Department of Public Safety	Public Administration	250 - 499	250 - 499
Wal-Mart Associates, Inc.	Trade, Transportation & Utilities	250 - 499	250 - 499
Champion Home Builders Inc	Manufacturing	100 - 249	100 - 249
Edwards Brothers, Inc.	Information	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 Data Delivery System (D4)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	106	108	111	111	99	99	101	101	103.47	103.47
Public Safety	240	258	255	267.5	277.5	278.5	286.5	298.5	303.5	303.5
Environmental Protection	2	3	3	3	3	2	2	2	3	3
Economic and Physical Development	46	55	55	55	43	43	37	38	24	24
Human Services	244	251	248	247.5	259.5	259.5	259.5	257.5	256.25	256.25
Cultural & Recreation	15	14	15	17	12	12	13	13	14	14
Water and Wastewater	100	103	103	91	95	95	100	101	101.5	101.5
Solid Waste	15	15	15	13	13	13	13	14	15.28	15.28
Total	768	807	805	805	802	802	812	825	821	821

Source: Harnett County Finance Office

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fire										
Number of calls answered	5,277	4,719	5,426	5,641	6,110	6,234	6,507	6,707	5,783	6,926
Emergency Medical Services										
Number of Calls Answered	-	-	-	-	-	30,660	27,923	28,128	28,260	20,920
Number of Transports Scheduled	-	-	-	-	-	9,125	8,234	8,577	6,336	8,963
Sheriff										
Number of law violations:										
Arrests	5,082	5,734	8,166	9,348	10,656	10,869	10,000	11,014	10,650	8,228
Traffic violations	2,900	2,492	2,274	2,333	2,394	2,442	5,423	4,249	4,574	4,757
Inspections										
Number of permits issued	2,543	2,359	2,413	2,900	3,085	3,156	2,329	2,794	2,242	2,800
Culture and Recreation										
Circulation	393,693	399,271	413,756	405,757	411,437	365,817	344,394	266,376	356,210	312,489
Utilities										
Water System:										
Daily average treatment in gallons	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	15,260,645
Sewer System:										
Daily average treatment in gallons	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	8,579,768

Source: Information provided by various county departments

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fire										
Number of Stations	19	19	19	19	19	19	19	19	20	20
Emergency Medical Services										
Number of Ambulances	-	-	-	-	-	27	27	27	27	28
Number of Quick Response Vehicles	-	-	-	-	-	9	9	9	9	9
Number of Transport Vans	-	-	-	-	-	2	2	2	2	2
Sheriff										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	107	152	139	156	138	156	176	176	176	181
Culture and Recreation										
Number of libraries	6	6	6	6	6	6	6	6	6	6
Library collections	196,551	202,357	208,873	213,446	219,849	217,323	237,630	209,709	226,870	249,268
Number of Parks	5	5	5	5	5	5	6	6	6	7
Park acreage	1,100	1,100	1,100	1,100	1,100	1,100	1,101	1,101	1,101	1,215
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	1	1	1	2	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	1,851	1,863	1,869	2,132	2,132	2,200	2,221	2,239	2,239	1,433
Number of service connections	37,794	37,891	38,214	40,575	41,241	42,001	42,274	42,900	43,555	44,274
Number of fire hydrants	5,931	5,939	5,943	5,961	4,548	4,548	4,571	4,603	4,603	4,605

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sewer System:										
Miles of sanitary sewer	312	318	322	322	326	326	341	354	354	362
Number of treatment plants	3	3	5	4	4	4	3	2	2	2
Number of service connections	7,811	8,295	8,669	9,523	10,072	10,421	10,920	11,421	11,970	12,515
Maximum daily capacity of treatment plant in gallons	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	20,600,000
Facilities and services not included in primary government:										
Education:										
Number of schools	26	26	26	27	27	27	27	27	28	28
Number of teachers	1,251	1,271	1,218	1,247	1,230	1,181	1,335	1,335	1,227	1,252
Number of students	18,876	18,968	18,518	18,764	19,011	19,378	19,868	19,847	20,099	20,252
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	2	2	2	2
Number of patient beds	101	101	101	101	101	101	151	151	151	151

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

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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 Uniform Guidance; 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 Uniform Guidance; And The State Single Audit Implementation Act

Schedule of Findings, Responses, and Questioned Costs

Schedule of Prior Year 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 14, 2016.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2016-001 that we consider to be a material weakness.

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*.

