

**HARNETT COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**



**HARNETT COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# **INTRODUCTORY SECTION**

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## Finance Department

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January 15, 2021

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, 2020. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin Starnes & Associates, CPA’s, 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 fifth fastest growing county in the State based on the US Census Bureau’s population estimate for 2019 of 135,976. The county seat, the Town of Lillington, has a population of 3,604 while the City of Dunn, the largest municipality located in the County, has a population of 9,718. These two municipalities comprise approximately 10.00% of the total County population.

The County contains 601 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 28 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. 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.

Campbell University, located in Buies Creek, is one of the largest private institutions of higher education in North Carolina. The University is home to more than 7,000 students from 41 countries across 4 campuses – Harnett County, Raleigh, Camp Lejeune and Fort Bragg. The Buies Creek Campus located in Harnett County hosts approximately 5,000 undergraduate and graduate students. Known for its high-quality education with a low student-teacher ratio, Campbell offers more than 100 undergraduate tracks along with graduate programs such as Norman Adrian Wiggins School of Law, College of Pharmacy and Health Science (opened August 2016), Lundy-Fetterman School of Business; Catherine W. Wood School of Nursing (opened August 2016), Jerry M. Wallace School of Osteopathic Medicine (opened August 2013), Education, Divinity and Engineering (opened August 2016). In 2018, Campbell's School of Nursing received accreditation and graduated its first class of nurses. The University's School of Osteopathic Medicine continues to have a significant impact on the residents of Harnett County and

southeastern NC, opening a second Health Center in Dunn and creating 350 new residency positions in 18 programs at five affiliate organizations. Additionally, Campbell completed construction of an Engineering Annex, Admissions and Financial Aid building, and broke ground on a 100,000 square foot Student Union that will serve as a hub for student activity. The facility includes a banquet hall that will seat up to 850 people for formal events, conferences, and provide much needed multi-purpose event space for the County.

Central Carolina Community College (CCCC), whose main campus is in Lee County offers degree, diploma and certificate opportunities in more than 130 college-level programs of study and over 750 curriculum courses across three campuses in Harnett County, Chatham County and Lee County. CCCC has a current enrollment of nearly 5,000 curriculum students and offers five associates degrees including Arts, Engineering, Science, Fine Arts and Applied Science. CCCC was ranked 1<sup>st</sup> out of 58 North Carolina public community colleges by Niche, a website that reviews neighborhoods and schools, on their list of “2020 Best Community Colleges”. CCCC Harnett County Campus hosts a variety of programs that include Accounting, Culinary Arts, Laser and Photonics and pre-Associate in Arts, Engineering and Science for transfer to a four year institution. CCCC has developed an innovative partnership with the Harnett County Public Schools to offer an Early College Program. This program is designed to target students that could benefit from accelerated learning opportunities. In addition, the Harnett County Board of Commissioners entered into an agreement with CCCC to begin funding the “Harnett Promise” program in 2020. This program provides eligible students graduating in Harnett County two years of free CCCC tuition.

Harnett County is focused on creating an environment where companies thrive, and residents enjoy an enhanced quality of life that preserves the county’s agricultural heritage. Key focus areas include marketing, business recruitment, existing industry support, and product development. The County’s economic development efforts include an Economic Development Council, comprised of private sector and public partner stakeholders, who guide and direct economic development work, as well as a strong nonprofit partner, Harnett County Properties Corporation (HCPC). The HCPC works to stimulate, encourage and promote the economic development of Harnett County by providing services and aid of nature and kind calculated to encourage and facilitate the locating, establishing, building, operating and maintaining of new, existing and additional businesses and industries in the County. Growth in the County’s local economy and quality of life initiatives included the following:

- Pallet Consultants, a national pallet manufacturer, completed the purchase of a facility in the City of Dunn to expand its presence in the southeastern U.S. Pallet Consultants continues improvements to its facility in the City of Dunn and has created 50+ new jobs on Harnett County.
- Krigen Pharmaceuticals continues improvements to its 55,000 square-foot manufacturing facility in the Town of Lillington, investing nearly \$2 million to date. The project is Krigen’s first U.S. manufacturing facility and is expected to create approximately 117 jobs.
- To improve the competitive marketability of Brightwater Business Park in Lillington, the County completed final plat design and storm water master plan for Phase 3. Additionally, partially

funded by a Golden Leaf grant, the County completed an extension of Brightwater Drive opening up the Phase 2A for development.

- Final plat design and storm water master plan was completed for Edgerton Industrial Park II in Dunn to improve competitive marketability.
- Edgerton Industrial Park II, and Brightwater Business Park Phases 2A and 3 were purchased by the County's public-private economic development partner, Harnett County Properties Corporation. Going forward, the HCPC will execute strategic and targeted marketing efforts of these sites.
- Harnett Health completed the purchase of a 4.12 acre tract adjacent to Central Harnett Hospital in Brightwater Business Park moving forward to expand the Lillington campus with a planned medical office building.
- The Shawtown Community Development Center opened in August 2019. The renovated facility is home to the new Boys & Girls Club of Central Carolina, Robin Paige Club, ReEntry Family Services, Harnett County Sheriff's Office Police Athletic League, the Harnett County Work Readiness Training Center, and space reserved for community meetings and events. Future improvements will include park amenities on the campus.
- Harnett County Parks & Recreation completed the first phase of Patriots Park in Summer 2020 including multipurpose fields, a walking trail, and other infrastructure. Future phases will include a playground, picnic shelter, and athletic court.
- The first phase of the Cape Fear Shiner river park was completed and includes a large multipurpose field, two baseball/softball fields, walking trails, water access, and a river overlook. Future phases will include an amphitheater, fairgrounds building, and farmers' market.
- The FY 2020 County Budget included \$210,000 of funding for the first year of Harnett Promise, a program which provides eligible students graduating in Harnett County two years of free CCCC tuition. In the Fall of 2019, 210 students enrolled in the program, 33% of whom were first generation college students. This program will enhance workforce development efforts to meet the needs of business and industry, both locally and regionally.
- The Godwin Group headquartered in Dunn, announced the launch of a new company, Allied Mobile Systems Inc., also based in Dunn, Allied Mobile Systems will market and operate independently, and develop its distributor network, utilize strategic Godwin Group distributors, and supply inter-company needs.
- Godwin Manufacturing Co. Inc. a part of the Godwin Group, completed a \$3.5 million expansion and improvement initiative. The project included an 18,000 square foot fabrication expansion,

new state-of-the-art equipment, and process improvements allowing the company to expand product lines and materials to keep up with industry demand.

- Multiple improvement projects are underway at Harnett Regional Jetport include a lighting rehabilitation project and apron expansion.
- Harnett County District H Tourism Development Authority (Harnett County Tourism Authority) was formed to market tourism and visitor activities throughout the County.
- Harnett County Economic Development in partnership with county and regional stakeholders continues to develop and market county sites targeting commercial, health care, research and development, large scale manufacturing, and supply chain.

### **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 \$46,033,436 or 35.80% 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 among the fastest growing counties 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 several years Harnett County's growth is expected to continue 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 is the Harnett County Properties Corporation

Highway 87, a four-lane highway continues to see strong growth from the major presence 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. An annual survey, structured visitation program, newsletters and recognition of contributions to job growth aids in maintaining a strong bond between companies and the Economic Development 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.

During the fiscal year, the County began two projects:

- Johnsonville Elementary School Expansion which will include the demolition and construction of a new cafeteria and restrooms, classroom additions and upgrades to the existing playground.
- Greenway Development Master Plan for the development and implementation of a bicycle, pedestrian and Greenway Plan for Harnett County.
- Advanced Metering Infrastructure Project which will consist of the replacement of all existing meters in the Harnett Regional Water (HRW) inventory. HRW currently has approximately 45,000 manual and drive-by read meters in the system. The replacement of these meters with “smart meters” will utilize advanced metering infrastructure technology to allow HRW and its customers the ability to monitor their water usage to quickly discover leaks, usage changes, etc. our system

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](http://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. Several ordinances and planning policies continue to be revised and strengthened to deal with ongoing development issues and challenges. Finally, in regard 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 using 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.

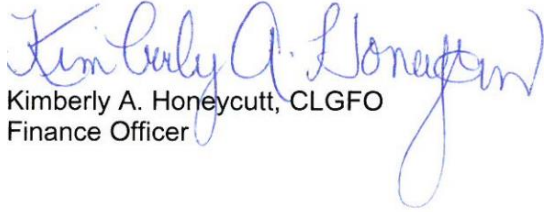
### **ACKNOWLEDGMENTS**

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

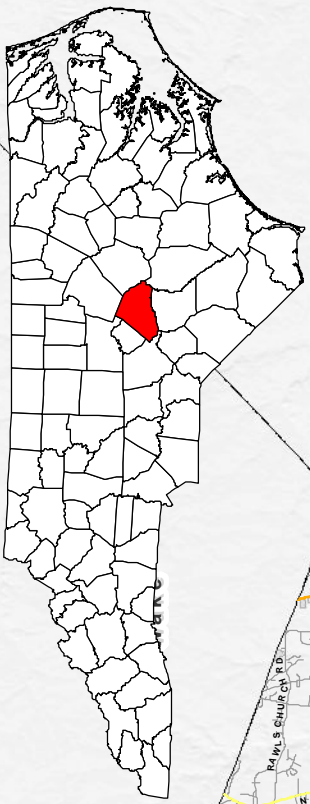


their contributions. I would also like to thank the members of the Board of Commissioners and the County Manager for their continued support throughout the past year.

Respectfully submitted,



Kimberly A. Honeycutt, CLGFO  
Finance Officer



Johnston

Sampson

Cumberland

Chatham

Moore

# Harnett COUNTY

NORTH CAROLINA

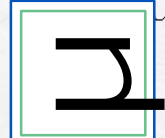


## COUNTY MAP

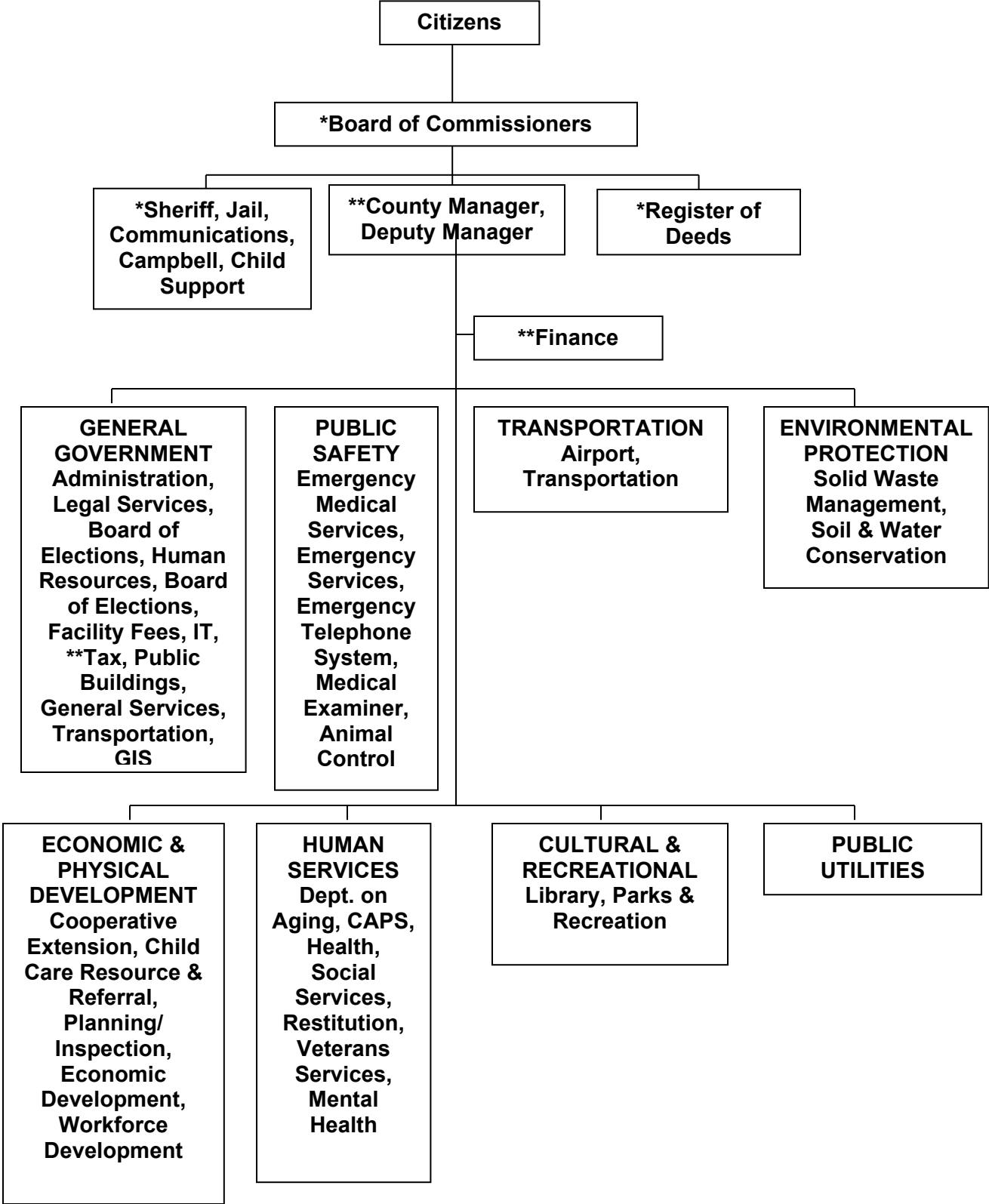
- Road
- Campbell University
- Park
- City Limits
- Fire Station
- Waterbody
- Interstate
- US Highway
- County Boundary
- School
- Airport

Scale: 1:240,000

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 Harnett Boulevard Suite 100  
 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



Commissioners listed from left to right: Barbara McKoy, Mark Johnson, Gordon Springle, Howard Penny, Joe Miller

Barbara McKoy, District 1

Mark Johnson, District 2

Gordon Springle, District 4

Howard Penny, District 3  
*Chairman*

Joe Miller, District 5  
*Vice-Chairman*

## County Officers

Paula K. Stewart, County Manager

Brian Haney, Assistant County Manager

Colley Price, Assistant 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

Tony Spears, Chairman, Board of Elections



strong roots • new growth

# FINANCIAL SECTION

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

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

## **Independent Auditor's Report**

To the Board of Commissioners  
Harnett County  
Lillington, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2020, 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 Other Post-Employment Benefits' Schedule of Changes in the Net OPEB Liability and Related Ratios, County Contributions, and Investment Returns, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 any 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, and statistical tables, 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 Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements,



budget and actual schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harnett County's 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  
January 15, 2021

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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, 2020. 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.

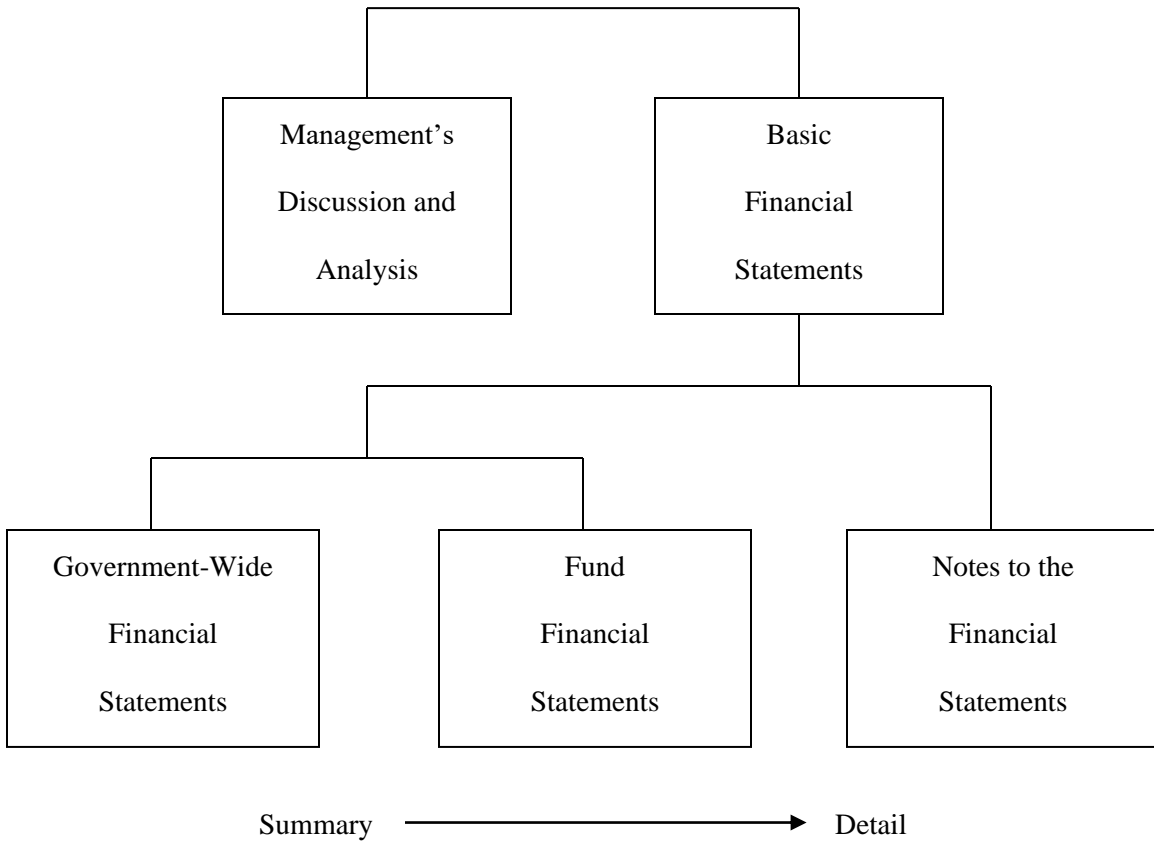
### Financial Highlights

- 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 \$347,690,925 (net position).
- The government's total net position increased by \$28,849,705. This increase was due to an increase in the receipt of charges for services, operating grants and contributions, and local option sales tax for the governmental activities.
- In accordance with North Carolina law, liabilities of the County include approximately \$97.9 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 \$90,587,482, an increase of \$24,054,216 in comparison with the prior year. Approximately 26% of this total amount, or \$23,947,033, 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 \$31,349,433, or 24.38%, of total General Fund expenditures and transfers out for the fiscal year.
- Harnett County's long-term obligations increased by \$3,761,863 (1.93%) during the current fiscal year. This increase was due to additional debt proceeds related to the Governmental Complex Park.
- Harnett County has Aa2/AA- General Obligation Bond Ratings and Aa3/A+ Limited Obligation Bond and Certificate of Participation Ratings from Moody's Investors Services and Standard and Poor's, respectively. Additionally, while the County no longer has public Revenue Bond debt outstanding, Moody's Investors Service maintains a Revenue Bond rating of Aa3.

### 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.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Harnett County has five fiduciary funds, one of which is an OPEB trust fund for reporting purposes and a LEOSA trust fund for reporting purposes and three of which are 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 \$347,690,925 as of June 30, 2020. The County's net position increased by \$28,849,705 for the fiscal year ended June 30, 2020.

The largest portion totaling \$326,138,534 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 \$23,518,517 (6.76%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(1,966,126) is unrestricted.

**Harnett County's Net Position**  
**Figure 2**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Cash and cash equivalents	\$ 81,143,517	\$ 64,435,461	\$ 66,796,878	\$ 62,588,458	\$ 147,940,395	\$ 127,023,919
Taxes receivable, net	551,267	442,336	-	-	551,267	442,336
Accounts receivable, net	6,466,982	7,378,134	6,049,334	5,073,265	12,516,316	12,451,399
Due from other governments	8,602,745	6,137,834	-	-	8,602,745	6,137,834
Internal balance	(2,023,058)	(1,507,313)	2,023,058	1,507,313	-	-
Note Receivable	2,525,500	-	-	-	2,525,500	-
Inventories	9,453	8,119	653,196	651,560	662,649	659,679
Prepaid items	102,807	251,013	-	-	102,807	251,013
Restricted assets:						
Cash and cash equivalents	16,733,042	8,157,686	2,220,349	2,110,528	18,953,391	10,268,214
Net pension asset	208,671	198,748	-	-	208,671	198,748
Capital assets:						
Land and construction						
in progress	20,911,835	8,255,636	23,942,669	16,136,988	44,854,504	24,392,624
Other capital assets, net	75,479,770	79,385,056	310,239,962	318,078,039	385,719,732	397,463,095
Total assets	210,712,531	173,142,710	411,925,446	406,146,151	622,637,977	579,288,861
<b>Deferred Outflows of Resources</b>	24,030,857	21,042,172	3,957,925	3,470,495	27,988,782	24,512,667
<b>Liabilities</b>						
Accounts payable	9,753,858	8,492,101	2,046,573	4,431,363	11,800,431	12,923,464
Customer deposits	-	-	2,220,349	2,110,528	2,220,349	2,110,528
Unearned revenue	-	-	197,039	225,399	197,039	225,399
Current portion of						
compensated absences	1,924,170	2,250,730	490,867	644,251	2,415,037	2,894,981
Claims payable - current	360,000	365,000	-	-	360,000	365,000
Long-term liabilities:						
Non-current portion of						
compensated absences	641,390	750,243	163,622	214,749	805,012	964,992
Claims payable - non-current	359,196	364,810	-	-	359,196	364,810
Due in less than one year	13,451,713	14,128,252	3,682,695	3,684,502	17,134,408	17,812,754
Due in more than one year	207,927,065	185,651,048	57,837,112	59,661,163	265,764,177	245,312,211
Total liabilities	234,417,392	212,002,184	66,638,257	70,971,955	301,055,649	282,974,139
<b>Deferred Inflows of Resources</b>	1,616,363	1,709,618	263,822	276,551	1,880,185	1,986,169
<b>Net Position</b>						
Net investment in capital assets	40,586,139	51,755,245	285,552,395	282,059,841	326,138,534	333,815,086
Restricted for:						
Stabilization by state statute	18,068,403	16,916,552	-	-	18,068,403	16,916,552
Register of Deeds	309,805	347,954	-	-	309,805	347,954
General government	14,443	276,885	-	-	14,443	276,885
Education	-	29,994	-	-	-	29,994
Public safety	5,125,866	3,703,469	-	-	5,125,866	3,703,469
Unrestricted	(65,395,023)	(92,557,019)	63,428,897	56,308,299	(1,966,126)	(36,248,720)
Total net position	\$ (1,290,367)	\$ (19,526,920)	\$ 348,981,292	\$ 338,368,140	\$ 347,690,925	\$ 318,841,220

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 \$97.9 million of the outstanding debt on the County's financial statements was related to assets included in the school systems' financial statements. However, the school system's related debt is installment purchases financed by the governmental funds and are repaid from the resources of the General Fund. Accordingly, the County is authorized and required by state law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year which they become due.

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

- Continued diligence in the collection of current year property taxes by achieving a collection percentage of 99.29% for real and personal property.
- An increase in sales tax revenue.
- Continued low cost of debt due to the County's bond rating.



**Harnett County's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 34,116,229	\$ 18,341,495	\$ 47,934,552	\$ 46,352,529	\$ 82,050,781	\$ 64,694,024
Operating grants and contributions	14,789,313	4,993,700	-	-	14,789,313	4,993,700
Capital grants and contributions	-	-	2,581,893	3,005,857	2,581,893	3,005,857
General revenues:						
Property taxes	75,867,248	73,555,031	-	-	75,867,248	73,555,031
Local option sales tax	33,693,156	23,633,916	-	-	33,693,156	23,633,916
Other taxes and licenses	2,778,003	9,530,846	283,640	282,191	3,061,643	9,813,037
Unrestricted intergovernmental	14,153	4,994	-	-	14,153	4,994
Investment earnings	1,676,825	1,647,672	149,624	44,537	1,826,449	1,692,209
Total revenues	162,934,927	131,707,654	50,949,709	49,685,114	213,884,636	181,392,768
<b>Expenses:</b>						
General government	19,607,411	23,498,036	-	-	19,607,411	23,498,036
Public safety	48,548,276	43,001,530	-	-	48,548,276	43,001,530
Transportation	1,925,372	2,164,719	-	-	1,925,372	2,164,719
Environmental protection	226,440	178,917	-	-	226,440	178,917
Economic and physical development	4,819,635	3,993,304	-	-	4,819,635	3,993,304
Human services	28,276,022	26,939,763	-	-	28,276,022	26,939,763
Cultural and recreation	3,277,094	3,187,931	-	-	3,277,094	3,187,931
Education	33,351,865	31,850,277	-	-	33,351,865	31,850,277
Interest on long-term debt	4,666,259	5,224,806	-	-	4,666,259	5,224,806
Landfill	-	-	5,453,348	5,404,615	5,453,348	5,404,615
Water and sewer	-	-	34,883,209	36,798,468	34,883,209	36,798,468
Total expenses	144,698,374	140,039,283	40,336,557	42,203,083	185,034,931	182,242,366
Change in net position before transfers	18,236,553	(8,331,629)	10,613,152	7,482,031	28,849,705	(849,598)
Transfers	-	71,486	-	(71,486)	-	-
Change in net position	18,236,553	(8,260,143)	10,613,152	7,410,545	28,849,705	(849,598)
Net position, July 1	(19,526,920)	(9,308,459)	338,368,140	331,303,182	318,841,220	321,994,723
Restatement	-	(1,958,318)	-	(345,587)	-	(2,303,905)
Net position, July 1	(19,526,920)	(11,266,777)	338,368,140	330,957,595	318,841,220	319,690,818
Net position, June 30	\$ (1,290,367)	\$ (19,526,920)	\$ 348,981,292	\$ 338,368,140	\$ 347,690,925	\$ 318,841,220

**Governmental Activities.** Governmental activities increased the County's net position by \$18,236,553. Key elements of this decrease are as follows:

- Increase in the receipt of charges for services over the year due to the implementation of a School Resource Office program that placed an officer in each middle and elementary school in the County; an increase in the number of emergency and non-emergent transports conducted by the Emergency Service Department; receipt of court facility fees; increase in charges for the Register of Deeds and the sale of land.
- Operating Grants and contributions increased due to several capital projects which were funded through state and federal grants. These projects included the Government Complex Park, the Jetport Terminal, the Aircraft Apron and Helipad Design and the Brightwater Phase II Project

Increases to the change included the collection of local option sales tax which increased from \$23,633,916 to \$33,693,156. A portion of this increase (\$2,725,494) was due to the accounting of restricted Article 46 Sales tax proceeds in the Debt Service Fund which had previously been accounted for in a special revenue fund. The remaining increase, despite the effects of COVID 19 on the state, was due to an increase in sales activity. A more detailed analysis of the County's sales tax over the last quarter of the fiscal year determined that even though consumers stocked up on disposable goods, there was also an increase in the amount of online shopping.

- Overall expenses for Governmental Activities increased to \$144,698,374 from \$140,039,283 over the prior year. A highlight of these include:
  - i) Education expenses increased due to an increase in the amounts allocated for current expense and capital outlay; an increase in the activity associated with the 2017 General Obligation bond Projects; the purchase of land for two school sites and the Erwin Elementary School Project.

The General Government expenses decreased due to COVID's impact on county-wide operations as the County began practicing safe distancing and other protective measures; however, expenses for the Government Complex Project, or Harnett County Resource Center and Library as the building has been named, increased over the prior year as the construction peaked.

Property taxes increased by \$2,312,217 to \$75,867,248. The County remains strong in its collection of taxes as evidenced by a collection rate to 99.29%.

**Business-Type Activities.** Business-type activities increased Harnett County's net position by \$10,613,152. Key elements of this increase are as follows:

- Revenues increased due to the growth of water and sewer connections that Public Utilities provides for its citizens, in residential water sales, as well as neighboring counties in the sale of water to Moore and Johnston County. This activity makes Public Utilities one of the largest providers in the state. With that distinction, the number of customers and service connections continue to grow from year to year. Public Utilities' continually monitors the impact of their fee structure each year and its impact on the associated revenue bonds. In response, fees are adjusted to maintain the required debt coverage and to maintain consistency with cost of living impact.
- The increase in the net position of the business-type activities was also due to a decline in the operating expenses for water and sewer. This decrease was due to a reduction in the maintenance and repair and operating supplies over the prior year, as well as salaries and wages.  
The landfill services provided by Solid Waste continue to positively impact the revenue generated. Solid Waste continues to improve their financial position through the collection of accounts receivable and landfill activity.

Capital grants and contributions decreased by \$423,964 to \$2,581,893 due to a decrease increase in the activity associated with various Public Utilities projects.

### **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 \$48,585,233, while total fund balance reached \$66,529,167. 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. For 2020, the County's Tax Collection Rate was 99.29%. The revenue from the receipt of sales tax increased 42.56%. The County's sales tax collections continue to increase since legislation expanded the sales tax base. Several factors impacted the increase in sales tax revenue for 2020. First, a portion of this increase (\$2,725,494) was due to the accounting of restricted Article 46 Sales tax proceeds in the Debt Service Fund which had previously been accounted for in a special revenue fund. Secondly, the County experienced a healthy increase in sales tax revenue prior to the COVID shutdown in March and this increase continued through the end of the fiscal year. While area merchants felt the impact of the stay-at-home orders, many residents continued to shop online where the sales tax activity for the county was captured. Harnett County, unlike many of the larger counties, does not have any malls or many large retail centers; while this could have hurt the County, many businesses were labeled as critical by the governor and therefore remained open for business. 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. Despite a declining interest rates during the year, the County's interest income increased slightly from \$1,647,672 to \$1,676,825. 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 35.8% of General Fund expenditures and transfers to other funds, while total fund balance represents 51.7% of that same amount.

At June 30, 2020, the governmental funds of Harnett County reported a combined fund balance of \$90,587,482, a 36.15% increase over last year. The primary reason for this increase was due to the large debt proceeds related to Government Complex South project.

**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 \$1,883,775, and those for the Water and Sewer Fund equaled \$59,522,064. The total growth in net position for both funds was \$1,163,866 and \$8,933,541, 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 appropriations by \$13,039,889. Following are the main components of this increase:

- \$6,941,596 was to budget principal and interest payments due to the consolidation of funds held for the repayment of debt in special revenue funds.
- \$1,156,024 for Cultural and Recreational expenditures associated with the complex park.  
  
\$1,952,147 for Public Safety expenditures for the addition of a school resource officer in every elementary and middle school in Harnett County, for grant programs which include the Governor's Highway Safety and the purchase of various capital outlay needs.
- The remaining budget adjustments were for various amounts and across all functional areas of the County and were to adjust appropriations as necessary to maintain services.

### **Capital Asset and Debt Administration**

**Capital Assets.** Harnett County's capital assets for its governmental and business-type activities as of June 30, 2020, totals \$430,574,236 (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 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)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 3,577,178	\$ 6,775,454	\$ 2,760,532	\$ 2,760,532	\$ 6,337,710	\$ 9,535,986
Plant, distribution, and collection systems	-	-	291,785,288	306,051,994	291,785,288	306,051,994
Buildings	66,106,590	68,448,003	15,422,809	16,985,494	81,529,399	85,433,497
Land improvements	5,360,946	8,969,913	-	-	5,360,946	8,969,913
Equipment	856,803	8,279,272	2,228,299	2,264,728	3,085,102	10,544,000
Vehicles	3,155,431	3,160,301	803,566	608,508	3,958,997	3,768,809
Construction in progress	17,334,657	367,106	21,182,137	8,698,465	38,516,794	9,065,571
<b>Total</b>	<u>\$ 96,391,605</u>	<u>\$ 96,000,049</u>	<u>\$ 334,182,631</u>	<u>\$ 337,369,721</u>	<u>\$ 430,574,236</u>	<u>\$ 433,369,770</u>

Additional information on Harnett County's capital assets can be found in Note 2 beginning on page 50 of this report.