Harnett County's Response to Finding

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 14, 2016

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

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

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance; And The State Single Audit Implementation Act

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 *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, 2016. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2016-002. Our opinion on each major federal program is not modified with respect to this matter.

Harnett County's response to the non-compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Harnett County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance, such that there is a 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 controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-002 and 2016-003 that we consider to be material weaknesses.

Harnett County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Harnett County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 14, 2016

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

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Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance; 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, 2016. 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; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2016-002. Our opinion on each major State program is not modified with respect to this matters.

Harnett County's response to the non-compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Harnett County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance, such that there is a 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 controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-002, 2016-003 and 2016-004 that we consider to be material weaknesses.

Harnett County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Harnett County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 14, 2016

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

1. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X Yes No
- Significant deficiencies identified? 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? X Yes No
- Significant deficiencies identified? 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 2
CFR 200.516(a)?

 X Yes No

Identification of major federal programs:

Program Name

CFDA#

Medicaid Cluster
Children's Health Insurance Program – NC Health
Choice

93.775, 93.777, 93.778
93.767

Dollar threshold used to distinguish
between Type A and Type B Programs:

\$3,000,000

Auditee qualified as low-risk auditee?

 X Yes No

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

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

Material Weakness

Finding 2016-001

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: A prior period adjustment is required to correct material errors that occurred in periods prior to the current fiscal year under audit. The necessity of a prior period adjustment indicates that the County's system of controls did not detect and prevent a material error in financial reporting.

Context: A capital lease issued in governmental activities was understated for the year ended June 30, 2015. Beginning capital assets and long-term debt for was restated to correct the error. A restatement for the Emergency Telephone System Fund was made for allowed expenditures in the prior year.

Effect: Errors in financial reporting occurred in governmental activities.

Cause: Failure to properly recognize capital assets and long-term debt once certain criteria for a capital lease have been met. Allowed costs were approved after the 2015 audit report.

Recommendation: Care should be taken to ensure that capital assets, allowed costs and long-term debt is properly recognized and classified on the general ledger.

Contact Person: Kimberly Honeycutt

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding and will adhere to the corrective action plan in the Corrective Action Plan section of this audit report.

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

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

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Children's Health Insurance Program – N.C. Health Choice

CFDA # 93.767

Grant Number: DMA WD667

Finding: 2016-002

Material Weakness

Non-Material Non-Compliance

Criteria: Management should have an adequate system of internal control procedures in place to ensure a budget is computed correctly and includes all eligible income.

Condition: The County Department of Social Services failed to correctly calculate a recipient's budget.

Questioned Costs: Yes, \$1,458.

Context: Of the 548 casefiles, we examined 60 and determined that one applicant received benefits during the fiscal year, with a budget incorrectly calculated.

Effect: Participant received benefits and was ineligible.

Cause: Caseworker failed to correctly calculate budget.

Recommendation: Caseworkers should verify that all eligible income is included so budgets are correctly calculated.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

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

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Children's Health Insurance Program – N.C. Health Choice

CFDA # 93.767

Grant Number: DMA WD667

Finding: 2016-003

Material Weakness

Criteria: Management should have an adequate system of internal control procedures in place to ensure a budget is computed correctly and includes all eligible income.

Condition: The County Department of Social Services failed to correctly calculate a recipient's budget.

Questioned Costs: None. The finding represents an internal control issue; therefore, no questioned costs are applicable. The County was able to substantiate that the applicant was eligible to receive benefits.

Context: Of the 548 casefiles, we examined 60 and determined that one applicant received benefits during the fiscal year, with a budget incorrectly calculated.

Effect: Casefile obtained an incorrectly calculated budget.

Cause: Caseworker failed to correctly calculate budget.

Recommendation: Caseworkers should verify that all eligible income is included so budgets are correctly calculated.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

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

N.C. Department of Health and Human Services

Program Name: Children's Health Insurance Program – N.C. Health Choice

Finding: 2016-002 – Management should have an adequate system of internal control procedures in place to ensure a budget is calculated correctly. See Finding 2016-002 in Section III – Federal Award Findings and Questioned Costs.

N.C. Department of Health and Human Services

Program Name: Children's Health Insurance Program – N.C. Health Choice

Finding: 2016-003 – Management should have an adequate system of internal control procedures in place to ensure a budget is calculated correctly. See Finding 2016-003 in Section III – Federal Award Findings and Questioned Costs.