**Long-Term Debt.** As of June 30, 2020, Harnett County had total debt outstanding of \$198,962,786. Of this amount, \$37,003,000 represents general obligation bonds issued by the County's governmental funds and 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, 2020, the County's outstanding debt consisted of:

**Harnett County's Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Installment purchases -						
Direct placement	\$ 87,509,407	\$ 98,424,385	\$ 1,297,430	\$ 1,502,990	\$ 88,806,837	\$ 99,927,375
General obligation bonds	25,075,000	26,550,000	11,928,000	12,156,000	37,003,000	38,706,000
Capitalized leases	16,700,284	18,120,802	-	-	16,700,284	18,120,802
Limited obligation bonds	21,145,000	-	14,985,000	15,790,000	36,130,000	15,790,000
Special obligation bonds	-	-	571,000	752,000	571,000	752,000
Revenue bonds	-	-	7,854,996	8,730,000	7,854,996	8,730,000
State bond loans -						
Direct borrowing	-	-	11,896,669	13,174,746	11,896,669	13,174,746
<b>Total</b>	<u>\$ 150,429,691</u>	<u>\$ 143,095,187</u>	<u>\$ 48,533,095</u>	<u>\$ 52,105,736</u>	<u>\$ 198,962,786</u>	<u>\$ 195,200,923</u>

Harnett County's total debt increased by \$3,761,863 (1.93%) during the past fiscal year, primarily due to debt proceeds in the current year.

As mentioned in the financial highlights section of this document, Harnett County held the following ratings:

- General Obligation: Moody's – Aa2  
Standard & Poor's - AA-
- Revenue: Moody's – Aa3
- COPS/LOBS: Moody's – Aa3  
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% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Harnett County is approximately \$502,510,587.

Additional information on Harnett County's long-term debt can be found in Note 2 beginning on page 54 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, 2020 has been estimated to be 7.6% which is an increase from a rate of 4.1% a year ago. Compared to the State average of 7.7% for the same period, the County is above the State average.
- G.S. 105-287 requires that units of local government reappraise real property at least once every eight years. The County, on the recommendation of the NC Department of Revenue, has adopted a resolution to move to a four-year appraisal cycle. The County's next reappraisal is scheduled for January 1, 2022. The total property valuation for the fiscal year ended 2020 was \$9,053,055,275 up from \$8,811,710,509 for fiscal year ended 2019.
- Total sales tax collections continued to increase during the fiscal year ended June 30, 2020 to \$33,693,156 from \$23,633,916 in the year ended June 30, 2019, an increase of 42.56% over last year's collections.  
Harnett County's population continues to grow. The North Carolina Office of State Budget & Management's population estimate for Harnett County increased 2,119 from an estimated 135,239 in 2019 to 137,358 in 2020.

### **Budget Highlights for the Fiscal Year Ending June 30, 2021**

**Governmental Activities.** Collections from property taxes, sales tax 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 \$127,414,558 and include amounts appropriated for interfund transfers for debt service and capital reserve. The budget decreased over the fiscal year ended 2020 budget due to the reduced use of capital reserve funds. During the economic downturn of 2008, the County deferred capital improvements and large item purchases. As the economy improved, the County resumed the activity of replacing much needed capital as well as the setting aside of funds to allow a managed program for the future; this activity resulted in a spike of activity but has now leveled off to level spending. The County adopted a five-year capital plan for the General Fund in the prior fiscal year and approves capital purchases as part of a defined CIP plan each fall for the upcoming year. This pro-active plan addresses upcoming capital needs and the transfer of funds to meet these needs. The 2020-2021 budget has been budgeted very conservatively and contains reduced appropriation in forecast estimates for sales tax and growth. With the uncertainty of the COVID pandemic, the County began reducing expenditures, with the exception of safety measures and personal protective gear, during the 2020 fiscal year and the 2021 budget continues that philosophy. Departments have been asked to

continue to find ways to improve efficiency while managing expenses. In response to the governor's directive to stay home, county offices were closed to the public and employees were asked to telework where possible; difficult at first, the County was able to find new and innovative ways to continue the level of customer service. 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 is currently the fifth fastest growing County in North Carolina. 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 2021 Budget contains an appropriation from fund balance in the amount of \$2,551,797.

**Business-Type Activities.** The bulk water and sewer rates for the 2020-2021 fiscal year increased over the prior year while the residential water and sewer fees remained unchanged. The rates for landfill availability fee increased from \$65 to \$80 per household, C&D Landfill Tipping increased from \$45 to \$48 per ton and a Collection Hauler Permit increased from \$100 to \$125 per permit. Expenditures for public utilities and solid waste for the fiscal year have been budgeted at \$36,907,784 and \$6,554,692 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, 420 McKinney Parkway, Lillington, North Carolina 27546.

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# **BASIC FINANCIAL STATEMENTS**

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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, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 81,143,517	\$ 66,796,878	\$ 147,940,395
Taxes receivable, net	551,267	-	551,267
Accounts receivable, net	6,466,982	6,049,334	12,516,316
Due from other governments	8,602,745	-	8,602,745
Internal balance	(2,023,058)	2,023,058	-
Inventories	9,453	653,196	662,649
Prepaid items	102,807	-	102,807
Restricted assets:			
Cash and cash equivalents	16,733,042	2,220,349	18,953,391
Total current assets	111,586,755	77,742,815	189,329,570
Non-current assets:			
Net pension asset	208,671	-	208,671
Note receivable	2,525,500	-	2,525,500
Capital assets:			
Land and construction in progress	20,911,835	23,942,669	44,854,504
Other capital assets, net	75,479,770	310,239,962	385,719,732
Total non-current assets	99,125,776	334,182,631	433,308,407
Total assets	210,712,531	411,925,446	622,637,977
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	9,113,675	1,508,979	10,622,654
OPEB deferrals	9,356,603	1,651,165	11,007,768
Charge on refunding	5,560,579	797,781	6,358,360
Total deferred outflows of resources	24,030,857	3,957,925	27,988,782
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	9,753,858	2,046,573	11,800,431
Customer deposits payable from restricted assets	-	2,220,349	2,220,349
Unearned revenue	-	197,039	197,039
Current portion of compensated absences	1,924,170	490,867	2,415,037
Claims payable current	360,000	-	360,000
Due within one year	13,451,713	3,682,695	17,134,408
Total current liabilities	25,489,741	8,637,523	34,127,264
Long-term liabilities:			
Non-current portion of compensated absences	641,390	163,622	805,012
Claims payable, non-current	359,196	-	359,196
Net pension liability - LEOSSA	3,184,718	-	3,184,718
Net pension liability - LGERS	14,647,068	2,584,778	17,231,846
Net OPEB liability	46,505,903	8,206,923	54,712,826
Due in more than one year	143,589,376	47,045,411	190,634,787
Total liabilities	234,417,392	66,638,257	301,055,649
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	235,211	20,089	255,300
OPEB deferrals	1,381,152	243,733	1,624,885
Total deferred inflows of resources	1,616,363	263,822	1,880,185
<b>Net Position:</b>			
Net investment in capital assets	40,586,139	285,552,395	326,138,534
Restricted for:			
Stabilization by state statute	18,068,403	-	18,068,403
Register of Deeds' pension plan	236,783	-	236,783
Register of Deeds	73,022	-	73,022
General government	14,443	-	14,443
Public safety	5,125,866	-	5,125,866
Unrestricted	(65,395,023)	63,428,897	(1,966,126)
Total net position	\$ (1,290,367)	\$ 348,981,292	\$ 347,690,925

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

**HARNETT COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 19,607,411	\$ 15,550,149	\$ 2,830,307	\$ -
Public safety	48,548,276	14,421,702	3,142,783	-
Transportation	1,925,372	-	1,016,338	-
Environmental protection	226,440	-	45,947	-
Economic and physical development	4,819,635	-	34,919	-
Human services	28,276,022	4,144,378	7,351,447	-
Cultural and recreational	3,277,094	-	367,572	-
Education	33,351,865	-	-	-
Interest on long-term debt	4,666,259	-	-	-
Total governmental activities	<u>144,698,374</u>	<u>34,116,229</u>	<u>14,789,313</u>	<u>-</u>
<b>Business-Type Activities:</b>				
Water and sewer	34,883,209	41,527,755	-	2,581,893
Solid waste	5,453,348	6,406,797	-	-
Total business-type activities	<u>40,336,557</u>	<u>47,934,552</u>	<u>-</u>	<u>2,581,893</u>
Total primary government	<u>\$ 185,034,931</u>	<u>\$ 82,050,781</u>	<u>\$ 14,789,313</u>	<u>\$ 2,581,893</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, 2020**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Functions/Programs:</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (1,226,955)	\$ -	\$ (1,226,955)
Public safety	(30,983,791)	-	(30,983,791)
Transportation	(909,034)	-	(909,034)
Environmental protection	(180,493)	-	(180,493)
Economic and physical development	(4,784,716)	-	(4,784,716)
Human services	(16,780,197)	-	(16,780,197)
Cultural and recreational	(2,909,522)	-	(2,909,522)
Education	(33,351,865)	-	(33,351,865)
Interest on long-term debt	(4,666,259)	-	(4,666,259)
Total governmental activities	<u>(95,792,832)</u>	<u>-</u>	<u>(95,792,832)</u>
<b>Business-Type Activities:</b>			
Water and sewer	-	9,226,439	9,226,439
Solid waste	-	953,449	953,449
Total business-type activities	<u>-</u>	<u>10,179,888</u>	<u>10,179,888</u>
Total primary government	<u>(95,792,832)</u>	<u>10,179,888</u>	<u>(85,612,944)</u>
<b>General Revenues:</b>			
Ad valorem taxes	75,867,248	-	75,867,248
Local option sales tax	33,693,156	-	33,693,156
Other taxes and licenses	2,778,003	283,640	3,061,643
Unrestricted intergovernmental revenues	14,153	-	14,153
Interest earned on investments, unrestricted	1,676,825	149,624	1,826,449
Total general revenues	<u>114,029,385</u>	<u>433,264</u>	<u>114,462,649</u>
Change in net position	18,236,553	10,613,152	28,849,705
<b>Net Position:</b>			
Beginning of year - July 1	<u>(19,526,920)</u>	<u>338,368,140</u>	<u>318,841,220</u>
End of year - June 30	<u>\$ (1,290,367)</u>	<u>\$ 348,981,292</u>	<u>\$ 347,690,925</u>

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

**HARNETT COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and investments	\$ 51,651,757	\$ 12,813,248	\$ 64,465,005
Taxes receivable, net	450,219	101,048	551,267
Accounts receivable, net	3,704,074	2,762,229	6,466,303
Due from other funds	2,999,355	-	2,999,355
Due from other governments	8,602,745	-	8,602,745
Note receivable	2,525,500	-	2,525,500
Inventories	9,453	-	9,453
Prepaid items	102,807	-	102,807
Restricted assets:			
Restricted cash and cash equivalents	-	16,733,042	16,733,042
Total assets	<u>\$ 70,045,910</u>	<u>\$ 32,409,567</u>	<u>\$ 102,455,477</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 3,066,524	\$ 5,250,849	\$ 8,317,373
Due to other funds	-	2,999,355	2,999,355
Total liabilities	<u>3,066,524</u>	<u>8,250,204</u>	<u>11,316,728</u>
<b>Deferred Inflows of Resources:</b>			
Property tax receivable	<u>450,219</u>	<u>101,048</u>	<u>551,267</u>
Total deferred inflows of resources	<u>450,219</u>	<u>101,048</u>	<u>551,267</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	9,453	-	9,453
Prepaid items	102,807	-	102,807
Note receivable	2,525,500	-	2,525,500
Restricted:			
Restricted for stabilization by state statute	15,306,174	2,762,229	18,068,403
Restricted for Register of Deeds	-	73,022	73,022
Restricted for general government	-	12,943,957	12,943,957
Restricted for education	-	1,886,197	1,886,197
Restricted for public safety	-	5,125,866	5,125,866
Committed:			
Committed for economic development	-	8,242	8,242
Committed for culture and recreation	-	190,860	190,860
Committed for education	-	5,055,017	5,055,017
Committed for debt service	8,872,608	-	8,872,608
Assigned	8,363,192	3,415,325	11,778,517
Unassigned	<u>31,349,433</u>	<u>(7,402,400)</u>	<u>23,947,033</u>
Total fund balances	<u>66,529,167</u>	<u>24,058,315</u>	<u>90,587,482</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,045,910</u>	<u>\$ 32,409,567</u>	<u>\$ 102,455,477</u>

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

**HARNETT COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>Total Governmental Funds</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - modified accrual	\$ 90,587,482
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	96,391,605
Net pension asset	208,671
Net pension liability - LGERS	(14,647,068)
Net pension liability - LEOSSA	(3,184,718)
Net OPEB liability	(46,505,903)
Deferred outflows of resources related to pensions are not reported in the funds.	9,113,675
Deferred outflows of resources related to OPEB are not reported in the funds.	9,356,603
Deferred inflows of resources related to pensions are not reported in the funds.	(235,211)
Deferred inflows of resources related to OPEB are not reported in the funds.	(1,381,152)
Deferred outflow related to bond refunding is not available to pay for current-period expenditures and, therefore, are deferred in the funds.	5,560,579
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	(157,041,089)
Compensated absences	(2,565,560)
Accrued interest payable	(397,400)
Consolidation of Internal Service Fund	12,897,852
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>551,267</u>
Net position of governmental activities (Exhibit A)	<u>\$ (1,290,367)</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, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 67,452,336	\$ 8,305,981	\$ 75,758,317
Other taxes and licenses	34,610,629	1,860,530	36,471,159
Unrestricted intergovernmental revenues	14,153	-	14,153
Restricted intergovernmental revenues	22,474,127	5,934,520	28,408,647
Permits and fees	1,052,760	1,369,256	2,422,016
Sales and services	9,496,668	75,000	9,571,668
Investment earnings	1,191,519	485,306	1,676,825
Other general revenues	6,568,738	-	6,568,738
Total revenues	<u>142,860,930</u>	<u>18,030,593</u>	<u>160,891,523</u>
<b>Expenditures:</b>			
Current:			
General government	15,132,853	15,812,160	30,945,013
Public safety	34,691,136	12,988,328	47,679,464
Transportation	691,366	-	691,366
Environmental protection	226,440	-	226,440
Economic and physical development	2,981,961	1,303,936	4,285,897
Human services	23,930,556	-	23,930,556
Cultural and recreation	2,900,986	325,059	3,226,045
Education	28,779,214	4,572,651	33,351,865
Debt service:			
Principal repayments	13,810,496	-	13,810,496
Interest and fees	4,518,023	-	4,518,023
Total expenditures	<u>127,663,031</u>	<u>35,002,134</u>	<u>162,665,165</u>
Revenues over (under) expenditures	<u>15,197,899</u>	<u>(16,971,541)</u>	<u>(1,773,642)</u>
<b>Other Financing Sources (Uses):</b>			
Long-term debt issued	-	21,145,000	21,145,000
Payment from escrow agents	835,360	-	835,360
Premium issued	-	3,847,498	3,847,498
Transfers to other funds	(913,816)	(13,056,043)	(13,969,859)
Transfers from other funds	7,789,510	6,180,349	13,969,859
Total other financing sources (uses)	<u>7,711,054</u>	<u>18,116,804</u>	<u>25,827,858</u>
Net change in fund balances	22,908,953	1,145,263	24,054,216
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>43,620,214</u>	<u>22,913,052</u>	<u>66,533,266</u>
End of year - June 30	<u>\$ 66,529,167</u>	<u>\$ 24,058,315</u>	<u>\$ 90,587,482</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, 2020**

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)	\$ 24,054,216
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:</p>	
Property taxes	108,931
Expenses related to compensated absences and debt premiums that do not require current financial resources are not reported as expenditures in the governmental funds statement.	889,895
Pension expense - LEOSSA	(48,718)
Pension expense - LGERS	(3,243,386)
Pension expense - ROD	(10,651)
OPEB plan expense	(3,550,576)
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.	(56,832)
Deferred charges related to refunded debt that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(926,764)
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.	16,805,295
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(5,133,707)
Loss on sale of asset	(2,920,675)
Principal repayments and refunding of debt are reported as expenditures in the governmental funds statements. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	13,810,496
Consolidation of Internal Service Fund	3,451,527
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>(24,992,498)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 18,236,553</u>

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

## HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 66,079,417	\$ 66,079,417	\$ 67,452,336	\$ 1,372,919
Other taxes and licenses	29,260,228	29,260,228	34,610,629	5,350,401
Unrestricted intergovernmental revenues	5,200	5,200	14,153	8,953
Restricted intergovernmental revenues	19,777,239	23,072,031	22,474,127	(597,904)
Permits and fees	1,439,000	1,439,000	1,052,760	(386,240)
Sales and services	8,797,415	9,907,322	9,496,668	(410,654)
Investment earnings	1,000,000	1,000,000	1,191,519	191,519
Other general revenues	4,180,267	4,402,080	6,568,738	2,166,658
Total revenues	<u>130,538,766</u>	<u>135,165,278</u>	<u>142,860,930</u>	<u>7,695,652</u>
<b>Expenditures:</b>				
General government	18,942,222	18,377,530	15,132,853	3,244,677
Public safety	35,658,224	37,610,371	34,691,136	2,919,235
Transportation	711,974	905,545	691,366	214,179
Environmental protection	238,187	238,187	226,440	11,747
Economic and physical development	3,601,691	3,713,606	2,981,961	731,645
Human services	26,453,268	26,995,353	23,930,556	3,064,797
Cultural and recreation	3,010,712	4,166,736	2,900,986	1,265,750
Education	26,147,581	28,854,824	28,779,214	75,610
Debt service:				
Principal repayments	13,866,145	17,361,145	13,810,496	3,550,649
Interest and fees	4,067,083	7,513,679	4,518,023	2,995,656
Total expenditures	<u>132,697,087</u>	<u>145,736,976</u>	<u>127,663,031</u>	<u>18,073,945</u>
Revenues over (under) expenditures	<u>(2,158,321)</u>	<u>(10,571,698)</u>	<u>15,197,899</u>	<u>25,769,597</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(12,950,457)	(14,899,665)	(913,816)	13,985,849
Transfers from other funds	12,500,457	20,910,424	7,789,510	(13,120,914)
Appropriated fund balance	2,608,321	4,560,939	-	(4,560,939)
Total other financing sources (uses)	<u>2,158,321</u>	<u>10,571,698</u>	<u>7,711,054</u>	<u>(2,860,644)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	22,908,953	<u>\$ 22,908,953</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>43,620,214</u>	
End of year - June 30			<u>\$ 66,529,167</u>	

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

## HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
<b>Assets:</b>				
Current assets:				
Cash and cash investments	\$ 62,255,906	\$ 4,540,972	\$ 66,796,878	\$ 16,678,512
Accounts receivable, net	5,866,419	182,915	6,049,334	679
Inventory	653,196	-	653,196	-
Restricted assets:				
Cash and investments, restricted	2,220,349	-	2,220,349	-
Total current assets	<u>70,995,870</u>	<u>4,723,887</u>	<u>75,719,757</u>	<u>16,679,191</u>
Non-current assets:				
Land and construction in progress	22,389,080	1,553,589	23,942,669	-
Other capital assets, net	305,647,907	4,592,055	310,239,962	-
Total non-current assets	<u>328,036,987</u>	<u>6,145,644</u>	<u>334,182,631</u>	<u>-</u>
Total assets	<u>399,032,857</u>	<u>10,869,531</u>	<u>409,902,388</u>	<u>16,679,191</u>
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	1,307,783	201,196	1,508,979	-
OPEB deferrals	1,431,010	220,155	1,651,165	-
Charge on refunding	797,781	-	797,781	-
Total deferred outflows of resources	<u>3,536,574</u>	<u>421,351</u>	<u>3,957,925</u>	<u>-</u>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,512,391	372,912	1,885,303	1,039,085
Claims payable	-	-	-	360,000
Accrued interest	155,243	6,027	161,270	-
Prepaid fees	157,407	39,632	197,039	-
Customer deposits payable from restricted assets	2,220,349	-	2,220,349	-
Compensated absences, current	439,317	51,550	490,867	-
Current portion of long-term debt	3,354,902	327,793	3,682,695	-
Total current liabilities	<u>7,839,609</u>	<u>797,914</u>	<u>8,637,523</u>	<u>1,399,085</u>
Non-current liabilities:				
Compensated absences, non-current	146,439	17,183	163,622	-
Claims payable	-	-	-	359,196
Non-current portion of long-term debt	44,440,276	2,605,135	47,045,411	-
Net OPEB liability	7,112,667	1,094,256	8,206,923	-
Net pension liability	2,240,140	344,638	2,584,778	-
Total non-current liabilities	<u>53,939,522</u>	<u>4,061,212</u>	<u>58,000,734</u>	<u>359,196</u>
Total liabilities	<u>61,779,131</u>	<u>4,859,126</u>	<u>66,638,257</u>	<u>1,758,281</u>
<b>Deferred Inflows of Resources:</b>				
OPEB deferrals	211,235	32,498	243,733	-
Pension deferrals	17,411	2,678	20,089	-
Total deferred inflows of resources	<u>228,646</u>	<u>35,176</u>	<u>263,822</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	281,039,590	4,512,805	285,552,395	-
Unrestricted	59,522,064	1,883,775	61,405,839	14,920,910
Total net position	<u>\$ 340,561,654</u>	<u>\$ 6,396,580</u>	<u>346,958,234</u>	<u>\$ 14,920,910</u>
Adjustment to reflect consolidation of internal service funds			<u>2,023,058</u>	
Net position			<u>\$ 348,981,292</u>	

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

## HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
<b>Operating Revenues:</b>				
Charges for services	\$ 38,964,579	\$ 6,315,814	\$ 45,280,393	\$ -
County contributions	-	-	-	14,880,561
Other operating revenues	2,126,776	11,638	2,138,414	-
Total operating revenues	<u>41,091,355</u>	<u>6,327,452</u>	<u>47,418,807</u>	<u>14,880,561</u>
<b>Operating Expenses:</b>				
Water distribution and sewage treatment	21,679,777	-	21,679,777	-
Solid waste	-	4,915,444	4,915,444	-
Benefits and premiums	-	-	-	10,913,289
Depreciation	11,680,486	492,608	12,173,094	-
Total operating expenses	<u>33,360,263</u>	<u>5,408,052</u>	<u>38,768,315</u>	<u>10,913,289</u>
Operating income (loss)	<u>7,731,092</u>	<u>919,400</u>	<u>8,650,492</u>	<u>3,967,272</u>
<b>Non-Operating Revenues (Expenses):</b>				
Solid waste disposal tax	-	283,640	283,640	-
Interest earned on investments	143,502	6,122	149,624	-
Interest and fees	(1,522,946)	(45,296)	(1,568,242)	-
Total non-operating revenues (expenses)	<u>(1,379,444)</u>	<u>244,466</u>	<u>(1,134,978)</u>	<u>-</u>
Income (loss) before capital contributions	6,351,648	1,163,866	7,515,514	3,967,272
Capital contributions	<u>2,581,893</u>	<u>-</u>	<u>2,581,893</u>	<u>-</u>
Change in net position	8,933,541	1,163,866	10,097,407	3,967,272
<b>Net Position:</b>				
Beginning of year - July 1	<u>331,628,113</u>	<u>5,232,714</u>		<u>10,953,638</u>
End of year - June 30	<u>\$ 340,561,654</u>	<u>\$ 6,396,580</u>		<u>\$ 14,920,910</u>
Adjustment to reflect consolidation of internal service funds			<u>515,745</u>	
Change in net position			<u>\$ 10,613,152</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, 2020

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 40,180,872	\$ 6,444,912	\$ 46,625,784	\$ 14,880,561
Cash paid for goods and services	(17,008,175)	(3,897,924)	(20,906,099)	(11,297,613)
Cash paid to employees for services	(6,378,318)	(866,523)	(7,244,841)	-
Other revenues	-	283,640	283,640	-
Customer deposits received	109,821	-	109,821	-
Net cash provided (used) by operating activities	<u>16,904,200</u>	<u>1,964,105</u>	<u>18,868,305</u>	<u>3,582,948</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(9,558,805)	-	(9,558,805)	-
Principal paid on long-term debt	(3,248,331)	(324,310)	(3,572,641)	-
Interest and fees	(1,522,946)	(45,296)	(1,568,242)	-
Net cash provided (used) by capital and related financing activities	<u>(14,330,082)</u>	<u>(369,606)</u>	<u>(14,699,688)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	143,502	6,122	149,624	-
Net increase (decrease) in cash and cash equivalents	2,717,620	1,600,621	4,318,241	3,582,948
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	<u>61,758,635</u>	<u>2,940,351</u>	<u>64,698,986</u>	<u>13,095,564</u>
End of year - June 30	<u>\$ 64,476,255</u>	<u>\$ 4,540,972</u>	<u>\$ 69,017,227</u>	<u>\$ 16,678,512</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 7,731,092	\$ 919,400	\$ 8,650,492	\$ 3,967,272
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	11,680,486	492,608	12,173,094	-
Other revenues	-	283,640	283,640	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,026,231)	85,189	(941,042)	-
Increase (decrease) in accounts payable and accrued liabilities	(2,416,509)	44,384	(2,372,125)	(384,324)
Increase (decrease) in unearned revenues	(17,528)	(10,832)	(28,360)	-
(Increase) decrease in inventory	(1,636)	-	(1,636)	-
Increase (decrease) in customer deposits	109,821	-	109,821	-
(Increase) decrease in deferred outflows - pension	217,278	33,427	250,705	-
(Increase) decrease in deferred outflows of resources for OPEB	(778,000)	(119,692)	(897,692)	-
Increase (decrease) in deferred inflows of resources for OPEB	(9,634)	(1,482)	(11,116)	-
Increase (decrease) in net pension liability	280,168	43,103	323,271	-
Increase (decrease) deferred inflows - pension	(1,398)	(215)	(1,613)	-
Increase (decrease) in accrued vacation pay	(194,370)	(10,141)	(204,511)	-
Increase (decrease) in OPEB payable	1,330,661	204,716	1,535,377	-
Net cash provided (used) by operating activities	<u>\$ 16,904,200</u>	<u>\$ 1,964,105</u>	<u>\$ 18,868,305</u>	<u>\$ 3,582,948</u>
<b>Non-Cash Transactions:</b>				
Contributed capital from developers	<u>\$ 2,581,893</u>	<u>\$ -</u>	<u>\$ 2,581,893</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, 2020

	<u>Agency Funds</u>	<u>Pension Trust Funds</u>
<b>Assets:</b>		
Cash and investments	\$ 339,594	\$ -
Restricted cash and cash equivalents	<u>-</u>	<u>235,463</u>
Total assets	<u>339,594</u>	<u>235,463</u>
<b>Liabilities:</b>		
Accounts payable	<u>339,594</u>	<u>-</u>
<b>Net Position:</b>		
Net position restricted for defined benefit pensions	-	117,992
Restricted for post-employment benefits other than pensions	<u>-</u>	<u>117,471</u>
Total net position	<u>\$ -</u>	<u>\$ 235,463</u>

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

## HARNETT COUNTY, NORTH CAROLINA

### PENSION TRUST FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2020

	<b>Pension Trust Funds</b>
<b>Additions:</b>	
Employer contributions:	\$ 978,346
Investment income:	<u>23,894</u>
Total additions	<u>1,002,240</u>
<b>Deductions:</b>	
Benefit payments	<u>978,346</u>
Total deductions	<u>978,346</u>
<b>Change in net position</b>	23,894
Beginning of year - July 1	<u>211,569</u>
End of year - June 30	<u>\$ 235,463</u>

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

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# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 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, 2020

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, 2020

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 fund:

**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 special revenue funds: Disaster Response; Article 44 \*524; Article 46 Sales Tax; Special Districts; Emergency Telephone System; Law Enforcement; Public Safety; Emergency Radio System; Automation Enhancement & Preservation; Emergency Response Planning; Sheriff's Execution; Wings over Harnett; WIA Youth Program; Asset Forfeiture; Veterans Park, Veterans Court, 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: Benhaven Elementary School; Government Complex Park; Government Complex South; Oakridge River Rd Tower; Greenway Development Master Plan; Campbell Stadium Sidewalk; Overhills High School Cafeteria; Erwin Elementary School; Northwest Harnett Elementary; Johnsonville Elementary Renovations; Former Benhaven Elementary; Brightwater Phase II; Jetport Terminal; QSCB 2016 Capital Project; Former Boone Trail; Shawtown Area Community Center; Aircraft Apron and Helipad Design, and 2017 G.O. Bonds Projects.

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, 2020

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

WHIP Transmission Line, South Central Transmission Line Project; North Harnett WW Upgrade Project; Fort Bragg Water & Wastewater Project; School Wastewater Extensions Project; 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.

**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 four 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 Motor Vehicle Tax 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; and the Jail Canteen Fund, which accounts for monies deposited by inmates; and the Fines and Forfeitures Fund, which accounts for monies collected for fines and forfeitures and remitted to the schools.

**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.

**Trust Funds.** Trust funds account for resources that are required to be held in trust for the members and beneficiaries of defined benefit plans, defined contribution plans or other postemployment benefit plans. The Other Postemployment Benefits (OPEB) Trust Fund accounts for the County's contributions for healthcare coverage provided to qualified retirees. The Law Enforcement Officer's Special Separation Allowance Trust Fund accounts for the County's contributions for separation allowance payments provided to qualified law enforcement retirees.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 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 current financial resources measurement focus and 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, 2020

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 funds 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, 2020

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").

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust and a Law Enforcement Officer's Special Separation Allowance (LEOSSA) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County's investments are carried fair value. Non-participating interest earning investment contracts are accounted for at cost.

- The North Carolina Capital Management Trust (NCCMT) which consists of two SEC registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the NCCMT Government and Term Portfolios are reported at fair value.
- Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs— other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.
- The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.97 years at June 30, 2020.
- The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2020 the fair value of the funds was \$23.107392 per share. Fair value for this Blackrock Fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

#### **Cash and Cash Equivalents**

The County pools monies from several funds, except the Other Post-Employment Benefits Trust Fund and Law Enforcement Officers' Special Separation Allowance Trust Fund, 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, 2020

### Restricted Assets

Unexpended bond proceeds for the capital project funds are shown as restricted cash. 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. Unspent grant proceeds are shown as restricted cash and restricted for the purpose of the grant.

#### Governmental Activities:

Benhaven Elementary School Capital Project Fund:	
Benhaven Elementary School	
Capital outlays - unexpended bond proceeds	\$ 1,650,427
Government Complex South:	
Capital outlays - unexpended bond proceeds	12,929,514
Disaster Response Fund:	
Grant revenue restricted for disaster recovery	1,917,331
QSCB 2016 Project Fund:	
Capital outlays - unexpended bond proceeds	506
2017 G.O. Bonds Project Fund:	
Capital outlays - unexpended bond proceeds	<u>235,264</u>
Total governmental activities	<u>16,733,042</u>

#### Business-Type Activities:

Water and Sewer Fund:	
Customer deposits	<u>2,220,349</u>
Total business-type activities	<u>2,220,349</u>
Total restricted cash	<u>\$ 18,953,391</u>

### Ad Valorem Taxes Receivable

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

These taxes are based on the assessed values as of January 1, 2019 as allowed by state law; the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the General Fund, ad valorem tax revenues are reported net of such discounts.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Allowance for Doubtful Accounts

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

### Inventory and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

### Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 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 \$10,000. 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, 2020

### **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 meet the criterion for this category – OPEB deferrals, pension 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 several items that meet the criteria for this category – pension related deferrals, OPEB 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 other financing source.

### **Compensated Absences**

The vacation policy of the County provides that vacation leave may be accumulated without any applicable maximum until December 31<sup>st</sup> of each calendar year. On December 31<sup>st</sup>, 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, 2020

### 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.

*Prepaid Items* – 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.

*Note Receivable* – portion of fund balance that is not an available resource because it represents the amount not expected to be converted to cash during the subsequent fiscal year.

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

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

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

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

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*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 \$14,815,711 and Register of Deeds' Pension Plan of \$236,783 for a net difference of \$14,578,928 at June 30, 2020.

**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 Brightwater Phase II project, the Aircraft Apron and Helipad Design project and the Jetport Terminal project.

*Committed for Education* – portion of fund balance that can only be used for education. This includes the Northwest Elementary School project, the Johnsonville Elementary Renovations project, and the Former Benhaven Elementary project.

*Committed for Culture and Recreation* – portion of fund balance that can only be used for culture and recreation. This includes the Former Boone Trail project.

*Committed for Debt Service* – portion of fund balance that can only be used for debt service requirements.

**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.

*Subsequent Year's Expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

*General Government* – portion of fund balance that budgeted by the governing body for general government purposes.

*Culture and Recreation* – portion of fund balance that is budgeted by the governing body for culture and recreation purposes.

*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.

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

Assigned fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Subsequent year's expenditures	\$ 3,270,288	\$ -
General government	4,034,122	-
Culture and recreation	361,370	-
Public safety	697,412	71,977
Education Special Revenue Fund	-	3,343,348
Total	<u>\$ 8,363,192</u>	<u>\$ 3,415,325</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. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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%.

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	\$ 66,529,167
<b>Less:</b>	
Prepaid items	102,807
Inventory	9,453
Note receivable	2,525,500
Stabilization by state statute	<u>15,306,174</u>
Total available fund balance	<u>\$ 48,585,233</u>

**Reclassifications**

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

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

## 2. Detail Notes on All Funds

### A. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name.

The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the County's deposits had a carrying amount of \$56,536,148 and a bank balance of \$57,133,818. Of the bank balance, \$1,552,832 was covered by federal depository insurance with the remainder being covered by collateral held under the Pooling Method.

At June 30, 2020, Harnett County has \$5,234 cash on hand.

#### B. Investments

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value at 6/30/2020</u>	<u>Maturity</u>		
			<u>6 months</u>	<u>6-12 months</u>	<u>1-3 years</u>
US Government Agencies	Fair Value Level 2	\$ 803,414	\$ 600,312	\$ 203,102	\$ -
Commercial Paper	Fair Value Level 2	12,987,287	12,987,287	-	-
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	91,621,311	91,621,311	-	-
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	5,279,986	5,279,986	-	-
Total investments		<u>\$ 110,691,998</u>			

As of June 30, 2020, the NCCMT Term Portfolio has a duration of .15 years. Both the NCCMT Government and Term Portfolio's securities are measured at fair value with Level 1 inputs. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P. The NCCMT Term Portfolio has no rating.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

*Level of Fair Value Hierarchy: Level 1:* Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. *Level Two:* Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.



# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*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 Government Portfolio carried a credit rating of AAAM by Standard & Poor's at June 30, 2020. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended. The County's investment in U.S. Governmental Agencies carried a credit rating of Aaa by Moodys and a credit rating of AA+ by Standard and Poor's at June 30, 2020. The County's investment in Commercial Paper carried a credit rating of P1 by Moody's and a credit rating of A1+ by Standard and Poor's at June 30, 2020.

*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.

### OPEB Trust Fund

At June 30, 2020, the County's Health Care Plan had \$117,471 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Fund was invested as follows: State Treasurer's Short-Term Investment Fund (STIF) 0.14%, State Treasurer's Fixed Income Fund (FIF) 49.15%, and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) 50.71%.

*Level of the Fair Value Hierarchy:* Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years.

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. On June 30, 2020 the BIF, which does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.97 years at June 30, 2020.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2020 the fair value of the funds was \$23.107392 per share. Fair value for this Blackrock Fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

*Valuation Technique:* North Carolina Department of State Treasurer OPEB Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

*Interest Rate Risk* – The County does not have a formal investment interest rate policy for the OPEB Trust Fund that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2020. The State Treasurer's BIF is unrated and had a weighted average maturity of 7.97 years at June 30, 2020.

*Credit Risk* – The County does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

### LEOSSA Trust Fund

At June 30, 2020, the County's Law Enforcement Officers' Special Separation Allowance (LEOSSA) Plan Fund had \$117,992 invested in the State Treasurer's Law Enforcement Officer's Special Separation Allowance (LEOSSA) Trust pursuant to G.S. 159-30.1. The State Treasurer's LEOSSA Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's LEOSSA Fund was invested as follows: State Treasurer's Short-Term Investment Fund (STIF) 0.14%, State Treasurer's Fixed Income Fund (FIF) 49.15%, and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) 50.71%.

**Level of the Fair Value Hierarchy:** Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years.

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. On June 30, 2020 the BIF, which does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.97 years at June 30, 2020.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2020 the fair value of the funds was \$23.107392 per share. Fair value for this Blackrock Fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Valuation Technique: North Carolina Department of State Treasurer LEOSA Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Interest Rate Risk. The County does not have a formal investment interest rate policy for the OPEB Trust Fund that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2020. The State Treasurer's BIF is unrated and had a weighted average maturity of 7.97 years at June 30, 2020.

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

### 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.

<b>Year</b>			
<b>Levied</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 5,582,517	\$ 1,911,454	\$ 7,493,971
2017	4,850,029	1,224,632	6,074,661
2018	5,776,966	938,757	6,715,723
2019	5,446,881	394,899	5,841,780
Total	<u>\$ 21,656,393</u>	<u>\$ 4,469,742</u>	<u>\$ 26,126,135</u>

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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:

<b>Fund</b>	<b>Allowance for Doubtful Accounts</b>
General	\$ 750,237
Nonmajor governmental	101,048
Governmental activities	851,285
Public utility	1,167,519
Solid waste	155,160
Business-type activities	1,322,679
Total	\$ 2,173,964

**Due from Other Governments – Disaggregate Information**

Due from other governments at the government-wide level at June 30, 2020:

<b>Governmental Activities</b>	
Local option sales tax	\$ 7,622,898
DSS receivable	563,471
Sales tax refund receivable	416,376
Total	\$ 8,602,745

**Deferred Outflows and Inflows of Resources**

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

<b>Source</b>	<b>Amount</b>
Pension deferrals	\$ 10,622,654
OPEB deferrals	11,007,768
Charge on refunding	6,358,360
Total	\$ 27,988,782

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

<b>Source</b>	<b>Amount</b>
Pension deferrals	\$ 255,300
OPEB deferrals	1,624,885
Taxes receivable, net (General)	450,219
Taxes receivable, net (Other governmental funds)	101,048
<b>Total</b>	<b>\$ 2,431,452</b>

### E. Capital Assets

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 6,497,853	\$ -	\$ (2,920,675)	\$ 3,577,178
Construction in progress	1,757,783	15,576,874	-	17,334,657
Total non-depreciable capital assets	8,255,636	15,576,874	(2,920,675)	20,911,835
<b>Depreciable Capital Assets:</b>				
Buildings	89,646,801	-	-	89,646,801
Land improvements	18,476,394	-	-	18,476,394
Equipment	10,215,662	582,031	-	10,797,693
Vehicles	12,468,430	646,390	-	13,114,820
Total depreciable capital assets	130,807,287	1,228,421	-	132,035,708
<b>Less Accumulated Depreciation:</b>				
Buildings	21,761,424	1,778,787	-	23,540,211
Land improvements	11,312,930	1,802,518	-	13,115,448
Equipment	9,402,995	537,895	-	9,940,890
Vehicles	8,944,882	1,014,507	-	9,959,389
Total accumulated depreciation	51,422,231	5,133,707	-	56,555,938
Total depreciable capital assets, net	79,385,056			75,479,770
Governmental activities capital assets, net	\$ 87,640,692			\$ 96,391,605

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

<b>Depreciation Expense by Function</b>	
General government	\$ 1,425,207
Public safety	1,766,048
Transportation	1,721,668
Economic and physical development	100,079
Human services	45,675
Cultural and recreational	75,030
<b>Total</b>	<b>\$ 5,133,707</b>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Business-Type Capital Assets:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Business-Type Activities:</b>				
<b>Public Utilities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 1,206,943	\$ -	\$ -	\$ 1,206,943
Construction in progress	13,376,456	7,805,681	-	21,182,137
Total non-depreciable capital assets	14,583,399	7,805,681	-	22,389,080
<b>Depreciable Capital Assets:</b>				
Plant, distribution, and collection systems	400,599,383	2,581,893	-	403,181,276
Buildings and building improvements	14,774,441	-	-	14,774,441
Furniture, fixtures, and equipment	2,485,110	1,606,076	-	4,091,186
Vehicles	2,606,168	147,048	-	2,753,216
Total depreciable capital assets	420,465,102	4,335,017	-	424,800,119
<b>Less Accumulated Depreciation:</b>				
Plant, distribution, and collection systems	101,492,778	9,903,210	-	111,395,988
Buildings and building improvements	2,547,934	713,322	-	3,261,256
Furniture, fixtures, and equipment	1,589,128	757,101	-	2,346,229
Vehicles	1,841,886	306,853	-	2,148,739
Total accumulated depreciation	107,471,726	\$ 11,680,486	\$ -	119,152,212
Total depreciable capital assets, net	312,993,376			305,647,907
Public utilities capital assets, net	327,576,775			328,036,987
<b>Solid Waste Management:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	1,553,589	\$ -	\$ -	1,553,589
Total non-depreciable capital assets	1,553,589	-	-	1,553,589
<b>Depreciable Capital Assets:</b>				
Buildings and building improvements	4,972,065	-	-	4,972,065
Furniture, fixtures, and equipment	2,725,154	-	-	2,725,154
Vehicles	555,024	-	-	555,024
Total depreciable capital assets	8,252,243	-	-	8,252,243
<b>Less Accumulated Depreciation:</b>				
Buildings and building improvements	994,421	68,020	-	1,062,441
Furniture, fixtures, and equipment	1,889,079	352,733	-	2,241,812
Vehicles	284,080	71,855	-	355,935
Total accumulated depreciation	3,167,580	\$ 492,608	\$ -	3,660,188
Total depreciable capital assets, net	5,084,663			4,592,055
Solid waste management capital assets, net	6,638,252			6,145,644
Business-type activities capital assets, net	\$ 334,215,027			\$ 334,182,631

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, construction in progress for the business-type activities consists of the following projects:

	<b>Project Authorization</b>	<b>Expended To Date</b>
West Central Transmission	\$ 8,509,216	\$ 7,992,927
WHIP Transmission Line	1,215,650	1,118,809
South Central Transmission	1,027,900	764,533
Fort Bragg Water & WW	880,000	361,460
School Wastewater Extensions	2,754,205	849,262
North Harnett WW Upgrade	11,170,903	10,095,146
Total	\$ 25,557,874	\$ 21,182,137

#### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2020 is composed of the following elements:

	<b>Governmental</b>	<b>Business-Type</b>		<b>Total</b>
		<b>Water/Sewer</b>	<b>Solid Waste</b>	<b>Business-Type</b>
Capital assets	\$ 96,391,605	\$ 328,036,987	\$ 6,145,644	\$ 334,182,631
Total debt	157,041,089	47,795,178	1,632,839	49,428,017
Capital related deferred charge on refunding	1,423,109	797,781	-	797,781
Debt not related to capital assets	97,926,317	-	-	-
Capital related unspent debt proceeds	1,886,197	-	-	-
Total capital debt	55,805,466	46,997,397	1,632,839	48,630,236
Net investment in capital assets	\$ 40,586,139	\$ 281,039,590	\$ 4,512,805	\$ 285,552,395

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### F. Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	Accounts Payable Note Disclosure				
	Governmental Activities		Business-Type Activities		Total
	General Fund	Nonmajor	Public Utilities	Solid Waste	
<b>Payables:</b>					
Accounts and vouchers	\$ 1,268,701	\$ 5,238,373	\$ 1,264,273	\$ 336,536	\$ 8,107,883
Accrued payroll and related liabilities	1,797,823	12,476	248,118	36,376	2,094,793
Accrued interest payable	-	-	155,243	6,027	161,270
Total accounts payable and accrued liabilities	\$ 3,066,524	\$ 5,250,849	\$ 1,667,634	\$ 378,939	\$ 10,363,946

Adjustments to full-accrual include \$397,400 related to recording accrued interest on general long-term debt and accounts and vouchers related to the internal service funds of \$1,039,085. Finally, the fiduciary fund financial statements include \$339,594 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, 2020

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, 2020, a liability for claims of \$719,196 included on the accompanying Statement of Net Position for governmental activities. An analysis for the County is presented below:

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
Liability as of beginning of the year	\$ 729,810	\$ 2,480,470
Current year claims and changes in estimates	27,962	313,224
Actual claim payments	(38,576)	(2,063,884)
Liability as of end of the year	\$ 719,196	\$ 729,810

### H. Capital Lease Obligations

The County has entered into agreements to lease certain equipment. At June 30, 2020, the original cost of equipment under the leases is approximately \$23,813,658. Title passes to the County at the end of the lease term. These agreements are in substance lease purchases.

	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
				Governmental	Business-Type
<b>Capitalized Lease Obligations:</b>					
Red Rock Science Center	\$ 21,910,705	6.84%	June 2038	\$ 16,700,284	\$ -
Total	\$ 21,910,705			\$ 16,700,284	\$ -

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

<u>Year Ending</u>	<u>Future Payments</u>
2021	\$ 866,482
2022	869,850
2023	885,073
2024	900,563
2025	916,322
2026-2030	4,750,385
2031-2035	5,180,849
2036-2038	<u>3,626,058</u>
Total minimum lease payments	17,995,582
Less amount representing interest	<u>(1,295,298)</u>
Present value of the minimum lease payments	<u>\$ 16,700,284</u>

At June 30, 2020, the net book value of capital assets (cost and accumulated depreciation) associated with leases is \$18,401,438.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### I. Long-Term Obligations

Installment purchases from direct placements financed by the governmental funds are repaid from the resources of the General Fund. The installment purchases from direct placement, general obligation bonds, state bonds from direct borrowing, 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
<b>Installment Purchases -</b>						
<b>Direct Placement:</b>						
2015 HFTC Land Acquisition	August 2015	\$ 4,664,000	2.42%	June 2025	\$ 2,330,000	\$ -
COPS 2011 Refunding (2002)			2.535%			
97% Construction of School Facilities	November 2011	24,033,690		December 2023	7,617,410	-
3% Public Utilities Projects		743,310		December 2023	-	235,591
2016 Refinancing of COPS 2009						
School Construction	April 2016	31,080,000	2.20%	June 2029	20,777,000	-
2010 Refinancing	November 2010		3.35%	June 2028		
Angier Elementary School		14,004,000			6,150,000	-
COPS 2015 Refunding (2007)	April 2015					
53% Jail Facility		16,279,246	2.52%	December 2027	12,328,090	-
42% Construction of School Facilities		12,815,593	2.52%	December 2027	9,705,071	-
5% Solid Waste Transfer Station		1,402,161	2.52%	December 2027	-	1,061,839
Qualified Zone Academy Bonds	October 2005	789,500	0.00%	October 2021	221,953	-
Qualified School						
Construction Bonds (Taxable)	November 2012	29,435,000	4.638%	November 2035	27,059,883	-
Qualified Zone Academy Bonds	May 2016	<u>2,200,000</u>	0.00%	May 2026	<u>1,320,000</u>	<u>-</u>
Total		<u>\$ 137,446,500</u>			<u>\$ 87,509,407</u>	<u>\$ 1,297,430</u>

The County's outstanding installment purchase from direct placement related to the 2015 HFTC land acquisition in the amount of \$2,330,000 is secured by a deed of trust, security agreement and fixture filing for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County's outstanding installment purchase from direct placement related to the COPS 2011 Refunding (2002) for the construction of school facilities in the amount of \$7,617,410 is secured by a deed of trust, security agreement and fixture filing for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will enforce its security interest or direct the trustee under the deed of trust trustee to institute foreclosure proceedings under the deed of trust and sell the mortgaged property.

## **HARNETT COUNTY, NORTH CAROLINA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

The County's outstanding installment purchase from direct placement related to the COPS 2011 Refunding (2002) for the Public Utilities projects in the amount of \$235,591 is secured by a deed of trust, security agreement and fixture filing for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will enforce its security interest or direct the trustee under the deed of trust trustee to institute foreclosure proceedings under the deed of trust and sell the mortgaged property.

The County's outstanding installment purchase from direct placement related to the COPS 2007 for school construction in the amount of \$20,777,000 is secured by a deed of trust and security interest in Harnett Central High School for the benefit of the bank and its successors and assigns. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County's outstanding installment purchase from direct placement related to the 2010 Refinancing of Angier Elementary School in the amount of \$6,150,000 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will enforce its security interest or direct the trustee under the deed of trust trustee to institute foreclosure proceedings under the deed of trust and sell the mortgaged property.

The County's outstanding installment purchase from direct placement related to the COPS 2015 Refunding (2007) for the jail facility in the amount of \$12,328,090 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County's outstanding installment purchase from direct placement related to the COPS 2015 Refunding (2007) for the construction of school facilities in the amount of \$9,705,071 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County's outstanding installment purchase from direct placement related to the COPS 2015 Refunding (2007) for the Solid Waste transfer station in the amount of \$1,061,839 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County’s outstanding installment purchase from direct placement related to 2005 Qualified Zone Academy Bonds in the amount of \$221,953 is secured by the Boone Trail Elementary School (the mortgaged property) conveyed by the Board of Education to the County pursuant to a general warranty deed to assist the County in financing the cost of the project for the Board of Education. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state, the right to re-enter and take possession of the mortgaged property without any court order or process of law.

The County’s outstanding installment purchase from direct placement related to the 2012 Qualified School Construction Bonds in the amount of \$27,059,883 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County’s outstanding installment purchase from direct placement related to the 2016 Qualified Zone Academy Bonds in the amount of \$1,320,000 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

General obligation bonds for the governmental activities are as follows:

	<u>Governmental - General Obligation Bonds</u>				<u>Amount</u>
	<u>Issue Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding Governmental-Type</u>
<b>General Obligation Bonds:</b>					
Benhaven Elementary School	May 2017	\$ 29,500,000	3.000%	May 2037	\$ 25,075,000

Limited obligation bonds for the governmental activities are as follows:

	<u>Governmental - Limited Obligation Bonds</u>				<u>Amount</u>
	<u>Issue Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding Governmental-Type</u>
<b>General Obligation Bonds:</b>					
Government Services Complex	Oct 2019	\$ 21,145,000	2.600%	Oct 2039	\$ 21,145,000

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### General Obligation Bonds

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

	<u>Enterprise - General Obligation Bonds</u>				<u>Amount</u>
	<u>Issue Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding Business-Type</u>
<b>General Obligation Bonds:</b>					
South Central Water & Sewer 2013 Series A	January 2013	\$ 3,449,000	3.125%	June 2052	\$ 3,129,000
South Central Water & Sewer 2013 Series B	January 2013	3,937,000	3.125%	June 2052	3,576,000
South Central Water & Sewer 2013 Series C	January 2013	3,239,000	2.50%	June 2052	2,905,000
South Central Water & Sewer 2013 Series D	January 2013	2,586,000	2.50%	June 2052	2,318,000
South Central Refunding Series 2013	April 2013	10,395,000	2.5%-5.00%	June 2043	8,695,000
West Central Refunding Series 2013	April 2013	1,485,000	3.00%-5.00%	June 2028	900,000
Northwest Refunding Series 2013	April 2013	1,085,000	2.00%-5.00%	June 2028	465,000
Southwest Refunding Series 2013	April 2013	2,315,000	3.00%-5.00%	June 2028	1,345,000
Southeast Refunding Series 2013	April 2013	1,000,000	2.00%-5.00%	June 2033	690,000
East Central Refunding Series 2013	April 2013	2,765,000	2.00%-5.00%	June 2035	2,040,000
Riverside Refunding Series 2013	April 2013	1,020,000	2.00%-5.00%	June 2041	850,000
Total		<u>\$ 33,276,000</u>			<u>\$ 26,913,000</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, 2020

### 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>
<b>Enterprise System</b>					
<b>Revenue Bond Loans:</b>					
Series 2015 (Tax Exempt)	April 2015	\$ 10,673,000	2.53%	May 2028	\$ 7,854,996
Total business-type activities revenue bond loans		<u>\$ 10,673,000</u>			<u>\$ 7,854,996</u>

### State Bond Loans -

#### Direct Borrowing:

Erwin WW Project Revolving Loan	February 2012	\$ 6,195,019	2.46%	May 2033	\$ 4,026,762
East Central Project Revolving Loan	February 2011	4,366,515	2.22%	May 2032	2,619,907
Harnett County Sanitary Sewer Revolving Loan	March 2005	<u>15,000,000</u>	2.21%	May 2027	<u>5,250,000</u>
Total business-type activities State bond loans		<u>\$ 25,561,534</u>			<u>\$ 11,896,669</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>\$ 571,000</u>
Total business-type activities special obligation bond loans		<u>\$ 1,750,000</u>			<u>\$ 571,000</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>\$ 14,985,000</u>
Total business-type activities special obligation bond loans		<u>\$ 20,065,000</u>			<u>\$ 14,985,000</u>

The County's outstanding state bond loan from direct borrowing related to the Erwin WW Project Revolving Loan in the amount of \$4,026,762 is secured by the revenues of the project or benefited systems, and not secured by a pledge of full faith and credit. The loan contains a provision that a default in payment of principal and interest on the loan may require the unit to prepay the note in full. A default in payment may also result in the state withholding any other monies due to the unit of local government.

The County's outstanding state bond loan from direct borrowing related to the East Central Project Revolving Loan in the amount of \$2,619,907 is secured by the revenues of the project or benefited systems, and not secured by a pledge of full faith and credit. The loan contains a provision that a default in payment of principal and interest on the loan may require the unit to prepay the note in full. A default in payment may also result in the state withholding any other monies due to the unit of local government.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County's outstanding state bond loan from direct borrowing related to the Harnett County Sanitary Sewer Revolving Loan in the amount of \$5,250,000 is secured by the revenues of the project or benefited systems, and not secured by a pledge of full faith and credit. The loan contains a provision that a default in payment of principal and interest on the loan may require the unit to prepay the note in full. A default in payment may also result in the state withholding any other monies due to the unit of local government.

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2020</u>	<u>Due in Less Than One Year</u>
<b>Governmental Activities:</b>					
Capitalized leases	\$ 18,120,802	\$ -	\$ 1,420,518	\$ 16,700,284	\$ 797,354
Installment purchases - Direct placement	98,424,385	-	10,914,978	87,509,407	9,664,359
Limited obligation bonds	-	21,145,000	-	21,145,000	1,060,000
General obligations	26,550,000	-	1,475,000	25,075,000	1,475,000
Premium	3,218,382	3,847,498	454,482	6,611,398	455,000
Gross debt	<u>146,313,569</u>	<u>24,992,498</u>	<u>14,264,978</u>	<u>157,041,089</u>	<u>13,451,713</u>
Total debt	146,313,569	24,992,498	14,264,978	157,041,089	13,451,713
Other long-term liabilities:					
Compensated absences	3,000,973	122,855	558,268	2,565,560	1,924,170
Net Law Enforcement Officers' Special Separation Allowance	2,744,971	600,685	160,938	3,184,718	-
Net pension (LGERS)	12,815,202	1,831,866	-	14,647,068	-
Net other post-employment benefits	37,805,425	8,700,478	-	46,505,903	-
Total	<u>\$ 202,680,140</u>	<u>\$36,248,382</u>	<u>\$14,984,184</u>	<u>\$ 223,944,338</u>	<u>\$ 15,375,883</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2020</u>	<u>Due in Less Than One Year</u>
<b>Water and Sewer Fund:</b>					
Installment purchases - Direct placement	\$ 297,841	\$ -	\$ 62,250	\$ 235,591	\$ 60,960
Limited obligation bonds	15,790,000	-	805,000	14,985,000	815,000
Premium	1,006,787	-	111,865	894,922	111,865
General obligations	12,156,000	-	228,000	11,928,000	234,000
Revenue bonds	8,730,000	-	875,004	7,854,996	855,000
State bond loans - Direct borrowing	13,174,746	-	1,278,077	11,896,669	1,278,077
Gross debt	<u>51,155,374</u>	<u>-</u>	<u>3,360,196</u>	<u>47,795,178</u>	<u>3,354,902</u>
Total debt	51,155,374	-	3,360,196	47,795,178	3,354,902
Other long-term liabilities:					
Compensated absences	780,126	220,452	414,822	585,756	439,317
Net pension (LGERS)	1,959,972	280,168	-	2,240,140	-
Net other post-employment benefits	5,782,006	1,330,661	-	7,112,667	-
Total	<u>\$ 59,677,478</u>	<u>\$ 1,831,281</u>	<u>\$ 3,775,018</u>	<u>\$ 57,733,741</u>	<u>\$ 3,794,219</u>



# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2020</u>	<u>Due in Less Than One Year</u>
<b>Solid Waste Fund:</b>					
Installment purchases - Direct placement	\$ 1,205,149	\$ -	\$ 143,310	\$ 1,061,839	\$ 141,793
Special obligation bonds	752,000	-	181,000	571,000	186,000
Gross debt	<u>1,957,149</u>	<u>-</u>	<u>324,310</u>	<u>1,632,839</u>	<u>327,793</u>
Total debt	1,957,149	-	324,310	1,632,839	327,793
Other long-term liabilities:					
Accrued landfill closure and post-closure care costs	1,300,089	-	-	1,300,089	-
Compensated absences	78,874	20,785	30,926	68,733	51,550
Net pension (LGERS)	301,535	43,103	-	344,638	-
Net other post-employment benefits	889,540	204,716	-	1,094,256	-
Total	<u>\$ 4,527,187</u>	<u>\$ 268,604</u>	<u>\$ 355,236</u>	<u>\$ 4,440,555</u>	<u>\$ 379,343</u>

The following is a summary of the future maturities for the long-term obligations as of June 30, 2020:

	<u>Installment Purchases</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>
<b>Governmental Activities :</b>								
2021	\$ 9,664,359	\$ 2,926,642	\$ 1,475,000	\$ 999,313	\$ 797,354	\$ 69,128	\$ -	\$ -
2022	9,702,001	2,712,558	1,475,000	925,563	811,307	58,543	-	-
2023	9,399,131	2,504,543	1,475,000	851,813	825,505	59,568	-	-
2024	9,266,896	2,299,602	1,475,000	778,063	839,952	60,611	-	-
2025	8,954,625	2,098,304	1,475,000	725,012	854,651	61,671	-	-
2026-2030	27,304,864	8,258,538	7,375,000	3,152,813	4,425,459	324,926	-	-
2031-2035	9,696,303	6,825,977	7,375,000	1,613,281	4,826,478	354,371	-	-
2036-2038	<u>3,521,228</u>	<u>2,047,793</u>	<u>2,950,000</u>	<u>466,469</u>	<u>3,319,578</u>	<u>306,480</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>87,509,407</u>	<u>29,673,957</u>	<u>25,075,000</u>	<u>9,512,327</u>	<u>16,700,284</u>	<u>1,295,298</u>	<u>-</u>	<u>-</u>
<b>Business-Type Activities :</b>								
2021	202,753	30,171	234,000	-	-	-	855,000	198,732
2022	199,242	25,097	242,000	-	-	-	922,000	176,063
2023	195,517	20,114	249,000	-	-	-	944,000	152,736
2024	191,733	15,226	255,000	-	-	-	970,000	128,853
2025	131,908	10,215	263,000	-	-	-	993,000	105,862
2026-2030	376,277	14,264	1,314,000	-	-	-	3,170,996	264,056
2031-2035	-	-	1,514,000	-	-	-	-	-
2036-2040	-	-	1,740,000	-	-	-	-	-
2041-2045	-	-	2,003,000	-	-	-	-	-
2046-2050	-	-	2,306,000	-	-	-	-	-
2051-2052	-	-	1,808,000	-	-	-	-	-
Total business-type activities	<u>1,297,430</u>	<u>115,087</u>	<u>11,928,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,854,996</u>	<u>1,026,302</u>
Total government	<u>\$ 88,806,837</u>	<u>\$ 29,789,044</u>	<u>\$ 37,003,000</u>	<u>\$ 9,512,327</u>	<u>\$ 16,700,284</u>	<u>\$ 1,295,298</u>	<u>\$ 7,854,996</u>	<u>\$ 1,026,302</u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Limite d Obligation Bonds</u>		<u>Spe cial Obligation Bonds</u>		<u>State Bond Loan</u>		<u>Total Debt Due</u>	
	<u>P rincipal</u>	<u>Inter est</u>	<u>P rincipal</u>	<u>Inter est</u>	<u>P rincipal</u>	<u>Inter est</u>	<u>P rincipal</u>	<u>Inter est</u>
<b>Go ve rnment al Activities :</b>								
2021	\$ 1,060,000	\$ 940,950	\$ -	\$ -	\$ -	\$ -	\$ 11,936,713	\$ 3,995,083
2022	1,060,000	898,550	-	-	-	-	11,988,308	3,696,664
2023	1,060,000	856,150	-	-	-	-	11,699,636	3,415,924
2024	1,060,000	808,450	-	-	-	-	11,581,848	3,138,276
2025	1,060,000	755,450	-	-	-	-	11,284,276	2,884,987
2026-2030	5,300,000	2,982,375	-	-	-	-	39,105,323	11,736,277
2031-2035	5,300,000	1,666,900	-	-	-	-	21,897,781	8,793,629
2036-2040	<u>5,245,000</u>	<u>527,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,790,806</u>	<u>2,820,742</u>
Total governmental activities	<u>21,145,000</u>	<u>9,436,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,284,691</u>	<u>40,481,582</u>
<b>Bus iness -Type Activities :</b>								
2021	815,000	611,950	186,000	14,218	1,278,077	272,782	3,570,830	1,127,853
2022	840,000	577,450	190,000	9,587	1,278,077	243,793	3,671,319	1,031,990
2023	865,000	537,950	195,000	4,856	1,278,077	214,804	3,726,594	930,460
2024	895,000	497,450	-	-	1,278,077	185,815	3,589,810	827,344
2025	925,000	445,860	-	-	1,278,077	175,415	3,590,985	737,352
2026-2030	4,640,000	1,903,700	-	-	4,228,207	510,783	13,729,480	2,692,803
2031-2035	2,830,000	1,184,300	-	-	1,278,077	105,125	5,622,077	1,289,425
2036-2040	2,480,000	713,288	-	-	-	-	4,220,000	713,288
2041-2045	695,000	274,050	-	-	-	-	2,698,000	274,050
2046-2050	-	-	-	-	-	-	2,306,000	-
2051-2052	-	-	-	-	-	-	1,808,000	-
Total business-type activities	<u>14,985,000</u>	<u>6,745,998</u>	<u>571,000</u>	<u>28,661</u>	<u>11,896,669</u>	<u>1,708,517</u>	<u>48,533,095</u>	<u>9,624,565</u>
Total government	<u>\$ 36,130,000</u>	<u>\$ 16,182,323</u>	<u>\$ 571,000</u>	<u>\$ 28,661</u>	<u>\$ 11,896,669</u>	<u>\$ 1,708,517</u>	<u>\$ 177,817,786</u>	<u>\$ 50,106,147</u>

The County is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the County may have outstanding to eight% of the appraised value of property subject to taxation. At June 30, 2020, such statutory limit for the County was \$724,244,422 providing a legal debt margin of approximately \$502,510,587.