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

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

N.C. Department of Health and Human Services

Program Name: State/County Special Assistance Program

Finding: 2016-004

Material Weakness

Eligibility

Criteria: Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

Condition: The County Department of Social Services did not have a system in place to perform second party reviews for Special Assistance.

Context: While performing tests of internal control over compliance on the programs listed above, we noted the above condition.

Effect: Casefiles could be missing the required eligibility determination documentation, which could allow benefits to be provided to individuals who are not eligible.

Cause: Second party review procedures are not being performed by management for these programs.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: Management should strengthen the County's policy for performing second party reviews to include all DHHS programs. Evidence of documentation of reviews should be retained and include signatures of all parties involved during the review. Any deficiencies noted during the review should be corrected within a timely manner and documented as such.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

HARNETT COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

Finding: 2016-001

Name of Contact Person: Kimberly Honeycutt, Finance Director

Corrective Action: Management concurs and will place stringent internal controls on ensuring that all leases and transactions are properly accounted for and within the correct funds.

Proposed Completion Date: Immediately

Section III – Federal Award Findings and Questioned Costs

Finding: 2016-002

Name of Contact Person: Letitia Maynor, DSS Accounting Technician

Corrective Action: Management concurs and will ensure future budgets will have stringent internal controls and review process to ensure accuracy.

Proposed Completion Date: Immediately

Finding: 2016-003

Name of Contact Person: Letitia Maynor, DSS Accounting Technician

Corrective Action: Management concurs and will ensure future budgets will have stringent internal controls and review process to ensure accuracy.

Proposed Completion Date: Immediately

Section IV – State Award Findings and Questioned Costs

Finding: 2016-002

See Finding 2016-002 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

Finding: 2016-003

See Finding 2016-003 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

HARNETT COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

Section IV – State Award Findings and Questioned Costs

Finding: 2016-004

Name of Contact Person: Letitia Maynor, DSS Accounting Technician

Corrective Action: Management concurs and will ensure future proper review procedures over eligibility determination. Management has already strengthened their second party review process and procedures started January 2016.

Proposed Completion Date: Immediately

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None.

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
FEDERAL AWARD EXPENDITURES					
<u>U.S. Department of Agriculture:</u>					
Division of National Institute of Food and Agriculture:					
Agriculture and Food Research Initiative					
Total of Cooperative Extension Service	10.310	2011-68001-30103	\$ 2,300	\$ -	\$ -
			<u>2,300</u>	<u>-</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					
Total SNAP Cluster	10.561	16165NC40682514	849,343	-	-
			<u>849,343</u>	<u>-</u>	<u>-</u>
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program					
for Women, Infants, and Children					
Direct Benefit Payment:	10.557	SNC700705	559,570	-	-
Special Supplemental Nutrition Program					
for Women, Infants, and Children					
Total of Public Health	10.557	SNC700705	2,685,776	-	-
			<u>3,245,346</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture					
			<u>4,096,989</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development:</u>					
Division of NC Housing Finance Agency:					
Home Investment Partnerships Program					
Total US Department of Housing and Urban Development	14.239	SFRLP13	275,891	-	-
			<u>275,891</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Justice Office of Justice Programs:</u>					
Division Bureau of Justice Assistance					
Edward Byrne Memorial Justice Assistance Grant Program					
Bulletproof Vest Partnership Program	16.738	2014-DJ-BX-1088	23,765	-	-
Division Bureau of Alcohol, Tobacco, Firearms, and Explosives					
Drug Enforcement Agency - Alcohol, Tobacco, and Firearms					
Training Assistance Program					
Total U.S. Department of Justice Office of Justice Programs	16.607	14-0404-0-1-754	5,224	-	-
			<u>12,182</u>	<u>-</u>	<u>-</u>
			<u>41,171</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Education:</u>					
Passed-Through Child Care Networks:					
Race to the Top/Early Learning Challenge					
Total U.S. Department of Education	84.412	CY13-27707-003 RL13	3,180	-	-
			<u>3,180</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Labor:</u>					
Department of Labor/Employment and Training					
Passed-Through Central Carolina Community					
WIA/WIOA Cluster					
WIA/WIOA Adult Program					
WIA/WIOA Youth Activities	17.258	13-2040-02	237,948	-	-
WIA/WIOA Dislocated Worker Formula Grant					
WIA/WIOA Cluster Subtotal	17.259	13-2040-02	169,600	-	-
	17.278	13-2040-02	211,766	-	-
			<u>619,314</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Labor					
			<u>619,314</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Health and Human Services:</u>					
Division of Aging and Adult Services:					
Passed-Through Mid-Carolina Council of Governments:					
Aging Cluster:					
Special Programs for the Aging - Title III, Part C - Nutrition Services					
Nutrition Services Incentive Program	93.045	XXXX	298,097	-	-
Special Programs for the Aging - Title III, Part B Grants for					
Supportive Services and Senior Centers					
Special Programs for the Aging - Title III, Part B Grants for	93.053	XXXX	51,642	-	-
Supportive Services and Senior Centers					
Special Programs for the Aging - Title III, Part B Grants for	93.044	20.701	222,575	-	-
Supportive Services and Senior Centers					
Special Programs for the Aging - Title III, Part B Grants for	93.044	16-701-250	17,299	18,741	-
Supportive Services and Senior Centers					
Special Programs for the Aging - Title III, Part B Grants for	93.044	16-701-33	38,874	42,113	-
Supportive Services and Senior Centers					
Total Aging Cluster			<u>628,487</u>	<u>60,854</u>	<u>-</u>
Special Programs for the Aging:					
National Family Caregiver Support Program Title III Part E					
Passed-Through Corporation for National Community Service:	93.052	17-701	28,600	-	-
Retired and Senior Volunteer Program					
Total Division of Aging and Adult Services	94.002	15SRSN005	33,622	-	-
			<u>690,709</u>	<u>60,854</u>	<u>-</u>
Division of Administration for Children & Families					
Passed-Through the NC Department of Health and Human Services:					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration					
Division of Child Development	93.596	WC302	150,947	-	-
Child Care and Development Block Grant - Discretionary					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Mandatory	93.575	FY16-32334-003 RL13 & 3562040024 G1501NCCCDF, G1601NCCCDF	1,687,210	-	-
	93.596	Listpay 1	576,173	-	-