As of June 30, 2020, 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, 2019, 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, 2020

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$10,673,000 in enterprise system revenue bonds issued 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 \$8,881,298. Principal and interest paid for the current year and total customer revenues were \$1,095,869 and \$41,091,355, 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>\$ 7,854,996</u>
Total	<u>\$ 7,854,996</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 2015A (Tax Exempt), 2015B (Taxable) since their adoption.

Section 6.6 of the Bond Order requires the rates and charges will produce (a) Revenues which together with 20% 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% of the principal and interest requirements on the bonds to become due during that fiscal year plus (iii) 100% of the principal and interest requirements on general obligation indebtedness and subordinate indebtedness to become due in such fiscal year plus (iv) 100% of the principal and interest on other indebtedness to become due in such fiscal year plus (v) 100% 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% of the principal and interest requirements on the bonds to become due during that fiscal year plus (iii) 100% of the principal and interest requirements on general obligation indebtedness and subordinate indebtedness to become due in such fiscal year plus (iv) 100% of the principal and interest requirements on other indebtedness to

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

become due in such a fiscal year plus (v) 100% 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, 2020 is as follows:

Operating revenues	\$ 41,091,355
Operations and maintenance expenses	(21,679,777)
Operating income before depreciation & amortization	<u>19,411,578</u>
Less:	
Depreciation and amortization expense	<u>(11,680,486)</u>
Operating income	7,731,092
Non-operating revenues	143,502
Non-operating expenses	<u>(1,522,946)</u>
Net income	<u><u>\$ 6,351,648</u></u>
Determination of income available for debt service	
Net income	\$ 6,351,648
Adjustments:	
Bond interest expense	1,522,946
Bond service expense	<u>3,248,331</u>
Income available for debt service	11,122,925
20% of unrestricted net assets	<u>11,904,413</u>
Income available for debt service plus	
20% of unrestricted net assets	<u><u>\$ 23,027,338</u></u>
Debt service requirements and coverage	
Parity debt service:	
Revenue bonds	<u>\$ 1,095,869</u>
Debt service coverage - parity indebtedness	21.013
Revenue bond covenant requirement	1.200
Other indebtedness:	
Installment purchases	\$ 69,011
GO bonds, State Bond Loans, LOBS	<u>3,224,797</u>
Sum of parity and GO debt service	<u><u>\$ 4,389,677</u></u>
Debt service coverage - sum of parity and	
system GO indebtedness	5.246
Revenue bond covenant requirement	1.000

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### J. Pension Plan Obligations

#### a. Multiple-Employer Plans

##### Plan Description

##### Local Governmental Employees' Retirement System

**Plan Description.** The County is a participating employer in the state-wide 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](http://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, 2020

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, 2020 was 9.70% of compensation for law enforcement officers and 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,838,668 for the year ended June 30, 2020.

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

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

At June 30, 2020, the County reported a liability of \$17,231,846 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing 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, 2020, the County's proportion was 0.63099% (measured as of June 30, 2019), which was a decrease of 0.004530% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

For the year ended June 30, 2020, the County recognized pension expense of \$7,654,412. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,950,528	\$ -
Changes of assumptions	2,808,505	-
Net difference between projected and actual earnings on pension plan investments	420,308	-
Changes in proportion and differences between County contributions and proportionate share of contributions	41,863	133,927
County contributions subsequent to the measurement date	3,838,668	-
Total	\$ 10,059,872	\$ 133,927

\$3,838,668 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 ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2021	\$ 3,050,936
2022	944,035
2023	1,643,282
2024	449,024
2025	-
Thereafter	-
Total	\$ 6,087,277

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

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 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, 2020

The plan actuary currently uses mortality tables based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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, 2020

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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 7.00%, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 39,412,380	\$ 17,231,846	\$ (1,204,673)

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

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2018, 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>133</u>
Total	<u><u>144</u></u>

### Summary of Significant Accounting Policies

*Basis of Accounting.* The County has chosen to fund the Separation Allowance through contributions to the County's Law Enforcement Officers' Special Separation Allowance (LEOSSA) Trust Fund. The assets were deposited after the measurement date of December 31, 2019. Contributions to the LEOSSA trust fund 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.

### Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate used to measure the total pension liability as of December 31, 2019 (measurement date) was 3.26%. Since the Separation Allowance assets are not invested, the discount rate used is equal to the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2019.

The projection of cash flows used to determine the discount rate assumed that the employer would contribute the actuarially determined contribution in the future.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned through contributions to the LEOSSA trust through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$160,938 as benefits came due for the reporting period.

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

At June 30, 2020, the County reported a total pension liability of \$3,184,718. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The net pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$336,691.

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 259,915	\$ -
Changes of assumptions	185,215	100,808
Net difference between projected and actual earnings on pension plan investments	-	10,502
County benefit payments and plan administrative expense made subsequent to the measurement date	79,477	-
Total	<u>\$ 524,607</u>	<u>\$ 111,310</u>

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$79,477 reported as deferred outflows of resources related to pensions resulting from County benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2021	\$ 77,400
2022	77,400
2023	79,190
2024	45,587
2025	54,243
Thereafter	-
Total	<u>\$ 333,820</u>

*Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate.* The following presents the County's net pension liability calculated using the discount rate of 3.26%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.26%) or one percentage point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Net pension liability	<u>\$ 3,475,767</u>	<u>\$ 3,184,718</u>	<u>\$ 2,919,336</u>

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

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance as of December 31, 2018	\$ 2,845,104	\$ 100,133	\$ 2,744,971
Service cost	162,303	-	162,303
Interest on the total pension liability	100,633	-	100,633
Differences between expected and actual experience	251,811	-	251,811
Changes of assumptions or other inputs	103,797	-	103,797
Contributions - employer	-	160,938	(160,938)
Net investment income	-	17,859	(17,859)
Benefit payments	(160,938)	(160,938)	-
Balance as of December 31, 2019	<u>\$ 3,302,710</u>	<u>\$ 117,992</u>	<u>\$ 3,184,718</u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*Changes of Assumptions.* Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.64% at December 31, 2018 to 3.26% at December 31, 2019.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on 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.

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

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 17,231,846	\$ -	\$ (208,671)	\$ 17,023,175
Proportion of the net pension liability (asset)	0.63099%	NA	-1.05699%	-
Net pension liability	-	3,184,718	-	3,184,718
Pension expense	7,654,412	336,691	22,333	8,013,436

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>LGERS</b>	<b>LEOSSA</b>	<b>ROD</b>	<b>Total</b>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 2,950,528	\$ 259,915	\$ -	\$ 3,210,443
Changes of assumptions	2,808,505	185,215	-	2,993,720
Net difference between projected and actual earnings on pension plan investments	420,308	-	2,135	422,443
Changes in proportion and differences between County contributions and proportionate share of contributions	41,863	-	24,353	66,216
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>3,838,668</u>	<u>79,477</u>	<u>11,687</u>	<u>3,929,832</u>
<b>Total</b>	<b><u>\$ 10,059,872</u></b>	<b><u>\$ 524,607</u></b>	<b><u>\$ 38,175</u></b>	<b><u>\$ 10,622,654</u></b>
<b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	\$ -	\$ -	\$ 10,063	\$ 10,063
Changes of assumptions	-	100,808	-	100,808
Net difference between projected and actual earnings on pension plan investments	-	10,502	-	10,502
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>133,927</u>	<u>-</u>	<u>-</u>	<u>133,927</u>
<b>Total</b>	<b><u>\$ 133,927</u></b>	<b><u>\$ 111,310</u></b>	<b><u>\$ 10,063</u></b>	<b><u>\$ 255,300</u></b>

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The County contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state’s CAFR includes pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to contribute each month, an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$608,983, which consisted of \$362,257 from the County and \$246,726 from the law enforcement officers. No amounts were forfeited.

### 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, 2020 were \$1,582,736, which consisted of \$690,778 from the County and \$891,958 from employee contributions. No amounts were forfeited.

### e. Register of Deeds' Supplemental Pension Fund

**Plan Description.** The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, 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](http://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, 2020

**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 \$11,687 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$208,671 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing 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, 2019, the County’s proportion was 1.05699%, which was an decrease of 0.142960% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$22,333. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 10,063
Net difference between projected and actual earnings on pension plan investments	2,135	-
Changes in proportion and differences between County contributions and proportionate share of contributions	24,353	-
County contributions subsequent to the measurement date	11,687	-
Total	\$ 38,175	\$ 10,063



# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$11,687 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 ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2021	\$ 6,447
2022	8,985
2023	5,115
2024	(4,122)
2025	-
Thereafter	-
Total	<u>\$ 16,425</u>

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

Inflation	3.0 percent
Salary increase	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 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, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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, 2020

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, 2019 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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 3.0%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	<b>1% Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
County's proportionate share of the net pension asset	\$ (172,490)	\$ 208,671	\$ (239,260)

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

### K. Other Post-Employment Benefits

#### Plan Description

*Plan Administration.* 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, 2020**

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. The plan, which has a June 30, 2020 year end, does not issue a stand-alone report. Management of the HCB Plan is vested in the Harnett County Board of Commissioners.

*Plan Membership.* Membership of the HCB Plan consisted of the following as of June 30, 2018, the date of the latest actuarial valuation:

Inactive employees or beneficiaries	
Currently receiving benefits	157
Active employees	912
Total	1,069

*Benefits Provided.* The HCB Plan provides healthcare benefits for retirees. The County’s payment for the coverage is based on the number of years of service with the County of the retired employee on a prorated basis. 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%

*Contributions.* The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Board establishes rates based on an actuarially determined rate. 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 may amend the benefit provisions.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Per a County resolution, the County is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the current year, the County contributed \$817,408. The Fund is accounted for as a trust fund.

### Investments

*Investment Policy.* The HCB Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board’s adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020:

Asset Class	Anticipated Target Allocation 2020	Anticipated Target Allocation 2019	Long-Term Expected Real Rate of Return 2020	Long-Term Expected Real Rate of Return 2019
Cash and Cash Equivalents	10.00%	10.00%	3.00%	3.00%
Equity Index Fund	50.00%	50.00%	3.00%	3.00%
Fixed Income	<u>40.00%</u>	<u>40.00%</u>	3.00%	3.00%
	<u>100.00%</u>	<u>100.00%</u>		

*Rate of Return.* For the year ended June 30, 2020, the annual money weighted rate of return on investments, net of investment expense, was 3.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net OPEB Liability

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

Total OPEB liability	\$ 54,830,297
Plan fiduciary net position	<u>117,471</u>
Net OPEB liability	<u>\$ 54,712,826</u>

Plan fiduciary net position as a percentage of the total OPEB liability	0.21%
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# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*Actuarial Assumptions.* The total OPEB liability was determined by actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50%-7.75%, including wage inflation
Discount rate	2.21 percent
Healthcare cost trend rates	Pre-Medicare - 7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028 Medicare - 5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

Total OPEB liability was rolled forward to June 30, 2020, utilizing update procedures incorporating the actuarial assumptions.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are presented above.

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

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* At June 30, 2020, the following represents the net OPEB liability of the County as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<b>1% Decrease (1.21)</b>	<b>Discount Rate (2.21)</b>	<b>1% Increase (3.21%)</b>
Net OPEB liability	\$ 61,692,637	\$ 54,712,826	\$ 48,714,889

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB liability of the County at June 30, 2020, as well as what the County's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Net OPEB liability	\$ 48,869,941	\$ 54,712,826	\$ 61,793,120

*Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At June 30, 2020, the County reported a net OPEB liability of \$54,712,826. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2020, the components of the net OPEB liability of the County, measured as of June 30, 2020, were as follows:

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balances at June 30, 2019	\$ 44,588,407	\$ 111,436	\$ 44,476,971
Changes for the year:			
Service cost	2,219,757	-	2,219,757
Interest	1,546,413	-	1,546,413
Differences between expected and actual experience	(284,408)	-	(284,408)
Changes of assumptions	7,577,536	-	7,577,536
Contributions	-	817,408	(817,408)
Net investment income	-	6,035	(6,035)
Benefit payments	(817,408)	(817,408)	-
Net changes	10,241,890	6,035	10,235,855
Balances at June 30, 2020	\$ 54,830,297	\$ 117,471	\$ 54,712,826

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

For the year ended June 30, 2020, the County recognized OPEB expense of \$4,994,555. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,499,027	\$ 461,197
Changes of assumptions	9,508,741	1,155,565
Net difference between projected and actual earnings on pension plan investments	-	8,123
<b>Total</b>	<b>\$ 11,007,768</b>	<b>\$ 1,624,885</b>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2021	\$ 1,231,728
2022	1,231,728
2023	1,231,726
2024	1,233,715
2025	1,490,673
Thereafter	2,963,313
<b>Total</b>	<b>\$ 9,382,883</b>

#### **L. Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. The employee's beneficiary will receive a lump-sum payment equal to the employee's highest twelve (12) months' consecutive salary during the preceding twenty-four (24) months, but no less than \$25,000 and not to exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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

State and federal laws and regulations require the County to close, or in other words, place a final protective containment cover on each phase of the landfill at both the Dunn-Erwin Solid Waste Facility and the Anderson Creek Solid Waste Facility when each phase of the landfills stop accepting waste and to perform certain maintenance and monitoring functions at the site of the 30-years after closure. Although a majority of closure costs will be paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used and phases that have been closed as of each financial statement date. Post-closure care costs begin immediately upon each phase closure and per state and federal regulations; post-closure care must be maintained for a minimum of a 30-year timeframe after closure. No expenditures have been applied to the liability during the current fiscal year. The \$1,300,089 post-closure care liability at June 30, 2020 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 2020. Actual costs may be higher due to inflation, changes in technology, changes in regulations, or changes in landfill capacity.

#### **N. Commitment and Contingencies**

The County had commitments under uncompleted construction contracts in the enterprise funds totaling \$4,375,737 at June 30, 2020.

#### **O. Arbitrage**

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

#### **P. Claims and Judgments**

At June 30, 2020, 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.



# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Q. Federal and State-Assisted Programs

The County has received proceeds from several federal and state awards. Periodic audits of these awards are required and certain costs may be questioned as not being appropriate expenditures under the award agreements. Such audits could result in the refund of award monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of award monies.

### R. Interfund Balances and Activities

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

From the General Fund to:

The Public Safety fund for capital	\$ 38,563
The Veteran Court fund for the Countys local contribution	50,000
The NW Hamett Elementary School for County contribution	731,900
The Jetport Terminal Project for the Countys local contribution	21,853
The Greenway Development Master Plan Fund for startup costs	<u>71,500</u>
Total transfers out from the General Fund	<u>913,816</u>

From nonmajor governmental funds to:

The General Fund from the Disaster Response Fund for public safety expenditures	644,682
The General Fund from Article 46 Sales Tax fund for debt service	6,941,596
The General Fund from Asset Forfeiture fund for public safety expenditures	203,232
Benhaven Elementary fund from the Overhills High School Cafeterial to close fund	43,850
The Johnsonville Elementary Renovations fund from Benhaven Elementary School for capital	3,322,683
The Former Benhaven Elementary from Benhaven Elementary School for capital	<u>1,900,000</u>
Total transfer out from nonmajor governmental funds	<u>13,056,043</u>

Total	<u>\$ 13,969,859</u>
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Interfund balances at June 30, 2020 consist of the following:

Due to the General Fund from:

Nonmajor Governmental Funds:

WIA Youth Program Fund	\$ 145,191
Public Safety Fund	140,309
Government Complex Park	98,165
Oak Ridge River Rd Tower	154,984
Erwin Elementary School	1,960,706
Brightwater Phase II	<u>500,000</u>

Total due to the General Fund	<u>\$ 2,999,355</u>
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# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The balances above are advances from the General Fund. Grant funds and debt proceeds have been requested to repay the General Fund.

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.

### 3. 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 members to the 26-member Board. The Authority is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility for the continued funding. The County contributed \$199,679 to the Authority during the fiscal year ended June 30, 2020. 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, 2020. Complete financial statements for the Sandhills Center can be obtained from their administrative offices at 1120 Seven Lakes Drive or P.O. Box 9, West End, North Carolina 27376.

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

The County has the basic responsibility for providing funding for the Harnett County facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's Harnett County facilities. The County contributed \$1,301,885 to the community college for operating purposes during the fiscal year ended June 30, 2020. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2020. Complete financial statements for the community college may be obtained from the 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

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$612,808 to the Authority during the fiscal year ended June 30, 2020.

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, 2020. 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.

#### 4. Jointly Governed Organization

The County, in conjunction with two other counties and 20 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 \$31,482 to the Council during fiscal year ended June 30, 2020.

#### 5. Subsequent Events

In March, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact County revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

On July 23, 2020, Harnett County issued \$27,500,000 in general obligation bonds for school related projects.

On October 29, 2020, Harnett County issued enterprise revenue refunding Bonds with a par amount of \$17,575,000 to refund prior debt issued within the public utilities fund.

#### 6. Stewardship, Compliance, and Accountability

##### Deficit Fund Balance of Individual Funds

###### Capital Project Funds:

Erwin Elementary School	\$	1,960,706
Oak Ridge River Rd Tower		145,790

The County plans to fully fund these projects in the subsequent year. The Erwin Elementary School will be funded by debt proceeds and the Oak Ridge River Rd Tower will be funded by a transfer from the General Fund in the subsequent year.

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## **REQUIRED SUPPLEMENTARY FINANCIAL DATA**

**This section contains additional information required by generally accepted accounting principles.**

- **Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability**
- **Law Enforcement Officers' Special Separation Allowance – Schedule of Total Pension Liability as a Percentage of Covered Payroll**
- **Other Post-Employment Benefits –**
  - **Schedule of Changes in the Net OPEB Liability and Related Ratios**
  - **Schedule of County Contributions**
  - **Schedule of Investment Returns**
- **Local Governmental Employees' Retirement System – Net Pension Liability (Asset)**
- **Local Governmental Employees' Retirement System – Contributions**
- **Register of Deeds' Supplemental Pension Fund – Net Pension Liability (Asset)**
- **Register of Deeds' Supplemental Pension Fund – Contributions**

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## HARNETT COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**LAST FOUR FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>				
<b>Total Pension Liability:</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service cost	\$ 162,303	\$ 162,961	\$ 142,756	\$ 136,917
Interest on the total pension liability	100,633	86,560	91,776	83,758
Difference between expected and actual experience	251,811	37,464	53,115	-
Changes in assumptions or other inputs	103,797	(118,173)	201,437	(61,731)
Benefit payments	<u>(160,938)</u>	<u>(125,872)</u>	<u>(129,094)</u>	<u>(125,866)</u>
Net change in total pension liability	457,606	42,940	359,990	33,078
Total pension liability - beginning	<u>2,845,104</u>	<u>2,802,164</u>	<u>2,442,174</u>	<u>2,409,096</u>
Total pension liability - ending	<u>\$ 3,302,710</u>	<u>\$ 2,845,104</u>	<u>\$ 2,802,164</u>	<u>\$ 2,442,174</u>
<b>Plan Net Position:</b>				
Contributions - employer	\$ 160,938	\$ 225,872	\$ -	\$ -
Contributions - member	-	-	-	-
Net investment income	17,859	133	-	-
Benefit payments	(160,938)	(125,872)	-	-
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan net position	\$ 17,859	\$ 100,133	\$ -	\$ -
Plan net position - beginning	<u>100,133</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan net position - ending	<u>\$ 117,992</u>	<u>\$ 100,133</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net pension liability - ending</b>	<u>\$ 3,184,718</u>	<u>\$ 2,744,971</u>	<u>\$ 2,802,164</u>	<u>\$ 2,442,174</u>

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

**HARNETT COUNTY, NORTH CAROLINA****SCHEDULE OF NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST FOUR FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 3,302,710	\$ 2,845,104	\$ 359,990	\$ 33,078
Plan net position	117,992	100,133	-	-
Net pension liability	<u>\$ 3,184,718</u>	<u>\$ 2,744,971</u>	<u>\$ 359,990</u>	<u>\$ 33,078</u>
Ratio of plan net position to total pension liability	3.57%	3.52%	0.00%	0.00%
Covered payroll	\$ 6,861,542	\$ 6,388,148	\$ 6,106,799	\$ 5,599,863
Net pension liability as a percentage of covered payroll	46.41%	42.97%	5.89%	0.59%

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**HARNETT COUNTY, NORTH CAROLINA****SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST TWO FISCAL YEARS**

	<u>2020</u>	<u>2019</u>
Actuarially determined employer contribution	\$ 437,750	\$ 382,129
Actual employer contributions	<u>158,954</u>	<u>228,205</u>
Annual contribution deficiency (excess)	<u>\$ 278,796</u>	<u>\$ 153,924</u>
Covered payroll	\$ 6,861,542	\$ 6,388,148
Actual contributions as a percentage of covered payroll	2.32%	3.57%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**HARNETT COUNTY, NORTH CAROLINA**

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
LAST THREE FISCAL YEARS**

<b>Other Post-Employment Benefits</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 2,219,756	\$ 1,586,770	\$ 1,784,904
Interest	1,546,413	1,398,120	1,015,623
Differences between expected and actual experience	(284,407)	1,971,907	(411,268)
Changes of assumptions or other inputs	7,577,536	3,735,612	(2,253,489)
Benefit payments	<u>(817,408)</u>	<u>(89,940)</u>	<u>(387,869)</u>
Net change in total OPEB liability	10,241,890	8,602,469	(252,099)
Total OPEB liability - beginning	<u>44,588,407</u>	<u>35,985,938</u>	<u>33,934,132</u>
Total OPEB liability - ending	<u>\$ 54,830,297</u>	<u>\$ 44,588,407</u>	<u>\$ 33,682,033</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 817,408	\$ 189,940	\$ -
Net investment income	6,035	11,436	-
Benefit payments	<u>(817,408)</u>	<u>(89,940)</u>	<u>-</u>
Net change in plan fiduciary net position	6,035	111,436	-
Plan fiduciary net position - beginning	<u>111,436</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>\$ 117,471</u>	<u>\$ 111,436</u>	<u>\$ -</u>
<b>Net OPEB liability - ending</b>	<u>\$ 54,712,826</u>	<u>\$ 44,476,971</u>	<u>\$ 33,682,033</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.21%	0.25%	
<b>Covered payroll</b>	\$ 39,301,205	\$ 39,301,205	
<b>Net OPEB liability as a percentage of covered payroll</b>	139.21%	113.17%	

**HARNETT COUNTY, NORTH CAROLINA**

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF COUNTY CONTRIBUTIONS  
FOR THE YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 4,521,445	\$ 4,521,445
Contributions in relation to the actuarially determined contribution	817,408	189,940
Contribution deficiency (excess)	<u>\$ 3,704,037</u>	<u>\$ 4,331,505</u>

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Open 30-yr level pay
Amortization period	8.34 years
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates:	
Pre-Medicare Medical and Prescription Drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare Medical and Prescription Drug	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%
Salary increases	General
	Employees           3.50% - 7.75%
	Firefighters       3.50% - 7.75%
	Law
	Enforcement
	Officers           3.50% - 7.35%
Investment rate of return	3.00%

Retirement age:

In the 2019 actuarial valuation, RP-2014 Healthy Annuant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015.

Mortality:

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

**HARNETT COUNTY, NORTH CAROLINA**

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS  
FOR THE YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	3.00%	3.00%

## HARNETT COUNTY, NORTH CAROLINA

**HARNETT COUNTY'S PROPORTIONATE SHARE OF  
NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS\***

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Harnett County's proportion of the net pension liability (asset) (%)	0.63099%	0.63552%	0.62989%	0.60747%	0.60626%	0.61359%	0.60720%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ 17,231,846	\$ 15,076,709	\$ 9,622,975	\$ 12,892,549	\$ 2,720,859	\$ (3,618,622)	\$ 7,319,092
Harnett County's covered payroll	\$ 41,328,095	\$ 40,417,021	\$ 38,174,729	\$ 35,357,790	\$ 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 payroll	41.70%	37.30%	25.21%	36.46%	8.05%	( 10.74%)	23.33%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

This schedule is intended to show information for ten years.  
Additional years' information will be displayed as it becomes available.

## HARNETT COUNTY, NORTH CAROLINA

HARNETT COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,838,668	\$ 3,272,702	\$ 3,098,299	\$ 2,837,412	\$ 2,405,538	\$ 2,408,212	\$ 2,392,465
Contributions in relation to the contractually required contribution	3,838,668	3,272,702	3,098,299	2,837,412	2,405,538	2,408,212	2,392,465
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Harnett County's covered payroll	\$ 42,145,553	\$ 41,328,095	\$ 40,417,021	\$ 38,174,729	\$ 35,357,790	\$ 33,805,772	\$ 33,682,244
Contributions as a percentage of covered payroll	9.11%	7.92%	7.67%	7.43%	6.80%	7.12%	7.10%

This schedule is intended to show information for ten years.  
Additional years' information will be displayed as it becomes available.

**HARNETT COUNTY, NORTH CAROLINA****HARNETT COUNTY'S PROPORTIONATE SHARE OF  
NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS\***

	<b>Register of Deeds' Supplemental Pension Fund</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Harnett County's proportion of the net pension liability (asset) (%)	1.05699%	1.19995%	1.24961%	1.21436%	1.24646%	1.21801%	1.27830%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ (208,671)	\$ (198,748)	\$ (213,296)	\$ (227,037)	\$ (288,855)	\$ (276,087)	\$ (273,045)
Harnett County's covered payroll	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000
Harnett County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-264.14%	-251.58%	-269.99%	-287.39%	-365.64%	-349.48%	-345.63%
Plan fiduciary net position as a percentage of the total pension liability**	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

This schedule is intended to show information for ten years.  
Additional years' information will be displayed as it becomes available.

## HARNETT COUNTY, NORTH CAROLINA

HARNETT COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS

	Register of Deeds' Supplemental Pension Fund						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 11,687	\$ 9,726	\$ 10,269	\$ 10,053	\$ 9,920	\$ 9,974	\$ 9,945
Contributions in relation to the contractually required contribution	11,687	9,726	10,269	10,053	9,920	9,974	9,945
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Harnett County's covered payroll	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000
Contributions as a percentage of covered payroll	14.79%	12.31%	13.00%	12.73%	12.56%	12.63%	12.59%

This schedule is intended to show information for ten years.  
Additional years' information will be displayed as it becomes available.



## **MAJOR FUNDS - GOVERNMENTAL**

**The General Fund accounts for resources traditionally associated with the government that are not required legally or by sound fiscal management to be accounted for in other funds.**

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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, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over /Under	2019
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 65,979,417	\$ 67,167,712	\$ 1,188,295	\$ 65,556,835
Penalties and interest	100,000	284,624	184,624	299,655
Total	66,079,417	67,452,336	1,372,919	65,856,490
<b>Other Taxes and Licenses:</b>				
Local option sales tax	28,498,228	33,693,156	5,194,928	23,633,916
Cable franchise license	190,000	181,015	(8,985)	191,975
Occupancy taxes	-	-	-	559,449
Excise stamp - real property	572,000	736,458	164,458	577,423
Total	29,260,228	34,610,629	5,350,401	24,962,763
<b>Unrestricted Intergovernmental:</b>				
Controlled substance	-	14,153	14,153	1,413
Civil license revenue	5,200	-	(5,200)	3,581
Total	5,200	14,153	8,953	4,994
<b>Restricted Intergovernmental:</b>				
Federal and State grants	22,597,031	21,494,634	(1,102,397)	17,071,821
Court facility fees	475,000	979,493	504,493	758,223
Total	23,072,031	22,474,127	(597,904)	17,830,044
<b>Permits and Fees:</b>				
Filing and registration fees	-	178	178	33
Dog warden fees	121,500	68,189	(53,311)	160,206
Register of Deeds' fees	612,500	533,338	(79,162)	594,427
Inspection fees	700,000	290,076	(409,924)	834,208
Other fees	5,000	160,979	155,979	14,271
Total	1,439,000	1,052,760	(386,240)	1,603,145
<b>Sales and Services:</b>				
Rents, concessions, and fees	2,109,665	2,093,756	(15,909)	420,868
Court costs and fees	259,000	181,721	(77,279)	229,434
Jail fees	45,100	35,847	(9,253)	60,378
Ambulance fees	5,575,907	5,349,325	(226,582)	4,779,143
Library fees	15,000	16,034	1,034	20,842
Health fees	1,902,650	1,819,985	(82,665)	2,017,009
Total	9,907,322	9,496,668	(410,654)	7,527,674

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over /Under	2019
	Budget	Actual		Actual
<b>Investment Earnings</b>	1,000,000	1,191,519	191,519	1,304,962
<b>Other General Revenues:</b>				
Sale of assets	-	2,966,486	2,966,486	7,133
Miscellaneous revenues	4,376,225	3,477,921	(898,304)	2,437,741
Donations	25,855	124,331	98,476	101,714
Total	4,402,080	6,568,738	2,166,658	2,546,588
Total revenues	135,165,278	142,860,930	7,695,652	121,636,660
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	677,984	680,656		561,647
Other operating expenditures	135,143	110,919		183,773
Total	813,127	791,575	21,552	745,420
<b>Administration:</b>				
Salaries and employee benefits	588,419	594,504		443,528
Other operating expenditures	384,238	122,439		91,925
Total	972,657	716,943	255,714	535,453
<b>Legal Services:</b>				
Salaries and employee benefits	127,084	110,180		99,538
Other operating expenditures	33,635	26,060		32,305
Total	160,719	136,240	24,479	131,843
<b>Human Resources:</b>				
Salaries and employee benefits	280,815	286,510		254,027
Other operating expenditures	86,800	45,078		41,441
Total	367,615	331,588	36,027	295,468
<b>Board of Elections:</b>				
Salaries and employee benefits	433,123	374,409		333,400
Other operating expenditures	128,392	84,217		81,528
Total	561,515	458,626	102,889	414,928
<b>Finance:</b>				
Salaries and employee benefits	889,546	809,628		731,399
Other operating expenditures	286,013	278,878		208,119
Total	1,175,559	1,088,506	87,053	939,518

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over /Under	2019
	Budget	Actual		Actual
<b>Facility Fees:</b>				
Other operating expenditures	25,000	13,172		-
Total	25,000	13,172	11,828	-
<b>IT:</b>				
Salaries and employee benefits	1,266,305	1,189,059		1,057,425
Other operating expenditures	2,627,100	2,117,847		2,193,238
Capital outlay	441,603	72,356		-
Total	4,335,008	3,379,262	955,746	3,250,663
<b>Tax:</b>				
Salaries and employee benefits	1,006,102	555,223		223,691
Other operating expenditures	1,380,123	1,279,764		1,317,345
Total	2,386,225	1,834,987	551,238	1,541,036
<b>Register of Deeds:</b>				
Salaries and employee benefits	629,064	622,935		606,543
Other operating expenditures	255,332	198,817		178,893
Total	884,396	821,752	62,644	785,436
<b>Public Buildings:</b>				
Salaries and employee benefits	689,302	665,209		638,649
Other operating expenditures	2,942,361	2,318,905		1,970,973
Total	3,631,663	2,984,114	647,549	2,609,622
<b>General Services:</b>				
Salaries and employee benefits	164,509	166,486		152,896
Other operating expenditures	15,566	13,202		3,177
Capital outlay	-	-		-
Total	180,075	179,688	387	156,073
<b>Transportation:</b>				
Salaries and employee benefits	1,384,139	1,055,987		1,151,404
Other operating expenditures	816,109	680,504		784,489
Total	2,200,248	1,736,491	463,757	1,935,893
<b>GIS:</b>				
Salaries and employee benefits	635,192	635,020		631,460
Other operating expenditures	48,531	24,889		2,199
Total	683,723	659,909	23,814	633,659
Total general government	18,377,530	15,132,853	3,244,677	13,975,012

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over /Under	2019
	Budget	Actual		Actual
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and employee benefits	11,549,580	11,019,131		9,881,765
Other operating expenditures	2,377,947	1,618,450		1,764,240
Capital outlay	655,603	323,658		896,105
Total	14,583,130	12,961,239	1,621,891	12,542,110
<b>Campbell Campus Deputies:</b>				
Salaries and employee benefits	485,807	456,144		473,241
Other operating expenditures	66,000	20,165		13,291
Total	551,807	476,309	75,498	486,532
<b>Communications:</b>				
Salaries and employee benefits	1,730,492	1,615,873		1,532,393
Other operating expenditures	269,063	252,896		244,885
Total	1,999,555	1,868,769	130,786	1,777,278
<b>Jail:</b>				
Salaries and employee benefits	3,874,239	3,761,217		3,123,584
Other operating expenditures	2,076,003	1,831,245		1,899,135
Total	5,950,242	5,592,462	357,780	5,022,719
<b>Child Support Enforcement:</b>				
Salaries and employee benefits	70,875	59,805		70,737
Other operating expenditures	15,500	146		700
Total	86,375	59,951	26,424	71,437
<b>Emergency Services:</b>				
Salaries and employee benefits	796,329	791,102		734,903
Other operating expenditures	261,760	215,282		278,255
Total	1,058,089	1,006,384	51,705	1,013,158
<b>Emergency Medical Services:</b>				
Salaries and employee benefits	7,263,480	6,912,208		6,268,185
Other operating expenditures	806,685	703,267		708,229
Capital outlay	290,937	247,089		574,458
Total	8,361,102	7,862,564	498,538	7,550,872
<b>Rescue Districts:</b>				
Other operating expenditures	3,673,427	3,673,427	-	3,636,434

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over /Under	2019
	Budget	Actual		Actual
<b>Medical Examiner:</b>				
Other operating expenditures	125,000	123,202	1,798	59,800
<b>Emergency Services Grant:</b>				
Other operating expenditures	567,249	565,394		52,683
Total	567,249	565,394	1,855	52,683
<b>Animal Control:</b>				
Salaries and employee benefits	434,312	375,463		432,366
Other operating expenditures	220,083	125,972		100,581
Total	654,395	501,435	152,960	532,947
Total public safety	37,610,371	34,691,136	2,919,235	32,745,970
<b>Transportation Administration:</b>				
Airport:				
Other operating expenditures	665,619	492,513	173,106	287,179
<b>Transportation:</b>				
Airport:				
Other operating expenditures	239,926	198,853	41,073	250,810
Total transportation	905,545	691,366	214,179	537,989
<b>Environmental Protection:</b>				
<b>Soil and Water:</b>				
Salaries and employee benefits	207,737	206,660		166,992
Other operating expenditures	26,450	15,780		7,925
Total	234,187	222,440	11,747	174,917
<b>Environmental Protection Allocation:</b>				
Salaries and employee benefits				
Other operating expenditures	4,000	4,000		4,000
Total	4,000	4,000	-	4,000
Total environmental protection	238,187	226,440	11,747	178,917

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over /Under	2019
	Budget	Actual		Actual
<b>Economic and Physical Development:</b>				
<b>Economic Development:</b>				
Salaries and employee benefits	1,915,796	1,568,038		1,506,239
Other operating expenditures	975,524	713,142		1,308,596
Total	2,891,320	2,281,180	610,140	2,814,835
<b>Cooperative Extension:</b>				
Salaries and employee benefits	464,124	430,672		146,785
Other operating expenditures	184,013	111,988		288,251
Capital outlay	7,046	7,046		2,054
Total	655,183	549,706	105,477	437,090
<b>Abandoned Manufactured Homes:</b>				
Salaries and employee benefits	24,331	24,000		23,145
Other operating expenditures	6,500	2,952		12,879
Total	30,831	26,952	3,879	36,024
<b>Forestry Program:</b>				
Operating expenditures	136,272	124,123	12,149	107,133
Total economic and physical development	3,713,606	2,981,961	731,645	3,395,082
<b>Human Services:</b>				
<b>Health:</b>				
Salaries and employee benefits	5,782,320	5,463,043		4,922,408
Other operating expenditures	2,254,658	1,453,916		2,164,579
Total	8,036,978	6,916,959	1,120,019	7,086,987
<b>Social Services:</b>				
Salaries and employee benefits	12,345,004	11,405,627		11,097,464
Other operating expenditures	903,570	774,049		956,432
Total	13,248,574	12,179,676	1,068,898	12,053,896
<b>Restitution:</b>				
Salaries and employee benefits	93,308	85,966		80,344
Operating expenditures	8,709	7,510		7,364
Total	102,017	93,476	8,541	87,708
<b>Veterans Services:</b>				
Salaries and employee benefits	274,345	255,446		243,686
Other operating expenditures	25,200	14,726		19,758
Total	299,545	270,172	29,373	263,444



HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over /Under	2019
	Budget	Actual		Actual
<b>Mental Health:</b>				
Other operating expenditures	605,679	605,679		605,679
Total	605,679	605,679	-	605,679
<b>Human Services Appropriations:</b>				
Other operating expenditures	37,688	31,118		31,326
Total	37,688	31,118	6,570	31,326
<b>Public Assistance:</b>				
TANF	5,000	983		1,305
Aid to the aged and blind	944,000	690,789		771,453
Medicaid	6,000	5,765		12,464
Aid to the blind	-	-		4,301
County assistance	13,000	13,406		2,330
Crisis intervention	563,200	543,831		606,135
Adoption Assistance - IV-B	130,000	81,089		89,372
Adoption IV-B vendor	40,000	6,304		8,354
Adoption IV-E vendor	20,000	10,277		16,405
Adoption assistance -IV- E	268,000	150,952		161,626
Foster care - other	4,000	2,162		4,756
Title IV-E - foster care	920,000	897,394		648,118
Foster care County payments	5,000	50,014		1,189
State foster home care	710,000	565,710		621,047
Special services - foster care	41,000	8,136		10,413
Vendor transportation	120,000	53,884		70,598
Day care	98	80		678
All County clothing allowance	15,000	20,350		8,250
Professional services	20,000	4,815		7,375
WorkFirst - emergency cash	26,000	4,975		56,137
Contracted services	62,458	46,275		49,977
Child support enforcement	77,443	53,186		45,063
LIEAP	562,558	571,693		423,700
Donations	14,767	8,859		8,489
Food stamp issuance	40,000	38,671		21,182
Special needs adoption	57,348	3,876		6,003
Total	4,664,872	3,833,476	831,396	3,656,720
Total human services	26,995,353	23,930,556	3,064,797	23,785,760

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over /Under	2019
	Budget	Actual		Actual
<b>Cultural and Recreation:</b>				
<b>Parks and Recreation:</b>				
Salaries and employee benefits	741,184	699,757		641,104
Other operating expenditures	1,643,567	874,559		1,473,672
Total	2,612,481	1,670,332	942,149	2,541,328
<b>Libraries:</b>				
Salaries and benefits	956,568	825,440		809,712
Other operating expenditures	378,491	232,854		269,205
Total	1,335,059	1,058,294	276,765	1,078,917
<b>Culture and Recreation Appropriations:</b>				
Other operating expenditures	219,196	172,360	46,836	188,010
Total cultural and recreation	4,166,736	2,900,986	1,265,750	3,808,255
<b>Education:</b>				
CCCC campus	1,366,978	1,301,885		1,140,207
CCCC campus capital outlay	260,000	249,263		22,231
Public schools - current expenses	24,680,603	24,680,603		23,588,533
Public schools - capital outlay	2,547,243	2,547,463		1,961,857
Total education	28,854,824	28,779,214	75,610	26,712,828
<b>Debt Service:</b>				
Principal retirement	17,361,145	13,810,496		14,307,300
Interest and fees	7,513,679	4,518,023		4,318,798
Total debt service	24,874,824	18,328,519	6,546,305	18,626,098
Total expenditures	145,736,976	127,663,031	18,073,945	123,765,911
Revenues over (under) expenditures	(10,571,698)	15,197,899	25,769,597	(2,129,251)
<b>Other Financing Sources (Uses):</b>				
Transfer out	(14,899,665)	(913,816)	13,985,849	(2,629,865)
Transfer in	20,910,424	7,789,510	(13,120,914)	5,200,838
Payment from escrow agent	-	835,360	835,360	-
Appropriated fund balance	4,560,939	-	(4,560,939)	-
Total other financing sources (uses)	10,571,698	7,711,054	(2,860,644)	2,570,973
Net change in fund balance	\$ -	22,908,953	\$ 22,908,953	441,722
<b>Fund Balance:</b>				
Beginning of year - July 1		43,620,214		43,178,492
End of year - June 30		\$ 66,529,167		\$ 43,620,214

## HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
<b>Assets:</b>			
Cash and investments	\$ 7,233,644	\$ 5,579,604	\$ 12,813,248
Taxes receivable, net	101,048	-	101,048
Accounts receivable, net	2,032,347	729,882	2,762,229
Cash and cash equivalents, restricted	<u>1,917,331</u>	<u>14,815,711</u>	<u>16,733,042</u>
Total assets	<u>\$ 11,284,370</u>	<u>\$ 21,125,197</u>	<u>\$ 32,409,567</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 2,182,056	\$ 3,068,793	\$ 5,250,849
Due to other funds	<u>285,500</u>	<u>2,713,855</u>	<u>2,999,355</u>
Total liabilities	<u>2,467,556</u>	<u>5,782,648</u>	<u>8,250,204</u>
<b>Deferred Inflows of Resources:</b>			
Property tax receivable	<u>101,048</u>	<u>-</u>	<u>101,048</u>
Total deferred inflows of resources	<u>101,048</u>	<u>-</u>	<u>101,048</u>
<b>Fund Balances:</b>			
Restricted for stabilization by state statute	2,032,347	729,882	2,762,229
Restricted for Register of Deeds	73,022	-	73,022
Restricted for general government	14,443	12,929,514	12,943,957
Restricted for education	-	1,886,197	1,886,197
Restricted for public safety	5,125,866	-	5,125,866
Committed for economic development	-	8,242	8,242
Committed for culture and recreation	-	190,860	190,860
Committed for education	-	5,055,017	5,055,017
Assigned	3,415,325	-	3,415,325
Unassigned	<u>(1,945,237)</u>	<u>(5,457,163)</u>	<u>(7,402,400)</u>
Total fund balances	<u>8,715,766</u>	<u>15,342,549</u>	<u>24,058,315</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,284,370</u>	<u>\$ 21,125,197</u>	<u>\$ 32,409,567</u>

## HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Nonmajor</b>		<b>Total</b>
	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	
<b>Revenues:</b>			
Ad valorem taxes	\$ 8,305,981	\$ -	\$ 8,305,981
Other taxes and licenses	1,860,530	-	1,860,530
Restricted intergovernmental	4,784,464	1,150,056	5,934,520
Permits and fees	1,369,256	-	1,369,256
Sales and services	75,000	-	75,000
Investment earnings	198	485,108	485,306
Total revenues	<u>16,395,429</u>	<u>1,635,164</u>	<u>18,030,593</u>
<b>Expenditures:</b>			
Current:			
General government	985,808	14,826,352	15,812,160
Public safety	12,842,538	145,790	12,988,328
Economic and physical development	-	1,303,936	1,303,936
Education	313,068	4,259,583	4,572,651
Total expenditures	<u>14,141,414</u>	<u>20,860,720</u>	<u>35,002,134</u>
Revenues over (under) expenditures	<u>2,254,015</u>	<u>(19,225,556)</u>	<u>(16,971,541)</u>
<b>Other Financing Sources (Uses):</b>			
Long-term debt issued	-	21,145,000	21,145,000
Premium issued	-	3,847,498	3,847,498
Transfers in	88,563	6,091,786	6,180,349
Transfers (out)	<u>(7,789,510)</u>	<u>(5,266,533)</u>	<u>(13,056,043)</u>
Total other financing sources (uses)	<u>(7,700,947)</u>	<u>25,817,751</u>	<u>18,116,804</u>
Net change in fund balances	(5,446,932)	6,592,195	1,145,263
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>14,162,698</u>	<u>8,750,354</u>	<u>22,913,052</u>
End of year - June 30	<u>\$ 8,715,766</u>	<u>\$ 15,342,549</u>	<u>\$ 24,058,315</u>

## NONMAJOR SPECIAL REVENUE FUNDS

**Special revenue funds are used to account for specific revenues that are legally restricted for expenditure for particular purposes.**

**Disaster Response Fund** – accounts for the expenditures and revenues for the response to natural and manmade disasters.

**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 allocated 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.

**Public Safety Fund** – accounts for the expenditures associated with the public safety function.

**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.

**Veterans Park Fund** – accounts for the expenditures and revenues for the park for veterans.

**Veterans Court Fund** – accounts for the expenditures and revenues for the veterans treatment court program.

**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.

**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.

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HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	Disaster Response Fund	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	Emergency Response Planning Fund
<b>Assets:</b>									
Cash and investments	\$ -	\$ 3,343,348	\$ 317,749	\$ -	\$ 43,520	\$ 443,930	\$ 536,303	\$ 95,688	\$ 36,668
Taxes receivable, net	-	-	101,048	-	-	-	-	-	-
Accounts receivable, net	1,121,135	-	546,975	-	-	80,665	6,294	349	348
Restricted cash	1,917,331	-	-	-	-	-	-	-	-
Total assets	<u>\$ 3,038,466</u>	<u>\$ 3,343,348</u>	<u>\$ 965,772</u>	<u>\$ -</u>	<u>\$ 43,520</u>	<u>\$ 524,595</u>	<u>\$ 542,597</u>	<u>\$ 96,037</u>	<u>\$ 37,016</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 1,314,806	\$ -	\$ 715,078	\$ -	\$ 5,905	\$ 34,378	\$ 949	\$ 22,666	\$ 2,306
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>1,314,806</u>	<u>-</u>	<u>715,078</u>	<u>-</u>	<u>5,905</u>	<u>34,378</u>	<u>949</u>	<u>22,666</u>	<u>2,306</u>
<b>Deferred Inflows of Resources:</b>									
Property tax receivable	-	-	101,048	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>101,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>									
Restricted for stabilization									
by state statute	1,121,135	-	546,975	-	-	80,665	6,294	349	348
Restricted for Register of Deeds	-	-	-	-	-	-	-	73,022	-
Restricted for general government	-	-	-	-	-	-	-	-	-
Restricted for public safety	1,917,331	-	-	-	-	409,552	535,354	-	-
Assigned	-	3,343,348	-	-	37,615	-	-	-	34,362
Unassigned	(1,314,806)	-	(397,329)	-	-	-	-	-	-
Total fund balances	<u>1,723,660</u>	<u>3,343,348</u>	<u>149,646</u>	<u>-</u>	<u>37,615</u>	<u>490,217</u>	<u>541,648</u>	<u>73,371</u>	<u>34,710</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,038,466</u>	<u>\$ 3,343,348</u>	<u>\$ 965,772</u>	<u>\$ -</u>	<u>\$ 43,520</u>	<u>\$ 524,595</u>	<u>\$ 542,597</u>	<u>\$ 96,037</u>	<u>\$ 37,016</u>



HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	Public Safety Fund	WIA Youth Program Fund	Veterans Park Fund	Veterans Court Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Wings Over Harnett Fund	Electronics Management Fund	Total
<b>Assets:</b>									
Cash and investments	\$ 91,859	\$ 17,236	\$ 45	28,306	\$ 2,235,162	\$ 29,432	\$ 5,982	\$ 8,416	\$ 7,233,644
Taxes receivable, net	-	-	-	-	-	-	-	-	101,048
Accounts receivable, net	57,150	173,546	-	45,885	-	-	-	-	2,032,347
Restricted cash	-	-	-	-	-	-	-	-	1,917,331
Total assets	<u>\$ 149,009</u>	<u>\$ 190,782</u>	<u>\$ 45</u>	<u>\$ 74,191</u>	<u>\$ 2,235,162</u>	<u>\$ 29,432</u>	<u>\$ 5,982</u>	<u>\$ 8,416</u>	<u>\$ 11,284,370</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 2,437	\$ 19,415	\$ -	\$ 63,151	\$ -	\$ 965	\$ -	\$ -	\$ 2,182,056
Due to other funds	140,309	145,191	-	-	-	-	-	-	285,500
Total liabilities	<u>142,746</u>	<u>164,606</u>	<u>-</u>	<u>63,151</u>	<u>-</u>	<u>965</u>	<u>-</u>	<u>-</u>	<u>2,467,556</u>
<b>Deferred Inflows of Resources:</b>									
Property tax receivable	-	-	-	-	-	-	-	-	101,048
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,048</u>
<b>Fund Balances:</b>									
Restricted for stabilization by state statute	57,150	173,546	-	45,885	-	-	-	-	2,032,347
Restricted for Register of Deeds	-	-	-	-	-	-	-	-	73,022
Restricted for general government	-	-	45	-	-	-	5,982	8,416	14,443
Restricted for public safety	-	-	-	-	2,235,162	28,467	-	-	5,125,866
Assigned	-	-	-	-	-	-	-	-	3,415,325
Unassigned	(50,887)	(147,370)	-	(34,845)	-	-	-	-	(1,945,237)
Total fund balances	<u>6,263</u>	<u>26,176</u>	<u>45</u>	<u>11,040</u>	<u>2,235,162</u>	<u>28,467</u>	<u>5,982</u>	<u>8,416</u>	<u>8,715,766</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 149,009</u>	<u>\$ 190,782</u>	<u>\$ 45</u>	<u>\$ 74,191</u>	<u>\$ 2,235,162</u>	<u>\$ 29,432</u>	<u>\$ 5,982</u>	<u>\$ 8,416</u>	<u>\$ 11,284,370</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, 2020

	Disaster Response Fund	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
<b>Revenues:</b>									
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 8,305,981	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	1,860,530	-	-	-	-	-
Restricted intergovernmental	3,583,509	-	-	-	-	-	-	-	-
Permits and fees	-	-	-	-	78,795	863,119	369,000	58,342	-
Sales and services	-	-	-	-	-	-	-	-	75,000
Investment earnings	-	-	-	-	-	-	-	198	-
Total revenues	<u>3,583,509</u>	<u>-</u>	<u>-</u>	<u>10,166,511</u>	<u>78,795</u>	<u>863,119</u>	<u>369,000</u>	<u>58,540</u>	<u>75,000</u>
<b>Expenditures:</b>									
General government	-	-	-	-	-	-	-	88,070	-
Public safety	1,215,167	-	-	10,041,097	84,635	900,813	321,141	-	53,127
Education	-	-	-	313,068	-	-	-	-	-
Total expenditures	<u>1,215,167</u>	<u>-</u>	<u>-</u>	<u>10,354,165</u>	<u>84,635</u>	<u>900,813</u>	<u>321,141</u>	<u>88,070</u>	<u>53,127</u>
Revenues over (under) expenditures	<u>2,368,342</u>	<u>-</u>	<u>-</u>	<u>(187,654)</u>	<u>(5,840)</u>	<u>(37,694)</u>	<u>47,859</u>	<u>(29,530)</u>	<u>21,873</u>
<b>Other Financing Sources (Uses):</b>									
Transfers (out)	(644,682)	-	(6,941,596)	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(644,682)</u>	<u>-</u>	<u>(6,941,596)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,723,660	-	(6,941,596)	(187,654)	(5,840)	(37,694)	47,859	(29,530)	21,873
<b>Fund Balances:</b>									
Beginning of year - July 1	-	3,343,348	6,941,596	337,300	43,455	527,911	493,789	102,901	12,837
End of year - June 30	<u>\$ 1,723,660</u>	<u>\$ 3,343,348</u>	<u>\$ -</u>	<u>\$ 149,646</u>	<u>\$ 37,615</u>	<u>\$ 490,217</u>	<u>\$ 541,648</u>	<u>\$ 73,371</u>	<u>\$ 34,710</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, 2020

	Public Safety Fund	WIA Youth Program Fund	Veterans Park Fund	Veterans Court Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Wings Over Harnett Fund	Electronics Management Fund	Total
<b>Revenues:</b>									
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,305,981
Other taxes and licenses	-	-	-	-	-	-	-	-	1,860,530
Restricted intergovernmental	224,739	566,855	-	284,143	125,218	-	-	-	4,784,464
Permits and fees	-	-	-	-	-	-	-	-	1,369,256
Sales and services	-	-	-	-	-	-	-	-	75,000
Investment earnings	-	-	-	-	-	-	-	-	198
Total revenues	<u>224,739</u>	<u>566,855</u>	<u>-</u>	<u>284,143</u>	<u>125,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,395,429</u>
<b>Expenditures:</b>									
General government	-	574,235	-	323,503	-	-	-	-	985,808
Public safety	226,558	-	-	-	-	-	-	-	12,842,538
Education	-	-	-	-	-	-	-	-	313,068
Total expenditures	<u>226,558</u>	<u>574,235</u>	<u>-</u>	<u>323,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,141,414</u>
Revenues over (under) expenditures	<u>(1,819)</u>	<u>(7,380)</u>	<u>-</u>	<u>(39,360)</u>	<u>125,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,254,015</u>
<b>Other Financing Sources (Uses):</b>									
Transfers (out)	-	-	-	-	(203,232)	-	-	-	(7,789,510)
Transfers in	38,563	-	-	50,000	-	-	-	-	88,563
Total other financing sources (uses)	<u>38,563</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(203,232)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,700,947)</u>
Net change in fund balances	36,744	(7,380)	-	10,640	(78,014)	-	-	-	(5,446,932)
<b>Fund Balances:</b>									
Beginning of year - July 1	<u>(30,481)</u>	<u>33,556</u>	<u>45</u>	<u>400</u>	<u>2,313,176</u>	<u>28,467</u>	<u>5,982</u>	<u>8,416</u>	<u>14,162,698</u>
End of year - June 30	<u>\$ 6,263</u>	<u>\$ 26,176</u>	<u>\$ 45</u>	<u>\$ 11,040</u>	<u>\$ 2,235,162</u>	<u>\$ 28,467</u>	<u>\$ 5,982</u>	<u>\$ 8,416</u>	<u>\$ 8,715,766</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, 2020

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Other taxes and licenses	\$ -	\$ -	\$ -	\$ 4,365,444
Investment earnings	-	-	-	4,021
Total revenues	-	-	-	4,369,465
Revenues over (under) expenditures	-	-	-	4,369,465
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	-	-	-	(4,041,307)
Total other financing sources (uses)	-	-	-	(4,041,307)
Net change in fund balance	\$ -	-	\$ -	328,158
<b>Fund Balance:</b>				
Beginning of year - July 1		3,343,348		3,015,190
End of year - June 30		\$ 3,343,348		\$ 3,343,348

## 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, 2020  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Other taxes and licenses	\$ -	\$ -	\$ -	\$ 2,317,311
Investment earnings	-	-	-	1,308
Total revenues	-	-	-	2,318,619
Revenues over (under) expenditures	-	-	-	2,318,619
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	(6,941,596)	(6,941,596)	-	-
Appropriated fund balance	6,941,596	-	(6,941,596)	-
Total other financing sources (uses)	-	(6,941,596)	(6,941,596)	-
Net change in fund balance	\$ -	(6,941,596)	\$ (6,941,596)	2,318,619
<b>Fund Balance:</b>				
Beginning of year - July 1		6,941,596		4,622,977
End of year - June 30		\$ -		\$ 6,941,596

## 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, 2020

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 8,733,508	\$ 8,305,981	\$ (427,527)	\$ 7,756,332
Other taxes and licenses	2,022,258	1,860,530	(161,728)	1,519,244
Total revenues	<u>10,755,766</u>	<u>10,166,511</u>	<u>(589,255)</u>	<u>9,275,576</u>
<b>Expenditures:</b>				
Public safety	10,440,766	10,041,097	399,669	8,714,272
Education	315,000	313,068	1,932	284,979
Total expenditures	<u>10,755,766</u>	<u>10,354,165</u>	<u>401,601</u>	<u>8,999,251</u>
Net change in fund balance	<u>\$ -</u>	(187,654)	<u>\$ (187,654)</u>	276,325
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>337,300</u>		<u>60,975</u>
End of year - June 30		<u>\$ 149,646</u>		<u>\$ 337,300</u>

## HARNETT COUNTY, NORTH CAROLINA

VETERANS COURT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,450,000	\$ 1,163,382	\$ 284,143	\$ 1,447,525	\$ (2,475)
Total revenues	<u>1,450,000</u>	<u>1,163,382</u>	<u>284,143</u>	<u>1,447,525</u>	<u>(2,475)</u>
<b>Expenditures:</b>					
General government:					
Operating expenditures	<u>1,500,000</u>	<u>1,162,982</u>	<u>323,503</u>	<u>1,486,485</u>	<u>13,515</u>
Total expenditures	<u>1,500,000</u>	<u>1,162,982</u>	<u>323,503</u>	<u>1,486,485</u>	<u>13,515</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>400</u>	<u>(39,360)</u>	<u>(38,960)</u>	<u>11,040</u>
<b>Other Financing Sources (Uses):</b>					
Transfer in (out)	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 400</u>	<u>10,640</u>	<u>\$ 11,040</u>	<u>\$ 11,040</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>400</u>		
End of year - June 30			<u>\$ 11,040</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, 2020

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over/Under	2019
	Budget	Actual		Actual
<b>Revenues:</b>				
Permits and fees	\$ 150,000	\$ 78,795	\$ (71,205)	\$ 102,474
Total revenues	<u>150,000</u>	<u>78,795</u>	<u>(71,205)</u>	<u>102,474</u>
<b>Expenditures:</b>				
Public safety:				
Other expenditures	150,000	84,635	65,365	77,445
Total expenditures	<u>150,000</u>	<u>84,635</u>	<u>65,365</u>	<u>77,445</u>
Net change in fund balance	\$ <u>-</u>	(5,840)	\$ <u>(5,840)</u>	25,029
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>43,455</u>		<u>18,426</u>
End of year - June 30		<u>\$ 37,615</u>		<u>\$ 43,455</u>



## HARNETT COUNTY, NORTH CAROLINA

**PUBLIC SAFETY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 206,947	\$ 224,739	\$ 17,792	\$ 104,400
Total revenues	<u>206,947</u>	<u>224,739</u>	<u>17,792</u>	<u>104,400</u>
<b>Expenditures:</b>				
Public safety:				
Other expenditures	<u>257,169</u>	<u>226,558</u>	<u>30,611</u>	<u>134,881</u>
Total expenditures	<u>257,169</u>	<u>226,558</u>	<u>30,611</u>	<u>134,881</u>
Revenues over (under) expenditures	<u>(50,222)</u>	<u>(1,819)</u>	<u>48,403</u>	<u>(30,481)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	<u>50,222</u>	<u>38,563</u>	<u>(11,659)</u>	<u>-</u>
Total other financing sources (uses)	<u>50,222</u>	<u>38,563</u>	<u>(11,659)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>36,744</u>	<u>\$ 36,744</u>	<u>(30,481)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>(30,481)</u>		<u>-</u>
End of year - June 30		<u>\$ 6,263</u>		<u>\$ (30,481)</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, 2020**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	2020		Variance Over/Under	2019
	Budget	Actual		Actual
<b>Revenues:</b>				
Permits and fees	\$ 863,219	\$ 863,119	\$ (100)	\$ 835,813
Total revenues	<u>863,219</u>	<u>863,119</u>	<u>(100)</u>	<u>835,813</u>
<b>Expenditures:</b>				
Public safety:				
Operating expenditures	<u>936,280</u>	<u>900,813</u>	<u>35,467</u>	<u>875,423</u>
Total expenditures	<u>936,280</u>	<u>900,813</u>	<u>35,467</u>	<u>875,423</u>
Revenues over (under) expenditures	<u>(73,061)</u>	<u>(37,694)</u>	<u>35,367</u>	<u>(39,610)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	-	-	-	93,588
Appropriated fund balance	<u>73,061</u>	<u>-</u>	<u>(73,061)</u>	<u>-</u>
Total other financing sources (uses)	<u>73,061</u>	<u>-</u>	<u>(73,061)</u>	<u>93,588</u>
Net change in fund balance	<u>\$ -</u>	<u>(37,694)</u>	<u>\$ (37,694)</u>	<u>53,978</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>527,911</u>		<u>473,933</u>
End of year - June 30		<u>\$ 490,217</u>		<u>\$ 527,911</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, 2020**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Permits and fees	\$ 357,900	\$ 369,000	\$ 11,100	\$ 344,509
Total revenues	<u>357,900</u>	<u>369,000</u>	<u>11,100</u>	<u>344,509</u>
<b>Expenditures:</b>				
Public safety:				
Operating expenditures	357,900	321,141	36,759	230,330
Total expenditures	<u>357,900</u>	<u>321,141</u>	<u>36,759</u>	<u>230,330</u>
Revenues over (under) expenditures	<u>-</u>	<u>47,859</u>	<u>47,859</u>	<u>114,179</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	-	(93,588)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,588)</u>
Net change in fund balance	<u>\$ -</u>	<u>47,859</u>	<u>\$ 47,859</u>	<u>20,591</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>493,789</u>		<u>473,198</u>
End of year - June 30		<u>\$ 541,648</u>		<u>\$ 493,789</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, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Permits and fees	\$ 65,000	\$ 58,342	\$ (6,658)	\$ 43,220
Total revenues	<u>65,000</u>	<u>58,540</u>	<u>(6,460)</u>	<u>43,220</u>
<b>Expenditures:</b>				
General government:				
Operating expenditures	<u>151,500</u>	<u>88,070</u>	<u>63,430</u>	<u>89,963</u>
Total expenditures	<u>151,500</u>	<u>88,070</u>	<u>63,430</u>	<u>89,963</u>
Revenues over (under) expenditures	<u>(86,500)</u>	<u>(29,530)</u>	<u>56,970</u>	<u>(46,743)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	-	-	-	-
Appropriated fund balance	<u>86,500</u>	<u>-</u>	<u>(86,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>86,500</u>	<u>-</u>	<u>(86,500)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(29,530)</u>	<u>\$ (29,530)</u>	<u>(46,743)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>102,901</u>		<u>149,644</u>
End of year - June 30		<u>\$ 73,371</u>		<u>\$ 102,901</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, 2020  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Other general revenues	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
<b>Expenditures:</b>				
Public safety:				
Salaries and fringe benefits	32,875	19,205	13,670	34,759
Other operating expenditures	42,125	33,922	8,203	41,216
Total expenditures	<u>75,000</u>	<u>53,127</u>	<u>21,873</u>	<u>75,975</u>
Net change in fund balance	<u>\$ -</u>	21,873	<u>\$ 21,873</u>	(975)
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>12,837</u>		<u>13,812</u>
End of year - June 30		<u>\$ 34,710</u>		<u>\$ 12,837</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, 2020

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 738,732	\$ 566,855	\$ (171,877)	\$ 683,939
Total revenues	<u>738,732</u>	<u>566,855</u>	<u>(171,877)</u>	<u>683,939</u>
<b>Expenditures:</b>				
General government:				
Operating expenditures	<u>738,732</u>	<u>574,235</u>	<u>164,497</u>	<u>656,531</u>
Total expenditures	<u>738,732</u>	<u>574,235</u>	<u>164,497</u>	<u>656,531</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,380)</u>	<u>\$ (7,380)</u>	27,408
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>33,556</u>		<u>6,148</u>
End of year - June 30		<u>\$ 26,176</u>		<u>\$ 33,556</u>

## HARNETT COUNTY, NORTH CAROLINA

**VETERANS PARK FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
Total revenues	50,000	50,000	-	50,000	-
<b>Expenditures:</b>					
General government:					
Operating expenditures	50,000	49,955	-	49,955	45
Total expenditures	50,000	49,955	-	49,955	45
Net change in fund balance	\$ -	\$ 45	-	\$ 45	\$ 45
<b>Fund Balance:</b>					
Beginning of year - July 1			45		
End of year - June 30			\$ 45		

## 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, 2020  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ 125,218	\$ 125,218	\$ 525,998
Total revenues	-	125,218	125,218	525,998
Revenues over (under) expenditures	-	125,218	125,218	525,998
<b>Other Financing Sources (Uses):</b>				
Transfer (out)	(246,843)	(203,232)	43,611	-
Appropriated fund balance	246,843	-	(246,843)	-
Total other financing sources (uses)	-	(203,232)	(203,232)	-
Net change in fund balance	\$ -	(78,014)	\$ (78,014)	525,998
<b>Fund Balance:</b>				
Beginning of year - July 1		2,313,176		1,787,178
End of year - June 30		\$ 2,235,162		\$ 2,313,176



## 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, 2020

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 93,222
Total revenues	-	-	-	93,222
<b>Expenditures:</b>				
Public safety:				
Operating expenditures	-	-	-	66,093
Total expenditures	-	-	-	66,093
Net change in fund balance	\$ -	-	\$ -	27,129
<b>Fund Balance:</b>				
Beginning of year - July 1		28,467		1,338
End of year - June 30		\$ 28,467		\$ 28,467

## 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, 2020

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Permits and fees	\$ -	\$ -	\$ -	\$ 5
Total revenues	-	-	-	5
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	5
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>5,982</u>		<u>5,977</u>
End of year - June 30		<u>\$ 5,982</u>		<u>\$ 5,982</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, 2020**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 8,231
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,231</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	8,231
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>8,416</u>		<u>185</u>
End of year - June 30		<u>\$ 8,416</u>		<u>\$ 8,416</u>

## HARNETT COUNTY, NORTH CAROLINA

**DISASTER RESPONSE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 2,656,045	\$ 3,583,509	\$ 927,464
Total revenues	<u>2,656,045</u>	<u>3,583,509</u>	<u>927,464</u>
<b>Expenditures:</b>			
Public safety:			
Operating expenditures	1,917,333	1,215,167	702,166
Total expenditures	<u>1,917,333</u>	<u>1,215,167</u>	<u>702,166</u>
Revenues over (under) expenditures	<u>738,712</u>	<u>2,368,342</u>	<u>1,629,630</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in (out)	<u>(738,712)</u>	<u>(644,682)</u>	<u>94,030</u>
Total other financing sources (uses)	<u>(738,712)</u>	<u>(644,682)</u>	<u>94,030</u>
Net change in fund balance	<u>\$ -</u>	<u>1,723,660</u>	<u>\$ 1,723,660</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 1,723,660</u>	

## NONMAJOR CAPITAL PROJECT FUNDS

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

### INDIVIDUAL FUND DESCRIPTIONS:

**Government Complex Park** – accounts for the expenditures associated with the construction of Phase I for the Government Complex Park located at 350 Alexander Drive in Lillington. Amenities under construction include two multiuse fields, two baseball/softball fields, 1.75 miles of walking trails, canoe/kayak water access, river observation deck and park infrastructure.