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Match	93.596	Listpay 1	1,070,911	411,410	-
Total Child Care Development Fund Cluster			3,485,241	411,410	-
Temporary Assistance for Needy Families State Program	93.558	1501NCTANF,1601NCTANF	579,515	-	-
Foster Care Title IV-E	93.658	1501NCFOST,1601NCFOST	50,029	25,646	-
State Appropriations		Listpay 1	-	245,716	-
TANF - Maintenance of Effort		Listpay 1	-	407,834	-
Total Subsidized Child Care Cluster			4,114,785	1,090,606	-
Division of Social Services:					
Foster Care and Adoption Cluster:					
Title IV-E Foster Care - Administration	93.658	1501NCFOST,1601NCFOST	346,186	113,025	-
Adoption Assistance	93.659	1501NCADPT,1601NCADPT	10,695	-	-
Direct Benefit Payments:					
Title IV-E Foster Care	93.658	1501NCFOST,1601NCFOST	284,590	77,072	-
Adoption Assistance	93.659	1501NCADPT,1601NCADPT	791,855	203,493	-
Total Foster Care and Adoption Cluster			1,433,326	393,590	-
Division of Social Services:					
Temporary Assistance for Needy Families Cluster:					
Administration:					
Temporary Assistance for Needy Families ("TANF") State Programs	93.558	G1502NCTANF,G1602NCTANF,1601NCTANF	982,093	-	-
Temporary Assistance for Needy Families State Programs	93.558	1602NCTANF3	16,203	-	-
Direct Benefit Payments:					
Temporary Assistance for Needy Families ("TANF") State Programs	93.558	G1502NCTANF,G1602NCTANF,1601NCTANF	423,046	(29)	-
Total TANF Cluster			1,421,342	(29)	-
Direct Benefit Payments:					
Family Support Payments to States Assistance Payments	93.560	XXXX	(181)	(62)	-
Low Income Home Energy Assistance-Direct Benefit	93.568	G15B1NCLIEA & G16B1NCLIEA	307,900	-	-
Low Income Home Energy Assistance	93.568	G15B1NCLIEA & G16B1NCLIEA	507,288	-	-
Administration:					
Promoting Safe and Stable Families	93.556	G1401NCFPSS,G1501NCFPSS	8,241	-	-
Refugee Entrant Assistance - State Administered Programs	93.566	1601NCRMA	657	-	-
Child Support Enforcement	93.563	1604NC4005	968,461	-	-
Low Income Home Energy Assistance	93.568	G15B1NCLIEA & G16B1NCLIEA	83,925	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G1401NCCWSS & G1501NCCWSS	29,873	-	-
SSBG - In-Home Services	93.667	G1501NCSOSR & G1601NCSOSR	50,122	-	-
SSBG - Adult Protective Services	93.667	G1501NCSOSR & G1601NCSOSR	13,802	-	-
SSBG - Adult Day Care	93.667	G1501NCSOSR & G1601NCSOSR	9,499	-	-
SSBG - Other Services	93.667	G1501NCSOSR & G1601NCSOSR	293,424	-	-
TANF to SSBG	93.667	G1501NCSOSR & G1601NCSOSR	(4,093)	-	-
CPS TANF to SSBG	93.667	G1501NCSOSR & G1601NCSOSR	172,329	-	-
Chafee Foster Care Independence Program	93.674	G1401NC1420,G1501NCCLIP,1601NC1420	25,931	5,198	-
Total Division of Social Services			5,321,846	398,697	-
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	DMA WD667	90,351,524	48,518,081	-
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	WC302	2,607,661	11,456	-
Total Medicaid Cluster			92,959,185	48,529,537	-
Direct Benefit Payments:					
Children's Health Insurance Program - NC Health Choice	93.767	DMA Health Choice	1,756,962	554,889	-
Administration:					
Children's Health Insurance Program - NC Health Choice	93.767	WC302	63,959	2,136	-
Total for Centers for Medicare and Medicaid Services			94,780,106	49,086,562	-
Division of Public Health:					
Immunization Program:					
Immunization Cooperative Agreements	93.268	H231P000759-03	26,261	-	-
Division of Public Health:					
Temporary Assistance for Needy Families State Programs	93.558	32317	74,467	-	-
Family Planning Title X	93.217	0ASH-2015FCAST-0020,5FPHPA046048-03	46,799	-	-
Maternal and Child Health Services Block Grant to the States:					
Women's Preventive Health (Family Planning)	93.994	BO4MC26685	16,295	12,222	-
Child Health (HHS-MCH Block Grant)	93.994	BO4MC28117	67,991	51,000	-
Child Health - CFPT (Child Fatality Prevention Team)	93.994	BO4MC28117	833	624	-
Maternal Health (HMHC)	93.994	BO4MC28117	4,234	3,176	-
Care Coordination for Children/CSC	93.994	BO4MC28117	14,303	10,729	-
Child Nutrition Cluster:					
Summer Food Service Program for Children	10.559	2141N109945	341	-	-