**Government Complex South** – accounts for the expenditures associated with the construction of a 57,000 square foot government resource center and library located at 455 McKinney Parkway in Lillington and the 10,000 square foot addition to the existing social services building to house the child support enforcement division that is currently located in rental space in Erwin.

**Essential Family Rehabilitation** – accounts for the expenditures associated with the home rehabilitation of five homes whose owners meet a certain age, income and needs.

**Benhaven Elementary School** – accounts for the expenditures and revenues for the construction of the new Benhaven Elementary School.

**Jetport Terminal** - accounts for the design of the terminal site improvements and related work to replace the existing terminal at the Harnett Regional Jetport.

**Former Boone Trail** – accounts for the expenditures associated with the renovation of the former Benhaven Elementary School, located at 2815 Olivia Road in Sanford, in three phases to provide space for county functions, an early college and community partner organizations.

**Shawtown Area Community Center** – accounts for the preparation of a conceptual plan for costs associated for a community center to be located behind the former Shawtown School. The center will be constructed by the Shawtown Alumni Association on property the Association acquired from Harnett County.

**Campbell Stadium Sidewalk** – accounts for the expenditures associated with the construction of a sidewalk that will connect the Osteopathic Center with the football stadium at Campbell University

**Oakridge River Road Tower** – accounts for the construction and equipping of a new communications tower on County-owned land. This tower will replace one that was previously on leased land.

**Greenway Development Master Plan** – accounts for the development and implementation of a bicycle, Pedestrian and Greenway Plan for Harnett County.

**Overhills High School Cafeteria** – accounts for the expenditures associated with the new dining room addition at Overhills High School.

**Erwin Elementary School** – accounts for the demolition of the old school and the construction of a new school to accommodate 700 students.

**Northwest Elementary School** – accounts for the construction of a new elementary school which will have the capacity to accommodate up to 1,050 students.

**Johnsonville Elementary Renovations** – accounts for the renovations to the existing Johnsonville School to include the cafeteria, gymnasium and existing playground.

**Former Benhaven Elementary School** - accounts for the demolition of the cafeteria and certain classrooms of the former Benhaven Elementary School. This project will also consist of renovations to the campus to include an early college.

**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.

**Aircraft Apron and Helipad Design** – accounts for the expansion of the aircraft apron to create a parking area for larger turbo-prop and jet aircraft and the creation of a helipad.

**2017 G.O. Bonds Projects** – accounts for the construction of six new tennis courts at Harnett Central Middle/High School, tennis court lighting of three courts at Harnett Central Middle/High School and ballfield lighting at Western Harnett Middle School baseball and softball fields.

**Brightwater Phase II** – accounts for the expenditures associated with infrastructure improvement at the Brightwater Technology Park. These expenditures consist of the construction of approximately 540 linear feet of roadway to extend Brightwater Drive to include associated storm drainage and gravity sewer.

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HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	<u>Government Complex Park</u>	<u>Government Complex South</u>	<u>Essential Family Rehabilitation</u>	<u>Benhaven Elementary School</u>	<u>Jetport Terminal</u>	<u>Former Boone Trail</u>	<u>Shawtown Area Community Center</u>
<b>Assets:</b>							
Cash and investments	\$ 148,309	\$ -	\$ -	\$ -	\$ 7,771	\$ 7,605	\$ -
Accounts receivable, net	102,009	104,296	-	530	-	-	-
Restricted assets:							
Cash and cash equivalents	-	12,929,514	-	1,650,427	-	-	-
<b>Total assets</b>	<b>\$ 250,318</b>	<b>\$ 13,033,810</b>	<b>\$ -</b>	<b>\$ 1,650,957</b>	<b>\$ 7,771</b>	<b>\$ 7,605</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 63,768	\$ 2,200,558	\$ -	\$ 699,855	\$ -	\$ -	\$ -
Due to other funds	98,165	-	-	-	-	-	-
<b>Total liabilities</b>	<b>161,933</b>	<b>2,200,558</b>	<b>-</b>	<b>699,855</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>							
Restricted for stabilization by state statute	102,009	104,296	-	530	-	-	-
Restricted for education	-	-	-	1,650,427	-	-	-
Restricted for general government	-	12,929,514	-	-	-	-	-
Committed for culture and recreation	-	-	-	-	-	7,605	-
Committed for education	-	-	-	-	-	-	-
Committed for economic development	-	-	-	-	7,771	-	-
Unassigned	(13,624)	(2,200,558)	-	(699,855)	-	-	-
<b>Total fund balances</b>	<b>88,385</b>	<b>10,833,252</b>	<b>-</b>	<b>951,102</b>	<b>7,771</b>	<b>7,605</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 250,318</b>	<b>\$ 13,033,810</b>	<b>\$ -</b>	<b>\$ 1,650,957</b>	<b>\$ 7,771</b>	<b>\$ 7,605</b>	<b>\$ -</b>



HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	<u>Campbell Stadium Sidewalk</u>	<u>Oakridge River Rd Tower</u>	<u>Greenway Development Master Plan</u>	<u>Overhills High School Cafeteria</u>	<u>Erwin Elementary School</u>	<u>Northwest Elementary School</u>
<b>Assets:</b>						
Cash and investments	\$ 113,955	\$ -	\$ 71,500	\$ -	\$ 26,006	\$ 220
Accounts receivable, net	-	9,194	-	-	4,494	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 113,955</u>	<u>\$ 9,194</u>	<u>\$ 71,500</u>	<u>\$ -</u>	<u>\$ 30,500</u>	<u>\$ 220</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 2,200	\$ -	\$ 30,500	\$ -
Due to other funds	-	154,984	-	-	1,960,706	-
<b>Total liabilities</b>	<u>-</u>	<u>154,984</u>	<u>2,200</u>	<u>-</u>	<u>1,991,206</u>	<u>-</u>
<b>Fund Balances:</b>						
Restricted for stabilization by state statute	-	9,194	-	-	4,494	-
Restricted for education	-	-	-	-	-	-
Restricted for general government	-	-	-	-	-	-
Committed for culture and recreation	113,955	-	69,300	-	-	-
Committed for education	-	-	-	-	-	220
Committed for economic development	-	-	-	-	-	-
Unassigned	-	(154,984)	-	-	(1,965,200)	-
<b>Total fund balances</b>	<u>113,955</u>	<u>(145,790)</u>	<u>69,300</u>	<u>-</u>	<u>(1,960,706)</u>	<u>220</u>
<b>Total liabilities and fund balances</b>	<u>\$ 113,955</u>	<u>\$ 9,194</u>	<u>\$ 71,500</u>	<u>\$ -</u>	<u>\$ 30,500</u>	<u>\$ 220</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	<u>Johnsonville Elementary Renovations</u>	<u>Former Benhaven Elementary</u>	<u>QSCB 2016 Capital Project Fund</u>	<u>Aircraft Apron and Helipad Design</u>	<u>2017 G.O Bonds Projects</u>	<u>Brightwater Phase II</u>	<u>Total</u>
<b>Assets:</b>							
Cash and investments	\$ 3,322,683	\$ 1,761,580	\$ -	\$ 471	\$ -	\$ 119,504	\$ 5,579,604
Accounts receivable, net	-	1,442	-	-	-	507,917	729,882
Restricted assets:							
Cash and cash equivalents	-	-	506	-	235,264	-	14,815,711
Total assets	<u>\$ 3,322,683</u>	<u>\$ 1,763,022</u>	<u>\$ 506</u>	<u>\$ 471</u>	<u>\$ 235,264</u>	<u>\$ 627,421</u>	<u>\$ 21,125,197</u>
<b>Liabilities and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ -	\$ 29,466	\$ -	\$ -	\$ -	\$ 42,446	\$ 3,068,793
Due to other funds	-	-	-	-	-	500,000	2,713,855
Total liabilities	-	29,466	-	-	-	542,446	5,782,648
<b>Fund Balances:</b>							
Restricted for stabilization by state statute	-	1,442	-	-	-	507,917	729,882
Restricted for education	-	-	506	-	235,264	-	1,886,197
Restricted for general government	-	-	-	-	-	-	12,929,514
Committed for culture and recreation	-	-	-	-	-	-	190,860
Committed for education	3,322,683	1,732,114	-	-	-	-	5,055,017
Committed for economic development	-	-	-	471	-	-	8,242
Unassigned	-	-	-	-	-	(422,942)	(5,457,163)
Total fund balances	<u>3,322,683</u>	<u>1,733,556</u>	<u>506</u>	<u>471</u>	<u>235,264</u>	<u>84,975</u>	<u>15,342,549</u>
Total liabilities and fund balances	<u>\$ 3,322,683</u>	<u>\$ 1,763,022</u>	<u>\$ 506</u>	<u>\$ 471</u>	<u>\$ 235,264</u>	<u>\$ 627,421</u>	<u>\$ 21,125,197</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, 2020

	Government Complex Park	Government Complex South	Essential Family Rehabilitation	Benhaven Elementary School	Jetport Terminal	Former Boone Trail	Shawtown Area Community Center
<b>Revenues:</b>							
Restricted intergovernmental	\$ 266,873	\$ -	\$ -	\$ -	\$ 144,649	\$ -	\$ -
Investment earnings	-	258,209	-	70,369	-	-	-
Total revenues	266,873	258,209	-	70,369	144,649	-	-
<b>Expenditures:</b>							
Current:							
General government	-	14,672,457	-	-	-	143,895	10,000
Public safety	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	160,285	-	-
Cultural and recreation	262,859	-	-	-	-	-	-
Education	-	-	-	669,804	-	-	-
Total expenditures	262,859	14,672,457	-	669,804	160,285	143,895	10,000
Revenues over (under) expenditures	4,014	(14,414,248)	-	(599,435)	(15,636)	(143,895)	(10,000)
<b>Other Financing Sources (Uses):</b>							
Long-term debt issued	-	21,145,000	-	-	-	-	-
Premium issued	-	3,847,498	-	-	-	-	-
Transfers in	-	-	-	43,850	21,853	-	-
Transfers (out)	-	-	-	(5,222,683)	-	-	-
Total other financing sources (uses)	-	24,992,498	-	(5,178,833)	21,853	-	-
Net change in fund balances	4,014	10,578,250	-	(5,778,268)	6,217	(143,895)	(10,000)
<b>Fund Balances:</b>							
Beginning of year - July 1	84,371	255,002	-	6,729,370	1,554	151,500	10,000
End of year - June 30	\$ 88,385	\$ 10,833,252	\$ -	\$ 951,102	\$ 7,771	\$ 7,605	\$ -

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2020

	Campbell Stadium Sidewalk	Oakridge River Rd Tower	Greenway Development Master Plan	Overhills High School Cafeteria	Erwin Elementary School	Northwest Harnett Elementary
<b>Revenues:</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
<b>Expenditures:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	145,790	-	-	-	-
Economic and physical development	-	-	-	-	-	-
Cultural and recreation	60,000	-	2,200	-	-	-
Education	-	-	-	(13,856)	1,960,706	731,680
Total expenditures	60,000	145,790	2,200	(13,856)	1,960,706	731,680
Revenues over (under) expenditures	(60,000)	(145,790)	(2,200)	13,856	(1,960,706)	(731,680)
<b>Other Financing Sources (Uses):</b>						
Long-term debt issued	-	-	-	-	-	-
Premium issued	-	-	-	-	-	-
Transfers in	-	-	71,500	-	-	731,900
Transfers (out)	-	-	-	(43,850)	-	-
Total other financing sources (uses)	-	-	71,500	(43,850)	-	731,900
Net change in fund balances	(60,000)	(145,790)	69,300	(29,994)	(1,960,706)	220
<b>Fund Balances:</b>						
Beginning of year - July 1	173,955	-	-	29,994	-	-
End of year - June 30	\$ 113,955	\$ (145,790)	\$ 69,300	\$ -	\$ (1,960,706)	\$ 220

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2020

	Johnsonville Elementary Renovations	Former Benhaven Elementary	QSCB 2016 Capital Project Fund	Aircraft Apron and Helipad Design	2017 G.O Bonds Projects	Brightwater Phase II	Total
<b>Revenues:</b>							
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 238,534	\$ -	\$ 500,000	\$ 1,150,056
Investment earnings	-	156,530	-	-	-	-	485,108
Total revenues	-	156,530	-	238,534	-	500,000	1,635,164
<b>Expenditures:</b>							
Current:							
General government	-	-	-	-	-	-	14,826,352
Public safety	-	-	-	-	-	-	145,790
Economic and physical development	-	-	-	267,377	-	876,274	1,303,936
Cultural and recreation	-	-	-	-	-	-	325,059
Education	-	322,974	-	-	588,275	-	4,259,583
Total expenditures	-	322,974	-	267,377	588,275	876,274	20,860,720
Revenues over (under) expenditures	-	(166,444)	-	(28,843)	(588,275)	(376,274)	(19,225,556)
<b>Other Financing Sources (Uses):</b>							
Long-term debt issued	-	-	-	-	-	-	21,145,000
Premium issued	-	-	-	-	-	-	3,847,498
Transfers in	3,322,683	1,900,000	-	-	-	-	6,091,786
Transfers (out)	-	-	-	-	-	-	(5,266,533)
Total other financing sources (uses)	3,322,683	1,900,000	-	-	-	-	25,817,751
Net change in fund balances	3,322,683	1,733,556	-	(28,843)	(588,275)	(376,274)	6,592,195
<b>Fund Balances:</b>							
Beginning of year - July 1	-	-	506	29,314	823,539	461,249	8,750,354
End of year - June 30	\$ 3,322,683	\$ 1,733,556	\$ 506	\$ 471	\$ 235,264	\$ 84,975	\$ 15,342,549

## HARNETT COUNTY, NORTH CAROLINA

**BENHAVEN ELEMENTARY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<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>	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 637,788	\$ 70,369	\$ 708,157	\$ 708,157
Total revenues	<u>-</u>	<u>637,788</u>	<u>70,369</u>	<u>708,157</u>	<u>708,157</u>
<b>Expenditures:</b>					
Education:					
Legal and administrative	2,409,465	2,294,523	18,717	2,313,240	96,225
Construction	<u>22,476,956</u>	<u>21,722,999</u>	<u>651,087</u>	<u>22,374,086</u>	<u>102,870</u>
Total expenditures	<u>24,886,421</u>	<u>24,017,522</u>	<u>669,804</u>	<u>24,687,326</u>	<u>199,095</u>
Revenues over (under) expenditures	<u>(24,886,421)</u>	<u>(23,379,734)</u>	<u>(599,435)</u>	<u>(23,979,169)</u>	<u>907,252</u>
<b>Other Financing Sources (Uses):</b>					
Bond proceeds	29,500,000	29,500,000	-	29,500,000	-
Transfer in	-	-	43,850	43,850	43,850
Transfer out	(7,143,248)	(1,920,565)	(5,222,683)	(7,143,248)	-
Bond premium	<u>2,529,669</u>	<u>2,529,669</u>	<u>-</u>	<u>2,529,669</u>	<u>-</u>
Total other financing sources (uses)	<u>24,886,421</u>	<u>30,109,104</u>	<u>(5,178,833)</u>	<u>24,930,271</u>	<u>43,850</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,729,370</u>	<u>(5,778,268)</u>	<u>\$ 951,102</u>	<u>\$ 951,102</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>6,729,370</u>		
End of year - June 30			<u>\$ 951,102</u>		

## HARNETT COUNTY, NORTH CAROLINA

GOVERNMENT COMPLEX PARK  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 400,000	\$ -	\$ 266,873	\$ 266,873	\$ (133,127)
Miscellaneous	-	4,400	-	4,400	4,400
Total revenues	<u>400,000</u>	<u>4,400</u>	<u>266,873</u>	<u>271,273</u>	<u>(128,727)</u>
<b>Expenditures:</b>					
Culture and recreation:					
Engineering	135,000	93,434	9,066	102,500	32,500
Construction	<u>665,000</u>	<u>226,595</u>	<u>253,793</u>	<u>480,388</u>	<u>184,612</u>
Total expenditures	<u>800,000</u>	<u>320,029</u>	<u>262,859</u>	<u>582,888</u>	<u>217,112</u>
Revenues over (under) expenditures	<u>(400,000)</u>	<u>(315,629)</u>	<u>4,014</u>	<u>(311,615)</u>	<u>88,385</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>400,000</u>	<u>400,000</u>	-	<u>400,000</u>	-
Total other financing sources (uses)	<u>400,000</u>	<u>400,000</u>	-	<u>400,000</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 84,371</u>	4,014	<u>\$ 88,385</u>	<u>\$ 88,385</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>84,371</u>		
End of year - June 30			<u>\$ 88,385</u>		

## HARNETT COUNTY, NORTH CAROLINA

GOVERNMENT COMPLEX SOUTH  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ 258,209	\$ 258,209	\$ 258,209
Total revenues	-	-	258,209	258,209	258,209
<b>Expenditures:</b>					
General government:					
Professional services	2,116,337	687,977	1,428,106	2,116,083	254
Operating	2,484,330	-	-	-	2,484,330
Construction	19,631,590	367,021	13,244,351	13,611,372	6,020,218
Total expenditures	24,232,257	1,054,998	14,672,457	15,727,455	8,504,802
Revenues over (under) expenditures	(24,232,257)	(1,054,998)	(14,414,248)	(15,469,246)	8,763,011
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,232,257	1,310,000	-	1,310,000	77,743
Bond premium	-	-	3,847,498	3,847,498	3,847,498
Loan proceeds	23,000,000	-	21,145,000	21,145,000	(1,855,000)
Total other financing sources (uses)	24,232,257	1,310,000	24,992,498	26,302,498	2,070,241
Net change in fund balance	\$ -	\$ 255,002	10,578,250	\$ 10,833,252	\$ 10,833,252
<b>Fund Balance:</b>					
Beginning of year - July 1			255,002		
End of year - June 30			\$ 10,833,252		



## HARNETT COUNTY, NORTH CAROLINA

**JETPORT TERMINAL**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<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>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 336,662	\$ 197,464	\$ 144,649	\$ 342,113	\$ 5,451
Total revenues	<u>336,662</u>	<u>197,464</u>	<u>144,649</u>	<u>342,113</u>	<u>5,451</u>
<b>Expenditures:</b>					
General government:					
Operating expenditures	<u>382,446</u>	<u>219,841</u>	<u>160,285</u>	<u>380,126</u>	<u>2,320</u>
Total expenditures	<u>382,446</u>	<u>219,841</u>	<u>160,285</u>	<u>380,126</u>	<u>2,320</u>
Revenues over (under) expenditures	<u>(45,784)</u>	<u>(22,377)</u>	<u>(15,636)</u>	<u>(38,013)</u>	<u>7,771</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>45,784</u>	<u>23,931</u>	<u>21,853</u>	<u>45,784</u>	<u>-</u>
Total other financing sources (uses)	<u>45,784</u>	<u>23,931</u>	<u>21,853</u>	<u>45,784</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,554</u>	6,217	<u>\$ 7,771</u>	<u>\$ 7,771</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>1,554</u>		
End of year - June 30			<u>\$ 7,771</u>		

## HARNETT COUNTY, NORTH CAROLINA

FORMER BOONE TRAIL SCHOOL DEMOLITION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Expenditures:</b>					
General government:					
Construction	\$ 239,000	\$ 87,500	\$ 143,895	\$ 231,395	\$ 7,605
Total expenditures	<u>239,000</u>	<u>87,500</u>	<u>143,895</u>	<u>231,395</u>	<u>7,605</u>
Revenues over (under) expenditures	<u>(239,000)</u>	<u>(87,500)</u>	<u>(143,895)</u>	<u>(231,395)</u>	<u>7,605</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>239,000</u>	<u>239,000</u>	<u>-</u>	<u>239,000</u>	<u>-</u>
Total other financing sources (uses)	<u>239,000</u>	<u>239,000</u>	<u>-</u>	<u>239,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 151,500</u>	<u>(143,895)</u>	<u>\$ 7,605</u>	<u>\$ 7,605</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>151,500</u>		
End of year - June 30			<u>\$ 7,605</u>		

## HARNETT COUNTY, NORTH CAROLINA

SHAWTOWN AREA COMMUNITY CENTER  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
<b>Expenditures:</b>					
General government:					
Legal and administrative	10,000	-	10,000	10,000	-
Total expenditures	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,000</u>	<u>(10,000)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>10,000</u>		
End of year - June 30			<u>\$ -</u>		

## HARNETT COUNTY, NORTH CAROLINA

**AIRCRAFT APRON AND HELIPAD DESIGN  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<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>	
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ 263,826	\$ -	\$ 238,534	\$ 238,534	\$ (25,292)
Total revenues	<u>263,826</u>	<u>-</u>	<u>238,534</u>	<u>238,534</u>	<u>(25,292)</u>
<b>Expenditures:</b>					
General government:					
Engineering	293,140	-	267,377	267,377	25,763
Total expenditures	<u>293,140</u>	<u>-</u>	<u>267,377</u>	<u>267,377</u>	<u>25,763</u>
Revenues over (under) expenditures	<u>(29,314)</u>	<u>-</u>	<u>(28,843)</u>	<u>(28,843)</u>	<u>471</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)	29,314	29,314	-	29,314	-
Total other financing sources (uses)	<u>29,314</u>	<u>29,314</u>	<u>-</u>	<u>29,314</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 29,314</u>	<u>(28,843)</u>	<u>\$ 471</u>	<u>\$ 471</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>29,314</u>		
End of year - June 30			<u>\$ 471</u>		

## HARNETT COUNTY, NORTH CAROLINA

2017 G.O. BONDS PROJECTS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Expenditures:</b>					
Education:					
Engineering	\$ 51,700	\$ 3,931	\$ 2,566	\$ 6,497	\$ 45,203
Construction	982,300	206,530	585,709	792,239	190,061
Total expenditures	<u>1,034,000</u>	<u>210,461</u>	<u>588,275</u>	<u>798,736</u>	<u>235,264</u>
Revenues over (under) expenditures	<u>(1,034,000)</u>	<u>(210,461)</u>	<u>(588,275)</u>	<u>(798,736)</u>	<u>235,264</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>1,034,000</u>	<u>1,034,000</u>	<u>-</u>	<u>1,034,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,034,000</u>	<u>1,034,000</u>	<u>-</u>	<u>1,034,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 823,539</u>	<u>(588,275)</u>	<u>\$ 235,264</u>	<u>\$ 235,264</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>823,539</u>		
End of year - June 30			<u>\$ 235,264</u>		

## HARNETT COUNTY, NORTH CAROLINA

CAMPBELL STADIUM SIDEWALK  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
Culture and recreation:					
Legal and administrative	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Engineering	120,000	26,045	60,000	86,045	33,955
Capital outlay	60,000	-	-	-	60,000
Total expenditures	<u>200,000</u>	<u>26,045</u>	<u>60,000</u>	<u>86,045</u>	<u>113,955</u>
Revenues over (under) expenditures	<u>(200,000)</u>	<u>(26,045)</u>	<u>(60,000)</u>	<u>(86,045)</u>	<u>113,955</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 173,955</u>	<u>(60,000)</u>	<u>\$ 113,955</u>	<u>\$ 113,955</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>173,955</u>		
End of year - June 30			<u>\$ 113,955</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, 2020**

	<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>	
<b>Revenues:</b>					
Investment earnings	\$ 242	\$ 174	\$ -	\$ 174	\$ (68)
Total revenues	<u>242</u>	<u>174</u>	<u>-</u>	<u>174</u>	<u>(68)</u>
<b>Expenditures:</b>					
Education:					
Construction	2,160,211	2,159,637	-	2,159,637	574
Debt issue costs	<u>40,031</u>	<u>40,031</u>	<u>-</u>	<u>40,031</u>	<u>-</u>
Total expenditures	<u>2,200,242</u>	<u>2,199,668</u>	<u>-</u>	<u>2,199,668</u>	<u>574</u>
Revenues over (under) expenditures	<u>(2,200,000)</u>	<u>(2,199,494)</u>	<u>-</u>	<u>(2,199,494)</u>	<u>506</u>
<b>Other Financing Sources (Uses):</b>					
Debt issued	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 506</u>	<u>-</u>	<u>\$ 506</u>	<u>\$ 506</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>506</u>		
End of year - June 30			<u>\$ 506</u>		

## HARNETT COUNTY, NORTH CAROLINA

**ECONOMIC DEVELOPMENT - BRIGHTWATER PHASE II  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -
Total revenues	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
<b>Expenditures:</b>					
Economic and physical development:					
Engineering	127,813	54,116	35,279	89,395	38,418
Construction	<u>887,551</u>	<u>-</u>	<u>840,995</u>	<u>840,995</u>	<u>46,556</u>
Total expenditures	<u>1,015,364</u>	<u>54,116</u>	<u>876,274</u>	<u>930,390</u>	<u>84,974</u>
Revenues over (under) expenditures	<u>(515,364)</u>	<u>(54,116)</u>	<u>(376,274)</u>	<u>(430,390)</u>	<u>84,974</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>515,364</u>	<u>515,365</u>	<u>-</u>	<u>515,365</u>	<u>1</u>
Total other financing sources (uses)	<u>515,364</u>	<u>515,365</u>	<u>-</u>	<u>515,365</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 461,249</u>	<u>(376,274)</u>	<u>\$ 84,975</u>	<u>\$ 84,975</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>461,249</u>		
End of year - June 30			<u>\$ 84,975</u>		



## HARNETT COUNTY, NORTH CAROLINA

OVERHILLS HIGH SCHOOL CAFETERIA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Expenditures:</b>					
Education:					
Construction	\$ 788,670	\$ 802,526	\$ (13,856)	\$ 788,670	\$ -
Total expenditures	<u>788,670</u>	<u>802,526</u>	<u>(13,856)</u>	<u>788,670</u>	<u>-</u>
Revenues over (under) expenditures	<u>(788,670)</u>	<u>(802,526)</u>	<u>13,856</u>	<u>(788,670)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	832,520	832,520	-	832,520	-
Transfers out	<u>(43,850)</u>	<u>-</u>	<u>(43,850)</u>	<u>(43,850)</u>	<u>-</u>
Total other financing sources (uses)	<u>788,670</u>	<u>832,520</u>	<u>(43,850)</u>	<u>788,670</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 29,994</u>	<u>(29,994)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>29,994</u>		
End of year - June 30			<u>\$ -</u>		

## HARNETT COUNTY, NORTH CAROLINA

GREENWAY DEVELOPMENT MASTER PLAN  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Expenditures:</b>					
Culture and recreation:					
Engineering	\$ 71,500	\$ -	\$ 2,200	\$ 2,200	\$ 69,300
Total expenditures	<u>71,500</u>	<u>-</u>	<u>2,200</u>	<u>2,200</u>	<u>69,300</u>
Revenues over (under) expenditures	<u>(71,500)</u>	<u>-</u>	<u>(2,200)</u>	<u>(2,200)</u>	<u>69,300</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>71,500</u>	<u>-</u>	<u>71,500</u>	<u>71,500</u>	<u>-</u>
Total other financing sources (uses)	<u>71,500</u>	<u>-</u>	<u>71,500</u>	<u>71,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>69,300</u>	<u>\$ 69,300</u>	<u>\$ 69,300</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 69,300</u>		