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Injury Prevention and Control Research and State and Community Based Programs	93.136	5U17CE002033-04	3,284		
Immunization Cooperative Agreements	93.268	5U90TP000538-02	38,729	-	-
Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds	93.758	3B010T009034	30,991	-	-
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	3U90TP000538-03S2	11,440	-	-
Preventative Health Services Sexually Transmitted Disease Control Grants	93.977	1H25PS004349-03	441	-	-
HIV Prevention Activities Health Department Based	93.940	1H25PS004349-03	2,000	-	-
Total Division of Public Health			338,409	77,751	-
Total U.S. Department of Health and Human Services			105,245,855	50,714,470	-
<u>U.S. Department of Transportation:</u>					
Passed-Through the NC Department of Transportation:					
Public Transportation Division:					
Division of Aviation:					
Airport Improvement Program					
Airport Improvement Program	20.106	36237.25.12.5 & 13.1	28,493	-	-
Airport Improvement Program	20.106	36237.25.12.6 & 236244.35.6.1	6,312	-	-
Formula Grants for Rural Areas	20.509	16-CT-040 & 15-CT-040	131,726	16,465	-
Formula Grants for Rural Areas	20.509	36233.50.18.1. 16-CT-040	155,379	9,709	-
Total U.S. Department of Transportation			321,910	26,174	-
<u>NC Department of Crime Control and Public Safety:</u>					
Division of Emergency Management:					
Emergency Management Performance Grants	97.042	EMPG-2013-37085	26,459	26,459	-
Total NC Department of Crime Control and Public Safety			26,459	26,459	-
<u>NC Department of Insurance:</u>					
Division of Seniors Health Insurance Information Program					
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations					
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	XXXX	6,299	-	-
Total NC Department of Insurance			6,299	-	-
<u>N.C. Department of Cultural Resources</u>					
Institute of Museum and Library Services, Development Section					
Grants to States	45.310	LS-00-15-0034-15	5,750	-	-
Total N.C. Department of Cultural Resources			5,750	-	-
<u>National Endowment for the Humanities</u>					
Promotion of the Humanities Federal/State Partnership	45.129	15-30	1,000	-	-
Total National Endowment of the Humanities			1,000	-	-
TOTAL FEDERAL AWARD EXPENDITURES			110,643,818	50,767,103	-
STATE AWARD EXPENDITURES					
<u>NC Department of Agriculture and Consumer Services:</u>					
Division of Structural Pest and Pesticides:					
Pesticide Recycling		G40100005413PET	-	5,132	-
Veterinary Division Animal Welfare Section					
Icare Spay and Neuter Program		XXXX	-	2,426	-
NC Department of Agriculture and Consumer Services			-	7,558	-
<u>NC Department of Environmental Quality:</u>					
Financial Service Division					
Abandoned Manufactured Home Planning Initiative		6038	-	8,000	-
Division of Waste Management					
White Goods Management Program		XXXX	-	133,790	-
NC Department of Environmental Quality:			-	141,790	-
<u>NC Department of Natural and Cultural Resources:</u>					
State Aid to Public Libraries		45310	-	159,013	-
Total NC Department of Natural and Cultural Resources			-	159,013	-
<u>NC Department of Health and Human Services:</u>					
Division of Public Health:					
Family Planning		XXXX	-	10,448	-
Child Health		XXXX	-	5,808	-
Certification Training		XXXX	-	617	-
Public Health Nursing		XXXX	-	1,600	-
Maternal Health (Prenatal)		XXXX	-	2,565	-
Evidence Based Intervention Services		XXXX	-	50,000	-
General Health/State Aid		XXXX	-	112,743	-
Tuberculosis Control		XXXX	-	31,226	-
TB Medical Services		XXXX	-	2,743	-
Food and Lodging		XXXX	-	7,544	-
HIV/STD State		XXXX	-	500	-
Communicable Disease		XXXX	-	4,001	-
School Nurse Funding Initiative		XXXX	-	150,000	-
Sexually Transmitted Diseases		XXXX	-	609	-
Total Division of Public Health			-	380,404	-

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Division of Aging and Adult Services:					
Direct Benefit Payment:					
Special Assistance to Adults		XXXX	-	863,786	-
Total Division of Aging and Adult Services			-	863,786	-
Division of Social Services:					
Direct Benefit Payment:					
Child Welfare Services - Adoption Subsidy		XXXX	-	365,296	-
Child Welfare State In-Home Services		XXXX	-	65,606	-
Progress Energy's Neighborhood Fund		XXXX	-	6,472	-
Smart Start		XXXX	-	55,056	-
Social Services Block Grant - State		XXXX	-	29,830	-
State Foster Care Benefits Program		XXXX	-	292,599	-
Total Division of Social Services			-	814,859	-
Total NC Department of Health and Human Services					
			-	2,059,049	-
<u>NC Department of Public Safety:</u>					
Division of Juvenile Justice:					
CBA - Juvenile Restitution		543-10591	-	101,468	-
CBA - JCPC ADM		543-11433	-	7,160	-
Court Psychologist		543-12138	-	6,000	-
Re-Entry - Healthy Choice		543-10619	-	59,756	-
2015 Tier II Grant		T2-2015-44	-	1,101	-
Teen Court At-Risk Youth		543-11764	-	76,070	-
NC Department of Public Safety			-	251,555	-
<u>NC Department of Transportation:</u>					
Passed-Through the NC Department of Transportation:					
Division of Engineering:					
Rural Operating Assistance Program (ROAP):					
Highland Middle School		WBS43680	-	125,000	-
Work First Transportation Grant		FY16 ROAP	-	29,729	-
Rural General Public Program (RGP)		FY16 ROAP	-	114,069	-
Elderly and Disabled Transportation Assistance Program (EDTAP)		FY16 ROAP	-	76,547	-
Total NC Department of Transportation:			-	345,345	-
<u>NC Department of Military and Veterans Affairs</u>					
Division of Veterans Affairs		XXXX	-	2,288	-
<u>NC Department of Public Instruction:</u>					
Public School Building Capital Fund - Lottery Proceeds			-	1,900,000	1,900,000
<u>NC Wildlife Resources Commission:</u>					
Division of Wildlife Management					
Partners for Green Growth		WM-0286	-	6,038	-
TOTAL STATE AWARD EXPENDITURES			-	4,872,636	1,900,000
TOTAL AWARD EXPENDITURES			\$ 110,643,818	\$ 55,639,739	\$ 1,900,000

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, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Harnett County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: 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

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