## HARNETT COUNTY, NORTH CAROLINA

OAKRIDGE RIVER RD TOWER  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Expenditures:</b>					
Public Safety:					
Engineering	\$ 400,000	\$ -	\$ 29,565	\$ 29,565	\$ 370,435
Construction	475,000	-	116,225	116,225	358,775
Total expenditures	<u>875,000</u>	<u>-</u>	<u>145,790</u>	<u>145,790</u>	<u>729,210</u>
Revenues over (under) expenditures	<u>(875,000)</u>	<u>-</u>	<u>(145,790)</u>	<u>(145,790)</u>	<u>729,210</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>875,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(875,000)</u>
Total other financing sources (uses)	<u>875,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(875,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(145,790)</u>	<u>\$ (145,790)</u>	<u>\$ (145,790)</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ (145,790)</u>		

## HARNETT COUNTY, NORTH CAROLINA

ERWIN ELEMENTARY SCHOOL  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
Education:					
Legal and administrative	\$ 3,051,857	\$ -	\$ 996,613	\$ 996,613	\$ 2,055,244
Engineering	2,090,201	-	-	-	2,090,201
Construction	26,257,799	-	964,093	964,093	25,293,706
Total expenditures	<u>31,399,857</u>	<u>-</u>	<u>1,960,706</u>	<u>1,960,706</u>	<u>29,439,151</u>
Revenues over (under) expenditures	<u>(31,399,857)</u>	<u>-</u>	<u>(1,960,706)</u>	<u>(1,960,706)</u>	<u>29,439,151</u>
<b>Other Financing Sources (Uses):</b>					
Bond premium	3,899,857	-	-	-	(3,899,857)
Bond proceeds	27,500,000	-	-	-	(27,500,000)
Total other financing sources (uses)	<u>31,399,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,399,857)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,960,706)</u>	<u>\$ (1,960,706)</u>	<u>\$ (1,960,706)</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ (1,960,706)</u>		

## HARNETT COUNTY, NORTH CAROLINA

**NORTHWEST HARNETT ELEMENTARY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<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>	
<b>Expenditures:</b>					
Education:					
Legal and administrative	\$ 3,441,900	\$ -	\$ 731,680	\$ 731,680	\$ 2,710,220
Engineering	1,174,537	-	-	-	1,174,537
Construction	25,017,960	-	-	-	25,017,960
Total expenditures	<u>29,634,397</u>	<u>-</u>	<u>731,680</u>	<u>731,680</u>	<u>28,902,717</u>
Revenues over (under) expenditures	<u>(29,634,397)</u>	<u>-</u>	<u>(731,680)</u>	<u>(731,680)</u>	<u>28,902,717</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>29,634,397</u>	<u>-</u>	<u>731,900</u>	<u>731,900</u>	<u>(28,902,497)</u>
Total other financing sources (uses)	<u>29,634,397</u>	<u>-</u>	<u>731,900</u>	<u>731,900</u>	<u>(28,902,497)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	220	<u>\$ 220</u>	<u>\$ 220</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 220</u>		

## HARNETT COUNTY, NORTH CAROLINA

**JOHNSONVILLE ELEMENTARY RENOVATIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<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>	
<b>Expenditures:</b>					
Education:					
Legal and administrative	\$ 510,000	\$ -	\$ -	\$ -	\$ 510,000
Engineering	255,000	-	-	-	255,000
Construction	4,335,000	-	-	-	4,335,000
Total expenditures	<u>5,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,100,000</u>
Revenues over (under) expenditures	<u>(5,100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,100,000</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>5,100,000</u>	<u>-</u>	<u>3,322,683</u>	<u>3,322,683</u>	<u>(1,777,317)</u>
Total other financing sources (uses)	<u>5,100,000</u>	<u>-</u>	<u>3,322,683</u>	<u>3,322,683</u>	<u>(1,777,317)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,322,683</u>	<u>\$ 3,322,683</u>	<u>\$ 3,322,683</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 3,322,683</u>		

## HARNETT COUNTY, NORTH CAROLINA

**FORMER BENHAVEN ELEMENTARY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<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>	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ 156,530	\$ 156,530	\$ 156,530
Total revenues	-	-	156,530	156,530	156,530
<b>Expenditures:</b>					
Education:					
Legal and administrative	650,000	-	130,457	130,457	519,543
Engineering	545,700	-	-	-	545,700
Construction	704,300	-	192,517	192,517	511,783
Total expenditures	1,900,000	-	322,974	322,974	1,577,026
Revenues over (under) expenditures	(1,900,000)	-	(166,444)	(166,444)	1,733,556
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,900,000	-	1,900,000	1,900,000	-
Total other financing sources (uses)	1,900,000	-	1,900,000	1,900,000	-
Net change in fund balance	\$ -	\$ -	1,733,556	\$ 1,733,556	\$ 1,733,556
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			\$ 1,733,556		

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# ENTERPRISE FUNDS

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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 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.

## **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 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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Water and sewer sales	\$ 33,650,000	\$ 38,964,579	\$ 5,314,579
Other operating revenues	<u>1,015,203</u>	<u>2,126,776</u>	<u>1,111,573</u>
Total operating revenues	<u>34,665,203</u>	<u>41,091,355</u>	<u>6,426,152</u>
Non-operating revenues:			
Interest earned on investments	<u>15,000</u>	<u>143,502</u>	<u>128,502</u>
Total revenues	<u>34,680,203</u>	<u>41,234,857</u>	<u>6,554,654</u>
<b>Expenditures:</b>			
Salaries and employee benefits	8,223,832	7,514,609	709,223
Sewage treatment	2,237,700	1,980,859	256,841
Other operating expenses	16,541,070	11,339,604	5,201,466
Capital outlay	1,800,000	1,753,124	46,876
Debt service:			
Debt principal	3,991,077	3,248,331	742,746
Interest and fees	<u>2,162,120</u>	<u>1,487,919</u>	<u>674,201</u>
Total expenditures	<u>34,955,799</u>	<u>27,324,446</u>	<u>7,631,353</u>
Revenues over (under) expenditures	<u>(275,596)</u>	<u>13,910,411</u>	<u>14,186,007</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated net position	7,672,747	-	(7,672,747)
Transfers in (out)	<u>(7,397,151)</u>	<u>(5,997,151)</u>	<u>1,400,000</u>
Total other financing sources (uses)	<u>275,596</u>	<u>(5,997,151)</u>	<u>(6,272,747)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 7,913,260</u>	<u>\$ 7,913,260</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 7,913,260	
Reconciling items:			
Debt principal		3,248,331	
Amortization of bond premium		111,865	
Amortization of deferred charge on refunding		(159,557)	
Change in accrued interest		12,665	
Increase in compensated absences		194,370	
Change in OPEB liability		(1,330,661)	
Change in deferred outflows of resources - OPEB		778,000	
Change in deferred inflows of resources - OPEB		9,634	
Change in deferred outflows - pension		(217,278)	
Change in net pension liability		(280,168)	
Change in deferred inflows - pension		1,398	
Contributed asset		2,581,893	
Interest and fees from project		(940,108)	
Lease revenue from districts		940,108	
Intrafund transfers		5,997,151	
Capital outlay		1,753,124	
Depreciation		<u>(11,680,486)</u>	
Change in net position		<u>\$ 8,933,541</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 508,000	\$ 508,000	\$ -
Interest and fees	<u>664,981</u>	<u>664,981</u>	<u>-</u>
Total expenditures	<u>1,172,981</u>	<u>1,172,981</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,172,981)</u>	<u>(1,172,981)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>1,172,981</u>	<u>664,981</u>	<u>(508,000)</u>
Total other financing sources (uses)	<u>1,172,981</u>	<u>664,981</u>	<u>(508,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (508,000)</u>	<u>\$ (508,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (508,000)	
Reconciling items:			
Debt principal		<u>508,000</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 100,000	\$ 100,000	\$ -
Interest and fees	<u>42,575</u>	<u>42,575</u>	<u>-</u>
Total expenditures	<u>142,575</u>	<u>142,575</u>	<u>-</u>
Revenues over (under) expenditures	<u>(142,575)</u>	<u>(142,575)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>142,575</u>	<u>42,575</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>142,575</u>	<u>42,575</u>	<u>(100,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
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 - NORTHWEST  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 65,000	\$ 65,000	\$ -
Interest and fees	<u>22,688</u>	<u>22,688</u>	<u>-</u>
Total expenditures	<u>87,688</u>	<u>87,688</u>	<u>-</u>
Revenues over (under) expenditures	<u>(87,688)</u>	<u>(87,688)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>87,688</u>	<u>22,688</u>	<u>(65,000)</u>
Total other financing sources (uses)	<u>87,688</u>	<u>22,688</u>	<u>(65,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (65,000)	
Reconciling items:			
Debt principal		<u>65,000</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 170,000	\$ 170,000	\$ -
Interest and fees	<u>64,663</u>	<u>64,663</u>	<u>-</u>
Total expenditures	<u>234,663</u>	<u>234,663</u>	<u>-</u>
Revenues over (under) expenditures	<u>(234,663)</u>	<u>(234,663)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>234,663</u>	<u>64,663</u>	<u>(170,000)</u>
Total other financing sources (uses)	<u>234,663</u>	<u>64,663</u>	<u>(170,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (170,000)</u>	<u>\$ (170,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (170,000)	
Reconciling items:			
Debt principal		<u>170,000</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 50,000	\$ 50,000	\$ -
Interest and fees	<u>29,300</u>	<u>29,300</u>	<u>-</u>
Total expenditures	<u>79,300</u>	<u>79,300</u>	<u>-</u>
Revenues over (under) expenditures	<u>(79,300)</u>	<u>(79,300)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>79,300</u>	<u>29,300</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>79,300</u>	<u>29,300</u>	<u>(50,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (50,000)	
Reconciling items:			
Debt principal		<u>50,000</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 115,000	\$ 115,000	\$ -
Interest and fees	<u>83,263</u>	<u>83,263</u>	<u>-</u>
Total expenditures	<u>198,263</u>	<u>198,263</u>	<u>-</u>
Revenues over (under) expenditures	<u>(198,263)</u>	<u>(198,263)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>198,263</u>	<u>83,263</u>	<u>(115,000)</u>
Total other financing sources (uses)	<u>198,263</u>	<u>83,263</u>	<u>(115,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (115,000)</u>	<u>\$ (115,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (115,000)	
Reconciling items:			
Debt principal		<u>115,000</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 25,000	\$ 25,000	\$ -
Interest and fees	<u>32,638</u>	<u>32,638</u>	<u>-</u>
Total expenditures	<u>57,638</u>	<u>57,638</u>	<u>-</u>
Revenues under expenditures	<u>(57,638)</u>	<u>(57,638)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>57,638</u>	<u>32,638</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>57,638</u>	<u>32,638</u>	<u>(25,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
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

**WHIP TRANSMISSION LINE CAPITAL PROJECT  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<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>	
<b>Expenditures:</b>					
Construction	\$ 975,000	\$ 935,241	\$ 31,935	\$ 967,176	\$ 7,824
Legal and administration	8,000	3,933	-	3,933	4,067
Engineering	150,300	147,700	-	147,700	2,600
Materials and supplies	15,028	-	-	-	15,028
Land	18,000	-	-	-	18,000
Contingency	49,322	-	-	-	49,322
Total expenditures	<u>1,215,650</u>	<u>1,086,874</u>	<u>31,935</u>	<u>1,118,809</u>	<u>96,841</u>
Revenues over (under) expenditures	<u>(1,215,650)</u>	<u>(1,086,874)</u>	<u>(31,935)</u>	<u>(1,118,809)</u>	<u>96,841</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	<u>1,215,650</u>	<u>1,215,650</u>	<u>-</u>	<u>1,215,650</u>	<u>-</u>
Total other financing sources (uses)	<u>1,215,650</u>	<u>1,215,650</u>	<u>-</u>	<u>1,215,650</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 128,776</u>	<u>\$ (31,935)</u>	<u>\$ 96,841</u>	<u>\$ 96,841</u>

## HARNETT COUNTY, NORTH CAROLINA

**SOUTH CENTRAL TRANSMISSION LINE CAPITAL PROJECT  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<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>		
<b>Expenditures:</b>					
Construction	\$ 782,000	\$ 583,097	\$ -	\$ 583,097	\$ 198,903
Legal and administration	8,000	3,985	-	3,985	4,015
Engineering	135,800	152,000	-	152,000	(16,200)
Materials and supplies	45,000	24,126	-	24,126	20,874
Land	18,000	1,325	-	1,325	16,675
Contingency	39,100	-	-	-	39,100
Total expenditures	<u>1,027,900</u>	<u>764,533</u>	<u>-</u>	<u>764,533</u>	<u>263,367</u>
Revenues over (under) expenditures	<u>(1,027,900)</u>	<u>(764,533)</u>	<u>-</u>	<u>(764,533)</u>	<u>263,367</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	<u>1,027,900</u>	<u>1,027,900</u>	<u>-</u>	<u>1,027,900</u>	<u>-</u>
Total other financing sources (uses)	<u>1,027,900</u>	<u>1,027,900</u>	<u>-</u>	<u>1,027,900</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 263,367</u>	<u>\$ -</u>	<u>\$ 263,367</u>	<u>\$ 263,367</u>

## HARNETT COUNTY, NORTH CAROLINA

NORTH HARNETT WW UPGRADE CAPITAL PROJECT  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Expenditures:</b>					
Construction	\$ 10,163,717	\$ 2,720,574	\$ 6,957,737	\$ 9,678,311	\$ 485,406
Legal and administration	6,000	208	65,627	65,835	(59,835)
Engineering	423,000	351,000	-	351,000	72,000
Materials and supplies	70,000	-	-	-	70,000
Contingency	508,186	-	-	-	508,186
Total expenditures	<u>11,170,903</u>	<u>3,071,782</u>	<u>7,023,364</u>	<u>10,095,146</u>	<u>1,075,757</u>
Revenues over (under) expenditures	<u>(11,170,903)</u>	<u>(3,071,782)</u>	<u>(7,023,364)</u>	<u>(10,095,146)</u>	<u>1,075,757</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	<u>11,170,903</u>	<u>5,773,752</u>	<u>5,397,151</u>	<u>11,170,903</u>	<u>-</u>
Total other financing sources (uses)	<u>11,170,903</u>	<u>5,773,752</u>	<u>5,397,151</u>	<u>11,170,903</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,701,970</u>	<u>\$ (1,626,213)</u>	<u>\$ 1,075,757</u>	<u>\$ 1,075,757</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, 2020**

	<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>	
<b>Expenditures:</b>					
Construction	\$ 750,000	\$ 361,460	\$ -	\$ 361,460	\$ 388,540
Legal and administration	10,000	-	-	-	10,000
Materials and supplies	120,000	-	-	-	120,000
Total expenditures	<u>880,000</u>	<u>361,460</u>	<u>-</u>	<u>361,460</u>	<u>518,540</u>
Revenues over (under) expenditures	<u>(880,000)</u>	<u>(361,460)</u>	<u>-</u>	<u>(361,460)</u>	<u>518,540</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	<u>880,000</u>	<u>880,000</u>	<u>-</u>	<u>880,000</u>	<u>-</u>
Total other financing sources (uses)	<u>880,000</u>	<u>880,000</u>	<u>-</u>	<u>880,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 518,540</u>	<u>\$ -</u>	<u>\$ 518,540</u>	<u>\$ 518,540</u>

## HARNETT COUNTY, NORTH CAROLINA

SCHOOL WASTEWATER EXTENSIONS CAPITAL PROJECT  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<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>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
<b>Expenditures:</b>					
Construction	2,088,100	-	472,934	472,934	1,615,166
Legal and administration	10,000	-	-	-	10,000
Engineering	591,105	98,880	275,148	374,028	217,077
Materials and supplies	45,000	-	-	-	45,000
Land	20,000	-	2,300	2,300	17,700
Total expenditures	<u>2,754,205</u>	<u>98,880</u>	<u>750,382</u>	<u>849,262</u>	<u>1,904,943</u>
Revenues over (under) expenditures	<u>(2,254,205)</u>	<u>(98,880)</u>	<u>(750,382)</u>	<u>(849,262)</u>	<u>1,404,943</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	2,254,205	2,254,205	600,000	2,854,205	600,000
Total other financing sources (uses)	<u>2,254,205</u>	<u>2,254,205</u>	<u>600,000</u>	<u>2,854,205</u>	<u>600,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,155,325</u>	<u>\$ (150,382)</u>	<u>\$ 2,004,943</u>	<u>\$ 2,004,943</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, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
Construction	\$ 7,545,721	\$ 7,545,721	\$ -	\$ 7,545,721	\$ -
Legal and administration	49,000	50,609	-	50,609	(1,609)
Engineering	350,000	350,000	-	350,000	-
Materials and supplies	191,018	17,209	-	17,209	173,809
Land	30,000	29,388	-	29,388	612
Contingency	343,477	-	-	-	343,477
Total expenditures	<u>8,509,216</u>	<u>7,992,927</u>	<u>-</u>	<u>7,992,927</u>	<u>516,289</u>
Revenues over (under) expenditures	<u>(8,509,216)</u>	<u>(7,992,927)</u>	<u>-</u>	<u>(7,992,927)</u>	<u>516,289</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	<u>8,509,216</u>	<u>8,509,216</u>	<u>-</u>	<u>8,509,216</u>	<u>-</u>
Total other financing sources (uses)	<u>8,509,216</u>	<u>8,509,216</u>	<u>-</u>	<u>8,509,216</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 516,289</u>	<u>\$ -</u>	<u>\$ 516,289</u>	<u>\$ 516,289</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Solid waste fees	\$ 5,525,000	\$ 6,315,814	\$ 790,814
Other operating revenues	25,400	11,638	(13,762)
Total operating revenues	<u>5,550,400</u>	<u>6,327,452</u>	<u>777,052</u>
<b>Non-Operating Revenues:</b>			
Restricted intergovernmental	260,000	283,640	23,640
Interest earned on investments	-	6,122	6,122
Total non-operating revenues	<u>260,000</u>	<u>289,762</u>	<u>29,762</u>
Total revenues	<u>5,810,400</u>	<u>6,617,214</u>	<u>806,814</u>
<b>Expenditures:</b>			
Salaries and employee benefits	1,171,935	1,061,098	110,837
Other operating expenses	3,967,960	3,704,629	263,331
Capital outlay	6,000	-	6,000
Debt service:			
Debt principal and interest	425,155	371,599	53,556
Total expenditures	<u>5,571,050</u>	<u>5,137,326</u>	<u>433,724</u>
Revenues over (under) expenditures	<u>239,350</u>	<u>1,479,888</u>	<u>1,240,538</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in (out)	<u>(239,350)</u>	<u>-</u>	<u>239,350</u>
Total other financing sources (uses)	<u>(239,350)</u>	<u>-</u>	<u>239,350</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,479,888</u>	<u>\$ 1,479,888</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,479,888	
Reconciling items:			
Debt principal		324,310	
Change in deferred outflows - pension		(33,427)	
Decrease in accrued interest		1,993	
Change in net pension liability		(43,103)	
Change in deferred inflows - pension		215	
Decrease in compensated absences		10,141	
Change in OPEB liability		(204,717)	
Change in deferred outflows of resources - OPEB		119,692	
Change in deferred inflows of resources - OPEB		1,482	
Depreciation		<u>(492,608)</u>	
Change in net position		<u>\$ 1,163,866</u>	

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# INTERNAL SERVICE FUNDS

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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, 2020**

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Group</u> <u>Insurance</u> <u>Fund</u>	<u>Employee</u> <u>Clinic</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 4,711,224	\$ 1,304,952	\$ 697,804	\$ 7,821,939
Accounts receivable	-	-	339	340
Total assets	<u>4,711,224</u>	<u>1,304,952</u>	<u>698,143</u>	<u>7,822,279</u>
<b>Liabilities:</b>				
Current liabilities:				
Claims payable	360,000	-	-	-
Accounts payable	-	17,404	4,306	961,740
Total current liabilities	<u>360,000</u>	<u>17,404</u>	<u>4,306</u>	<u>961,740</u>
Non-current liabilities:				
Claims payable	<u>359,196</u>	-	-	-
Total liabilities	<u>719,196</u>	<u>17,404</u>	<u>4,306</u>	<u>961,740</u>
<b>Net Position:</b>				
Unrestricted	<u>3,992,028</u>	<u>1,287,548</u>	<u>693,837</u>	<u>6,860,539</u>
Total net position	<u>\$ 3,992,028</u>	<u>\$ 1,287,548</u>	<u>\$ 693,837</u>	<u>\$ 6,860,539</u>

HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Dental Insurance Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 595,398	\$ 1,547,195	\$ 16,678,512
Accounts receivable	-	-	679
Total assets	<u>595,398</u>	<u>1,547,195</u>	<u>16,679,191</u>
<b>Liabilities:</b>			
Current liabilities:			
Claims payable	-	-	360,000
Accounts payable	<u>55,635</u>	-	<u>1,039,085</u>
Total current liabilities	<u>55,635</u>	-	<u>1,399,085</u>
Non-current liabilities:			
Claims payable	-	-	<u>359,196</u>
Total liabilities	<u>55,635</u>	-	<u>1,758,281</u>
<b>Net Position:</b>			
Unrestricted	<u>539,763</u>	<u>1,547,195</u>	<u>14,920,910</u>
Total net position	<u>\$ 539,763</u>	<u>\$ 1,547,195</u>	<u>\$ 14,920,910</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, 2020**

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
<b>Operating Revenues:</b>				
County contribution	\$ 1,934,016	\$ 2,311,069	\$ 201,435	\$ 9,732,942
<b>Operating Expenses:</b>				
Benefits and premiums	<u>1,415,657</u>	<u>1,407,964</u>	<u>163,177</u>	<u>7,454,331</u>
Total expenditures	<u>1,415,657</u>	<u>1,407,964</u>	<u>163,177</u>	<u>7,454,331</u>
Operating income (loss)	518,359	903,105	38,258	2,278,611
<b>Net Position:</b>				
Beginning of year - July 1	<u>3,473,669</u>	<u>384,443</u>	<u>655,579</u>	<u>4,581,928</u>
End of year - June 30	<u>\$ 3,992,028</u>	<u>\$ 1,287,548</u>	<u>\$ 693,837</u>	<u>\$ 6,860,539</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, 2020**

	<b>Dental Insurance Fund</b>	<b>Unemployment Insurance Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Operating Revenues:</b>			
County contribution	\$ 498,921	\$ 202,178	\$ 14,880,561
<b>Operating Expenses:</b>			
Benefits and premiums	<u>455,407</u>	<u>16,753</u>	<u>10,913,289</u>
Total expenditures	<u>455,407</u>	<u>16,753</u>	<u>10,913,289</u>
Operating income (loss)	43,514	185,425	3,967,272
<b>Net Position:</b>			
Beginning of year - July 1	<u>496,249</u>	<u>1,361,770</u>	<u>10,953,638</u>
End of year - June 30	<u>\$ 539,763</u>	<u>\$ 1,547,195</u>	<u>\$ 14,920,910</u>

HARNETT COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 1,934,016	\$ 2,311,069	\$ 201,435	\$ 9,732,942
Cash paid to suppliers	<u>(1,477,826)</u>	<u>(1,445,363)</u>	<u>(164,624)</u>	<u>(7,717,191)</u>
Net cash provided (used) by operating activities	<u>456,190</u>	<u>865,706</u>	<u>36,811</u>	<u>2,015,751</u>
Net increase (decrease) in cash and cash equivalents	456,190	865,706	36,811	2,015,751
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	<u>4,255,034</u>	<u>439,246</u>	<u>660,993</u>	<u>5,806,188</u>
End of year - June 30	<u>\$ 4,711,224</u>	<u>\$ 1,304,952</u>	<u>\$ 697,804</u>	<u>\$ 7,821,939</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 518,359	\$ 903,105	\$ 38,258	\$ 2,278,611
Change in claims payable	<u>(62,169)</u>	<u>(37,399)</u>	<u>(1,447)</u>	<u>(262,860)</u>
Net cash provided (used) by operating activities	<u>\$ 456,190</u>	<u>\$ 865,706</u>	<u>\$ 36,811</u>	<u>\$ 2,015,751</u>

**HARNETT COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Dental Insurance Fund</b>	<b>Unemployment Insurance Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 498,921	\$ 202,178	\$ 14,880,561
Cash paid to suppliers	<u>(475,856)</u>	<u>(16,753)</u>	<u>(11,297,613)</u>
Net cash provided (used) by operating activities	<u>23,065</u>	<u>185,425</u>	<u>3,582,948</u>
Net increase (decrease) in cash and cash equivalents	23,065	185,425	3,582,948
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>572,333</u>	<u>1,361,770</u>	<u>13,095,564</u>
End of year - June 30	<u>\$ 595,398</u>	<u>\$ 1,547,195</u>	<u>\$ 16,678,512</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 43,514	\$ 185,425	\$ 3,967,272
Change in claims payable	<u>(20,449)</u>	<u>-</u>	<u>(384,324)</u>
Net cash provided (used) by operating activities	<u>\$ 23,065</u>	<u>\$ 185,425</u>	<u>\$ 3,582,948</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, 2020**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 179,720	\$ 201,435	\$ 21,715
Total revenues	<u>179,720</u>	<u>201,435</u>	<u>21,715</u>
<b>Expenditures:</b>			
Benefits and premiums	<u>179,720</u>	<u>163,177</u>	<u>16,543</u>
Total expenditures	<u>179,720</u>	<u>163,177</u>	<u>16,543</u>
Change in net position	<u>\$ -</u>	38,258	<u>\$ 38,258</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>655,579</u>	
End of year - June 30		<u>\$ 693,837</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, 2020**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 2,103,788	\$ 1,934,016	\$ (169,772)
Total revenues	<u>2,103,788</u>	<u>1,934,016</u>	<u>(169,772)</u>
<b>Expenditures:</b>			
Benefits and premiums	<u>2,103,788</u>	<u>1,415,657</u>	<u>688,131</u>
Total expenditures	<u>2,103,788</u>	<u>1,415,657</u>	<u>688,131</u>
Change in net position	<u>\$ -</u>	518,359	<u>\$ 518,359</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>3,473,669</u>	
End of year - June 30		<u>\$ 3,992,028</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, 2020**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 1,320,000	\$ 2,311,069	\$ 991,069
Total revenues	<u>1,320,000</u>	<u>2,311,069</u>	<u>991,069</u>
<b>Expenditures:</b>			
Benefits and premiums	<u>1,320,000</u>	<u>1,407,964</u>	<u>(87,964)</u>
Total expenditures	<u>1,320,000</u>	<u>1,407,964</u>	<u>(87,964)</u>
Change in net position	<u>\$ -</u>	903,105	<u>\$ 903,105</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>384,443</u>	
End of year - June 30		<u>\$ 1,287,548</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, 2020**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 100,000	\$ 202,178	\$ 102,178
Total revenues	<u>100,000</u>	<u>202,178</u>	<u>102,178</u>
<b>Expenditures:</b>			
Benefits and premiums	<u>100,000</u>	<u>16,753</u>	<u>83,247</u>
Total expenditures	<u>100,000</u>	<u>16,753</u>	<u>83,247</u>
Change in net position	<u>\$ -</u>	<u>185,425</u>	<u>\$ 185,425</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>1,361,770</u>	
End of year - June 30		<u>\$ 1,547,195</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, 2020

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 10,006,442	\$ 9,732,942	\$ (273,500)
Total revenues	<u>10,006,442</u>	<u>9,732,942</u>	<u>(273,500)</u>
<b>Expenditures:</b>			
Benefits and premiums	10,006,442	7,454,331	2,552,111
Total expenditures	<u>10,006,442</u>	<u>7,454,331</u>	<u>2,552,111</u>
Change in net position	<u>\$ -</u>	2,278,611	<u>\$ 2,278,611</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>4,581,928</u>	
End of year - June 30		<u>\$ 6,860,539</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, 2020**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 550,000	\$ 498,921	\$ (51,079)
<b>Expenditures:</b>			
Benefits and premiums	550,000	455,407	94,593
Total expenditures	<u>550,000</u>	<u>455,407</u>	<u>94,593</u>
Change in net position	<u>\$ -</u>	43,514	<u>\$ 43,514</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>496,249</u>	
End of year - June 30		<u>\$ 539,763</u>	

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# AGENCY FUNDS

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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.

**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.

**Fines and Forfeitures Fund** – accounts for the collection of fines and forfeitures that are collected by the County and remitted to Harnett County Schools.

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## HARNETT COUNTY, NORTH CAROLINA

## AGENCY FUNDS

## COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2020

	<u>Social Services Trust Fund</u>	<u>Motor Vehicle Tax Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Jail Canteen Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and investments	\$ 125,908	\$ 152,939	\$ 4,950	\$ 55,797	\$ 339,594
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 125,908	\$ 152,939	\$ 4,950	\$ 55,797	\$ 339,594

## HARNETT COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and investments	\$ 72,467	\$ 767,266	\$ 713,825	\$ 125,908
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 72,467	\$ 767,266	\$ 713,825	\$ 125,908
<b>Motor Vehicle Tax Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 213,094	\$ 10,188,295	\$ 10,248,450	\$ 152,939
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 213,094	\$ 10,188,295	\$ 10,248,450	\$ 152,939
<b>Fines and Forfeitures Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 179,289	\$ 174,339	\$ 4,950
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 179,289	\$ 174,339	\$ 4,950
<b>Jail Canteen Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 99,049	\$ 502,216	\$ 545,468	\$ 55,797
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 99,049	\$ 502,216	\$ 545,468	\$ 55,797
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 384,610	\$ 11,637,066	\$ 11,682,082	\$ 339,594
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 384,610	\$ 11,637,066	\$ 11,682,082	\$ 339,594

# **OTHER SCHEDULES**

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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, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 67,744,202	\$ 67,264,728	\$ 479,474
2018-2019	255,160	-	128,407	126,753
2017-2018	131,208	-	40,002	91,206
2016-2017	90,688	-	15,570	75,118
2015-2016	72,989	-	15,231	57,758
2014-2015	52,861	-	10,184	42,677
2013-2014	89,909	-	7,561	82,348
2012-2013	104,601	-	7,070	97,531
2011-2012	89,956	-	10,862	79,094
2010-2011	79,420	-	10,923	68,497
2009-2010	82,330	-	82,330	-
Total	<u>\$ 1,049,122</u>	<u>\$ 67,744,202</u>	<u>\$ 67,592,868</u>	1,200,456
Less: allowance for uncollectible accounts - General Fund				<u>750,237</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 450,219</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 67,452,336
Reconciling items:				
Interest collected				284,624
Taxes written off				82,330
Prior year releases				<u>(226,422)</u>
Total collections and credits				<u>\$ 67,592,868</u>

## HARNETT COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2020

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 9,072,495,067	\$ 0.7500	\$ 68,043,713	\$ 59,841,258	\$ 8,202,455
Penalties	<u>6,910,933</u>		<u>51,832</u>	<u>51,832</u>	<u>-</u>
Total	<u>9,079,406,000</u>		<u>68,095,545</u>	<u>59,893,090</u>	<u>8,202,455</u>
<b>Discoveries:</b>					
Current years taxes	12,537,900	0.7500	167,172	167,172	-
Abatements	<u>(38,888,625)</u>		<u>(518,515)</u>	<u>(518,515)</u>	<u>-</u>
Total	<u>(26,350,725)</u>		<u>(351,343)</u>	<u>(351,343)</u>	<u>-</u>
Total property valuation	<u>\$ 9,053,055,275</u>				
<b>Net Levy</b>			67,744,202	59,541,747	8,202,455
Uncollected taxes at June 30, 2020			<u>(479,474)</u>	<u>(479,474)</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 67,264,728</u>	<u>\$ 59,062,273</u>	<u>\$ 8,202,455</u>
<b>Current Levy Collection Percentage</b>			<u>99.29%</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.

<b>Contents</b>	<b>Page</b>
Financial Trends <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>	187
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	194
Debt Capacity <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>	201
Demographic and Economic Information <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>	205
Operating Information <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>	208

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	\$ 36,054,811	\$ 37,298,229	\$ 62,464,192	\$ 50,365,917	\$ 44,566,178	\$ 55,813,622	\$ (68,658,054)	\$ 54,269,404	\$ 51,755,245	\$ 40,586,139
Restricted	14,023,136	10,537,181	10,997,970	11,787,945	15,913,835	17,766,806	44,513,234	17,376,057	21,274,854	23,518,517
Unrestricted	(89,050,481)	(81,052,839)	(105,671,907)	(94,656,353)	(88,995,853)	(78,490,540)	35,023,661	(80,953,920)	(92,557,019)	(65,395,023)
Total governmental activities net position	<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>	<u>\$ 10,878,841</u>	<u>\$ (9,308,459)</u>	<u>\$ (19,526,920)</u>	<u>\$ (1,290,367)</u>
Business-type activities										
Net investment in capital assets	\$229,078,137	\$250,808,927	\$243,042,418	\$245,118,371	\$266,725,165	\$278,517,784	\$278,274,105	\$281,674,631	\$282,059,841	\$285,552,395
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	14,966,901	18,408,236	42,092,691	55,340,802	44,073,005	42,596,106	49,940,891	49,628,551	56,308,299	63,428,897
Total business-type activities net position	<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>	<u>\$328,214,996</u>	<u>\$331,303,182</u>	<u>\$338,368,140</u>	<u>\$348,981,292</u>
Primary Government										
Net investment in capital assets	\$265,132,948	\$288,107,156	\$305,506,610	\$295,484,288	\$311,291,343	\$334,331,406	\$209,616,051	\$335,944,035	\$333,815,086	\$326,138,534
Restricted	14,023,136	10,537,181	10,997,970	11,787,945	15,913,835	17,766,806	44,513,234	17,376,057	21,274,854	23,518,517
Unrestricted	(74,083,580)	(62,644,603)	(63,579,216)	(39,315,551)	(44,922,848)	(35,894,434)	84,964,552	(31,325,369)	(36,248,720)	(1,966,126)
Total primary government net position	<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>	<u>\$339,093,837</u>	<u>\$321,994,723</u>	<u>\$318,841,220</u>	<u>\$347,690,925</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 14,978,146	\$ 11,217,967	\$ 11,810,197	\$ 13,333,033	\$ 13,148,888	\$ 9,196,366	\$ 14,655,806	\$ 16,113,489	\$ 23,498,036	\$ 19,607,411
Public Safety	30,533,501	32,138,970	34,473,682	34,627,720	35,683,468	37,715,350	40,417,079	42,464,618	43,001,530	48,548,276
Transportation	657,369	646,939	344,069	276,823	952,006	927,620	999,651	1,183,864	2,164,719	1,925,372
Environmental Protection	165,460	124,255	135,892	138,994	170,630	182,736	181,452	166,931	178,917	226,440
Economic & physical development	6,019,831	6,321,309	5,969,164	3,809,848	4,164,532	2,732,724	5,156,771	4,249,021	3,993,304	4,819,635
Human Services	25,417,133	25,235,971	26,073,115	25,863,878	25,702,623	28,109,695	29,721,428	26,671,296	26,939,763	28,276,022
Cultural & Recreational	1,616,686	621,129	1,458,094	1,473,554	1,513,720	1,667,895	2,236,204	2,938,458	3,187,931	3,277,094
Education	22,239,671	24,115,765	30,159,562	36,423,566	27,562,131	27,328,710	26,811,390	45,366,104	31,850,277	33,351,865
Debt Service:										
Interest and fees	5,969,986	6,494,891	5,279,472	6,332,214	5,463,869	5,315,756	4,825,862	5,443,930	5,224,806	4,666,259
Total governmental activities expenses	<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>	<u>125,005,643</u>	<u>144,597,711</u>	<u>140,039,283</u>	<u>144,698,374</u>
Business type activities										
Water and Sewer	35,319,763	23,446,803	28,120,698	28,650,534	26,444,236	31,176,432	32,111,467	34,137,473	36,798,468	34,883,209
Solid Waste	4,266,203	4,188,342	4,586,311	4,474,124	4,618,158	4,741,515	5,338,278	5,423,198	5,404,615	5,453,348
Total business-type activities	<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>	<u>37,449,745</u>	<u>39,560,671</u>	<u>42,203,083</u>	<u>40,336,557</u>
Total primary government expenses	<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>	<u>\$ 162,455,388</u>	<u>\$ 184,158,382</u>	<u>\$ 182,242,366</u>	<u>\$ 185,034,931</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General government	\$ 3,202,817	\$ 4,198,163	\$ 6,153,062	\$ 4,207,620	\$ 3,090,449	\$ 9,083,933	\$ 8,004,787	\$ 8,063,442	\$ 8,360,038	\$ 15,550,149
Public Safety	8,361,070	8,949,860	9,212,633	7,243,162	7,637,977	8,553,075	8,525,597	7,846,993	7,753,365	14,421,702
Transportation	328,194	335,486	292,655	1,444	1,705	2,205	2,943	3,790	-	-
Environmental protection	-	-	-	-	3,963	8,438	2,400	800	-	-
Economic and physical development	22,128	16,013	4,148	8,085	10,766	20,714	24,814	4,175	-	-
Human services	3,812,310	3,463,527	3,424,015	2,315,561	2,192,224	2,567,833	4,023,634	2,255,009	2,228,092	4,144,378
Cultural and recreational	45,862	52,284	41,158	39,974	43,284	49,369	51,996	72,403	-	-
Education	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	999,908	904,224	1,175,405	1,874,813	1,593,065	1,634,027	1,510,115	1,539,880	1,521,624	2,830,307
Public Safety	1,904,951	1,628,139	1,899,606	747,873	648,901	1,022,612	579,565	1,101,278	1,086,874	3,142,783
Transportation	594,844	382,897	811,311	3,957,957	1,042,078	582,821	660,431	552,814	546,401	1,016,338
Environment protection	15,502	8,962	-	-	26,965	30,426	22,915	25,169	24,702	45,947
Economic and physical development	704,113	528,743	89,601	41,017	41,395	45,512	34,825	18,697	18,773	34,919
Human services	15,099,811	15,120,209	15,822,833	15,504,353	16,327,523	18,472,123	18,612,304	16,540,601	1,597,713	7,351,447
Cultural and recreational	196,413	149,410	161,039	162,175	164,619	161,213	168,442	180,196	197,613	367,572
Education	2,316,672	1,935,247	1,502,404	2,763,557	1,902,400	1,902,400	400	-	-	-
Capital grants and contributions:										
General government	159,603	-	-	-	335,462	28,493	22,252	117,150	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Economic and physical development	103,114	78,395	730,636	978,203	517,082	39,584	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	3,414	28,486	-	-	39,421	5,750	-	29,078	-	-
Total governmental activities programs revenues	<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>	<u>42,247,420</u>	<u>38,351,475</u>	<u>23,335,195</u>	<u>48,905,542</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services:										
Water and Sewer	28,170,863	30,165,366	30,813,418	34,620,175	32,511,677	34,697,530	36,147,419	39,326,703	40,260,717	41,527,755
Solid Waste	3,960,942	3,963,611	4,791,264	5,023,318	5,219,143	5,360,576	5,827,446	5,798,149	6,091,812	6,406,797
Operating grants and contributions:										
Water and Sewer	-	-	-	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	268,549	75,793	28,680	-	-
Capital grants and contributions:										
Water and Sewer	60,951,973	18,746,953	14,719,996	8,937,389	4,172,600	6,430,392	2,218,064	622,358	3,005,857	2,581,893
Solid Waste	-	-	-	30,000	-	-	-	-	-	-
Total business-type activities program revenues	93,083,778	52,875,930	50,324,678	48,610,882	41,903,420	46,757,047	44,268,722	45,775,890	49,358,386	50,516,445
Total primary government program revenues	<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>	<u>\$ 86,516,142</u>	<u>\$ 84,127,365</u>	<u>\$ 72,693,581</u>	<u>\$ 99,421,987</u>
Net (expense)/revenue										
Governmental activities	\$ (69,727,057)	\$ (69,137,151)	\$ (74,382,741)	\$ (82,433,836)	\$ (78,742,588)	\$ (68,966,324)	\$ (82,758,223)	\$ (106,246,236)	\$ (116,704,088)	\$ (95,792,832)
Business-type activities	53,497,811	25,240,785	17,617,669	15,486,224	10,841,026	10,839,100	6,818,977	6,215,219	7,155,303	10,179,888
Total primary government net expense	<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>	<u>\$ (75,939,246)</u>	<u>\$ (100,031,017)</u>	<u>\$ (109,548,785)</u>	<u>\$ (85,612,944)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Ad valorem taxes	\$ 56,372,131	\$ 58,298,100	\$ 60,032,767	\$ 64,309,216	\$ 65,789,144	\$ 68,369,184	\$ 70,197,361	\$ 70,459,916	\$ 73,555,031	\$ 75,867,248
Local option sales tax	12,288,772	13,914,555	14,238,193	14,884,498	16,757,810	19,279,814	20,518,531	21,796,176	23,633,916	33,693,156
Other taxes	1,899,527	2,004,883	2,069,801	2,505,838	4,009,772	4,778,883	8,538,405	9,215,929	9,530,846	2,778,003
Unrestricted grants and contributions	125,845	347,202	45,956	38,861	67,514	41,665	120,415	56,135	4,994	14,153
Investment earnings	33,012	15,492	18,991	2,677	11,672	102,503	280,826	950,379	1,647,672	1,676,825
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on sale of capital asset	-	-	-	-	-	-	-	-	-	-
Transfers	475,001	312,024	400,000	400,000	(2,030)	-	-	397,814	71,486	-
Total governmental activities	<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>	<u>99,655,538</u>	<u>102,876,349</u>	<u>108,443,945</u>	<u>114,029,385</u>
Business-type activities:										
Other taxes	264,145	236,713	227,228	237,297	234,276	268,129	282,599	258,016	282,191	283,640
Investment earnings	12,585	6,651	5,961	543	660	3,491	(470)	29,994	44,537	149,624
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on sale of capital asset	-	-	-	-	-	-	-	-	-	-
Transfers	(475,001)	(312,024)	(400,000)	(400,000)	2,030	-	-	(397,814)	(71,486)	-
Total business-type activities	<u>(198,271)</u>	<u>(68,660)</u>	<u>(166,811)</u>	<u>(162,160)</u>	<u>236,966</u>	<u>271,620</u>	<u>282,129</u>	<u>(109,804)</u>	<u>255,242</u>	<u>433,264</u>
Total primary government	<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>	<u>\$ 99,937,667</u>	<u>\$ 102,766,545</u>	<u>\$ 108,699,187</u>	<u>\$ 114,462,649</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,467,231	\$ 5,755,105	\$ 2,422,967	\$ (292,746)	\$ 7,891,294	\$ 23,605,725	\$ 16,897,315	\$ (3,369,887)	\$ (8,260,143)	\$ 18,236,553
Business-type activities	53,299,540	25,172,125	17,450,858	15,324,064	11,077,992	11,110,720	7,101,106	6,105,415	7,410,545	10,613,152
Total primary government	<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>	<u>\$ 23,998,421</u>	<u>\$ 2,735,528</u>	<u>\$ (849,598)</u>	<u>\$ 28,849,705</u>

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>					<b>Business-type Activities</b>		<b>Total</b>
	<b>Ad Valorem</b>	<b>Sales Tax</b>	<b>Excise Stamp - Real Property</b>	<b>Occupancy Tax</b>	<b>Cable Franchise License</b>	<b>Solid Waste</b>		
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	
2017	70,197,361	20,518,531	524,096	536,184	199,443	282,599	92,258,214	
2018	70,459,916	21,796,176	590,167	588,940	194,145	258,016	93,887,360	
2019	73,555,031	23,633,916	577,423	559,449	191,975	282,191	98,799,985	
2020	75,867,248	33,693,156	736,458	-	181,015	283,640	110,761,517	



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

	2011	2012	2013 <sup>1</sup>	2014 <sup>2</sup>	2015	2016	2017 <sup>3</sup>	2018 <sup>4</sup>	2019	2020 <sup>5</sup>
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Non Spendable	52,271	748,224	451,088	111,181	159,625	1,418,606	232,245	216,378	249,757	2,637,760
Restricted	7,347,530	8,789,704	9,433,149	9,260,952	11,496,063	11,966,027	9,068,575	10,337,775	11,199,201	15,306,174
Committed	-	574,133	-	-	-	-	-	-	-	8,872,608
Assigned	-	-	-	3,193,811	2,600,000	-	-	422,916	2,433,321	8,363,192
Unassigned	11,279,350	13,212,441	17,959,942	18,732,095	19,417,388	26,311,973	32,547,008	32,201,423	29,737,935	31,349,433
Total General Fund	\$ 18,679,151	\$ 23,324,502	\$ 27,844,179	\$ 31,298,039	\$ 33,673,076	\$ 39,696,606	\$ 41,847,828	\$ 43,178,492	\$ 43,620,214	\$ 66,529,167
<b>All other governmental funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated reported in major governmental funds	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in nonmajor:										
Special Revenue	-	-	-	-	-	-	-	-	-	-
Non Spendable	-	2,612	1,742	-	-	4,212	4,212	4,212	-	-
Restricted	6,700,404	2,212,333	23,331,386	12,479,663	8,809,048	7,594,332	37,153,665	19,255,559	17,985,905	22,791,271
Committed	198,652	103,168	471,969	440,695	24,102	122,485	181,634	197,814	492,117	5,254,119
Assigned	143,764	60,662	76,734	60,348	246,463	2,316,903	5,001,315	6,045,578	5,821,813	3,415,325
Unassigned	(974,816)	(470,924)	(444,222)	(1,869,528)	(881,516)	(895,755)	(618,241)	(1,857,918)	(1,386,783)	(7,402,400)
Total all other governmental funds	\$ 6,068,004	\$ 1,907,851	\$ 23,437,609	\$ 11,111,178	\$ 8,198,097	\$ 9,142,177	\$ 41,722,585	\$ 23,645,245	\$ 22,913,052	\$ 24,058,315

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> The increase in Fund Balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Benhaven Elementary School Capital Project Fund.

<sup>5</sup> The increase in Fund Balance for all other governmental funds is due to the increase in sales tax receipts allocated to the debt service fund and increased operating grants for several project

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Ad valorem taxes	\$ 56,437,182	\$ 58,043,532	\$ 60,420,690	\$ 64,806,230	\$ 66,264,541	\$ 68,317,095	\$ 70,285,326	\$ 70,437,519	\$ 73,612,822	\$ 75,758,317
Other taxes and licenses	14,188,299	15,919,438	16,307,994	17,390,336	20,767,582	24,058,697	29,056,936	31,012,105	33,164,762	36,471,159
Unrestricted Intergovernmental	125,845	347,202	45,956	38,861	67,514	41,665	120,415	56,135	4,994	14,153
Restricted Intergovernmental	21,615,025	20,580,505	21,951,104	24,545,233	21,497,462	23,003,139	22,873,759	19,843,450	19,910,706	28,408,647
Permits and fees	3,382,005	3,621,752	3,995,260	3,686,220	3,379,086	3,466,824	3,545,871	3,824,231	2,929,161	2,422,016
Sales and services	9,997,003	9,481,257	9,256,221	7,378,303	7,435,368	8,863,752	7,604,780	7,793,750	7,602,674	9,571,668
Investment earnings	33,012	15,492	18,991	2,677	11,672	102,503	280,826	950,379	1,647,672	1,676,825
Other general revenues	1,912,834	2,113,609	3,437,772	4,041,279	4,602,797	3,631,950	3,639,506	4,113,580	2,546,588	6,568,738
Total revenues	107,691,205	110,122,787	115,433,988	121,889,139	124,026,022	131,485,625	137,407,419	138,031,149	141,419,379	160,891,523
<b>Expenditures</b>										
General government	14,869,728	10,214,297	12,004,474	16,619,446	13,320,651	13,684,269	13,769,610	17,852,956	16,168,276	30,945,013
Public safety	29,294,016	31,218,622	33,503,772	33,945,599	35,489,816	36,668,046	39,640,768	41,743,221	42,920,389	47,679,464
Transportation	149,839	160,068	368,313	369,745	418,731	392,951	436,495	472,869	537,989	691,366
Environmental protection	163,285	118,166	123,598	128,133	165,801	182,736	181,452	166,931	178,917	226,440
Economic and physical development	5,931,886	6,270,644	5,873,572	7,761,858	5,087,189	3,291,512	4,988,437	4,142,456	3,644,583	4,285,897
Human services	25,078,828	24,622,510	25,488,823	25,287,199	26,243,188	28,000,704	29,235,907	25,870,415	23,785,760	23,930,556
Cultural and recreational	1,549,773	1,354,884	1,367,760	1,391,118	1,495,843	1,498,127	2,131,641	2,859,436	4,069,047	3,226,045
Education	22,239,671	24,115,765	30,159,562	36,423,566	27,562,131	27,328,710	26,811,390	45,366,104	31,850,277	33,351,865
Debt Service										
Principal	6,666,065	7,176,838	6,424,014	8,240,495	9,719,273	11,551,597	13,660,527	14,511,973	14,307,300	13,810,496
Interest and fees	6,032,825	5,139,600	5,062,698	6,491,804	5,575,501	4,959,473	3,849,231	4,547,768	4,318,798	4,518,023
Total primary government expenses	\$ 111,975,916	\$ 110,391,394	\$ 120,376,586	\$ 136,658,963	\$ 125,078,124	\$ 127,558,125	\$ 134,705,458	\$ 157,534,129	\$ 141,781,336	\$ 162,665,165
Excess of revenues over (under) expenditures	(4,284,711)	(268,607)	(4,942,598)	(14,769,824)	(1,052,102)	3,927,500	2,701,961	(19,502,980)	(361,957)	(1,773,642)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Other financing sources (uses)</b>										
Bonds & capital lease issuance	\$ 20,803,000	\$ 329,485	\$ 329,485	\$ 5,497,253	\$ -	\$ 2,200,000	\$ 29,500,000	\$ 1,902,953	\$ -	\$ 21,145,000
Bond premium	35,475	-	52,029	-	-	-	2,529,669	-	-	3,847,498
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)	-	-	-	835,360
Transfers in	1,942,917	3,763,894	2,105,699	2,595,269	4,172,536	1,207,791	386,398	9,504,216	7,924,291	13,969,859
Transfers out	(1,767,916)	(3,451,870)	(1,705,695)	(2,195,269)	(4,174,566)	(1,207,791)	(386,398)	(8,650,865)	(7,852,805)	(13,969,859)
Total other financing sources (uses)	<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>	<u>32,029,669</u>	<u>2,756,304</u>	<u>71,486</u>	<u>25,827,858</u>
Net change in fund balances	<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>	<u>\$ 34,731,630</u>	<u>\$ (16,746,676)</u>	<u>\$ (290,471)</u>	<u>\$ 24,054,216</u>
Debt service as a percentage of noncapital expenditures	<u>11.41%</u>	<u>11.28%</u>	<u>9.69%</u>	<u>11.63%</u>	<u>12.48%</u>	<u>13.59%</u>	<u>13.33%</u>	<u>12.54%</u>	<u>13.53%</u>	<u>12.57%</u>

**Harnett County, North Carolina**  
**General Governmental Tax Revenues by Source<sup>1</sup>**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Ad Valorem</b>	<b>Sales Tax</b>	<b>Excise Stamp Real Property</b>	<b>Occupancy Tax</b>	<b>Cable TV Franchise</b>	<b>Total</b>
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
2017	62,973,475	20,518,531	524,096	536,184	199,443	84,751,729
2018	63,099,033	21,796,176	590,167	588,940	194,145	86,268,461
2019	65,856,490	23,633,916	577,423	559,449	191,975	90,819,253
2020	67,452,336	33,693,156	736,458	-	181,015	102,062,965

<sup>1</sup> 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 <sup>2</sup>	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>3</sup>	Assessed Value as a Percentage of Actual Value <sup>4</sup>
	Real Property	Public Service <sup>1</sup>	Motor Vehicle	Other					
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	557,527,295	364,317,559	272,762,996	7,362,317,000	0.725	7,883,552,942	93.39%
2015	6,662,194,513	172,878,610	793,557,474	373,097,429	285,138,156	7,716,589,870	0.750	7,245,769,283	106.50%
2016	6,936,338,652	193,236,973	852,439,776	368,420,022	294,049,816	8,056,385,607	0.750	7,852,739,210	102.59%
2017 <sup>5</sup>	6,967,722,434	195,247,388	918,026,527	360,205,365	293,157,895	8,148,043,819	0.750	7,509,695,274	108.50%
2018	7,315,657,297	201,237,625	961,509,860	363,254,196	314,350,768	8,527,308,210	0.750	7,330,046,836	116.33%
2019	7,388,162,947	192,608,831	1,059,727,569	479,953,699	352,986,800	8,767,466,246	0.750	8,513,030,873	102.99%
2020	7,895,924,067	215,670,039	1,094,229,365	520,070,544	337,360,248	9,388,533,767	0.750	8,864,179,805	105.92%

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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, 2017 and reflected in the 2018 fiscal year.

Source: Harnett County Tax Department and NCDMV

**Harnett County, North Carolina  
Property Tax Rates - Direct and Overlapping<sup>1</sup> Governments**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Harnett County	0.725	0.725	0.725	0.725	0.750	0.750	0.750	0.750	0.750	0.750
Municipalities:										
City of Dunn	0.480	0.480	0.500	0.500	0.500	0.500	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
Averasboro Fire District	0.070	0.070	0.070	0.070	0.090	0.090	0.090	0.090	0.090	0.090
Downtown Revitalization	-	0.120	0.012	0.012	0.012	0.012	0.012	0.012	0.012	0.012
Combined Rate	<b>1.225</b>	<b>1.225</b>	<b>1.245</b>	<b>1.245</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>
Town of Benson										
Satellite Properties	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.540	0.530	0.530
Combined Rate	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.280</b>	<b>1.280</b>	<b>1.280</b>	<b>1.290</b>	<b>1.280</b>	<b>1.280</b>
Town of Broadway										
Satellite Properties	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.490	0.490	0.490
Combined Rate	<b>1.165</b>	<b>1.165</b>	<b>1.165</b>	<b>1.165</b>	<b>1.190</b>	<b>1.190</b>	<b>1.190</b>	<b>1.240</b>	<b>1.240</b>	<b>1.240</b>
Town of Lillington										
Combined Rate	<b>1.245</b>	<b>1.245</b>	<b>1.245</b>	<b>1.245</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>
Town of Coats										
Combined Rate	<b>1.275</b>	<b>1.315</b>	<b>1.315</b>	<b>1.315</b>	<b>1.340</b>	<b>1.340</b>	<b>1.340</b>	<b>1.340</b>	<b>1.340</b>	<b>1.340</b>
Town of Angier										
Combined Rate	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.280</b>	<b>1.280</b>	<b>1.280</b>	<b>1.280</b>	<b>1.280</b>	<b>1.280</b>
Town of Erwin										
Combined Rate	<b>1.275</b>	<b>1.205</b>	<b>1.205</b>	<b>1.205</b>	<b>1.230</b>	<b>1.260</b>	<b>1.260</b>	<b>1.260</b>	<b>1.260</b>	<b>1.260</b>

**Harnett County, North Carolina**  
**Property Tax Rates - Direct and Overlapping<sup>1</sup> Governments**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	<b>0.835</b>	<b>0.835</b>	<b>0.835</b>	<b>0.835</b>	<b>0.860</b>	<b>0.860</b>	<b>0.860</b>	<b>0.860</b>	<b>0.860</b>	<b>0.860</b>
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	<b>0.795</b>	<b>0.795</b>	<b>0.795</b>	<b>0.795</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>
Benhaven Fire District	0.070	0.080	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.100
Combined Rate	<b>0.795</b>	<b>0.805</b>	<b>0.815</b>	<b>0.815</b>	<b>0.840</b>	<b>0.840</b>	<b>0.840</b>	<b>0.840</b>	<b>0.840</b>	<b>0.850</b>
Benson Banner Fire District	-	0.070	0.070	0.070	0.070	0.090	0.090	0.100	0.100	0.100
Combined Rate	-	<b>0.795</b>	<b>0.795</b>	<b>0.795</b>	<b>0.820</b>	<b>0.840</b>	<b>0.840</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>
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	<b>0.795</b>	<b>0.795</b>	<b>0.795</b>	<b>0.795</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>
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	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>
Bunnlevel Rural FD	0.110	0.110	-	-	-	-	-	-	-	-
Combined Rate	<b>0.835</b>	<b>0.835</b>	-	-	-	-	-	-	-	-
Crains Creek	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>
Coats-Grove Fire District	0.080	0.080	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.090
Combined Rate	<b>0.805</b>	<b>0.805</b>	<b>0.815</b>	<b>0.815</b>	<b>0.840</b>	<b>0.840</b>	<b>0.840</b>	<b>0.840</b>	<b>0.840</b>	<b>0.840</b>
Cypress Creek	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Combined Rate	<b>0.810</b>	<b>0.810</b>	<b>0.810</b>	<b>0.810</b>	<b>0.835</b>	<b>0.835</b>	<b>0.835</b>	<b>0.835</b>	<b>0.835</b>	<b>0.835</b>
Duke (Erwin) Fire District	0.070	0.070	0.070	0.070	0.070	0.080	0.080	0.085	0.085	0.095
Combined Rate	<b>0.795</b>	<b>0.795</b>	<b>0.795</b>	<b>0.795</b>	<b>0.820</b>	<b>0.830</b>	<b>0.830</b>	<b>0.835</b>	<b>0.835</b>	<b>0.845</b>
Flat Branch Fire District	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.130
Combined Rate	<b>0.845</b>	<b>0.845</b>	<b>0.845</b>	<b>0.845</b>	<b>0.870</b>	<b>0.870</b>	<b>0.870</b>	<b>0.870</b>	<b>0.870</b>	<b>0.880</b>

**Harnett County, North Carolina  
Property Tax Rates - Direct and Overlapping<sup>1</sup> Governments**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Flatwoods	0.150	0.150	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Combined Rate	<b>0.875</b>	<b>0.875</b>	<b>0.845</b>	<b>0.845</b>	<b>0.870</b>	<b>0.870</b>	<b>0.870</b>	<b>0.870</b>	<b>0.870</b>	<b>0.870</b>
Godwin Falcon	-	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	-	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>
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	<b>0.805</b>	<b>0.805</b>	<b>0.805</b>	<b>0.805</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>
Spout Springs	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.120	0.120
Combined Rate	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.870</b>	<b>0.870</b>
Summerville	0.070	0.070	-	-	-	-	-	-	-	-
Combined Rate	<b>0.795</b>	<b>0.795</b>	-	-	-	-	-	-	-	-
Summerville Bunnlevel	-	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.100	0.100
Combined Rate	-	<b>0.805</b>	<b>0.805</b>	<b>0.805</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>	<b>0.850</b>	<b>0.850</b>
West Area Fire District	-	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	-	<b>0.825</b>	<b>0.825</b>	-	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>
West Johnston Fire District	-	-	-	-	0.070	0.070	0.070	0.070	0.070	0.070
Combined Rate	-	-	-	-	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>

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<sup>1</sup> Overlapping rates are those of local and county governments that apply to property owners within Harnett County. Not all overlapping rates apply to all Harnett County property owners (e.g. the rates for special districts apply only to the proportion of the governments'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	2020			2011		
	2019 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2010 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Atlantic Coast Pipeline, LLC	\$ 98,988,563	1	1.20%			
Duke Energy Progress	89,770,694	2	1.10%	65,587,931	1	1.10%
Rooms to Go	58,636,630	3	0.70%			
South River EMC	42,880,055	4	0.50%	32,939,854	3	0.50%
Delhaize America, Inc	32,293,460	5	0.40%	25,401,960	4	0.40%
Central EMC	24,560,831	6	0.30%			
Wal-Mart Real Estate Business	21,907,160	7	0.30%	12,318,880	10	0.20%
Wincor	10,991,810	8	0.10%			
Carolina Telephone	10,090,869	9	0.10%	39,450,992	2	0.60%
Piedmont Natural Gas Co., Inc.	9,413,424	10	0.10%			
Delhaize America Transportation, LLC				17,985,130	5	0.30%
Edwards Brothers				15,718,867	6	0.30%
Oldcastle				15,318,228	7	0.20%
Elmwood Builders				14,327,950	8	0.20%
Edward S. Turlington				13,884,610	9	0.20%
	<u>\$ 399,533,496</u>		<u>4.80%</u>	<u>\$ 252,934,402</u>		<u>4.00%</u>

<sup>1</sup> 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)**

<b>Fiscal Year Ended June 30</b>	<b>Total Net Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>			<b>Total Collections to Date</b>	
		<b>Current Tax Collections</b>	<b>Percent of Net Levy Collected</b>	<b>Collected in Subsequent Years</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections To Net Levy</b>
2011	50,653,906	49,457,451	97.64%	1,079,789	50,537,240	99.77%
2012	52,116,730	50,733,856	97.35%	1,230,032	51,963,888	99.71%
2013	53,497,265	52,209,047	97.59%	1,097,523	53,306,570	99.64%
2014	57,157,246	56,392,456	98.66%	682,442	57,074,898	99.86%
2015	58,578,502	58,254,988	99.45%	280,837	58,535,825	99.93%
2016	61,131,564	60,690,471	99.28%	383,335	61,073,806	99.91%
2017	62,808,873	62,470,305	99.46%	263,450	62,733,755	99.88%
2018	63,211,354	62,911,822	99.53%	208,326	63,120,148	99.86%
2019	65,988,291	65,733,131	99.61%	128,407	65,861,538	99.81%
2020	67,744,202	67,264,728	99.29%	-	67,264,728	99.29%

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	Per Capita <sup>1</sup>
	Capitalized Leases	Installment Purchase	Limited Obligation Bonds	General Obligation Bonds	Capitalized Leases	Installment Purchase	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Special Obligation Bonds	State Bond Loan		
2011	299,773	126,224,456	-	-	-	6,858,851	23,013,000	13,350,000	-	-	15,465,030	185,211,110	1,562
2012	437,297	120,798,269	-	-	-	5,758,367	35,297,000	12,805,000	-	-	25,551,602	200,647,535	1,654
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	1,963
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	1,869
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	1,611
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	1,664
2017	21,516,887	148,494,622	-	-	180,835	1,923,553	29,935,000	10,418,000	17,340,000	1,102,000	15,730,902	246,641,799	1,882
2018	20,710,289	108,667,200	-	28,025,000	26,041	1,712,075	28,949,000	9,585,000	16,570,000	929,000	14,452,826	229,626,431	1,724
2019	18,120,802	98,424,386	-	26,550	-	1,502,990	27,946,000	8,730,000	15,790,000	752,000	13,174,748	184,467,476	1,364
2020	16,700,284	87,453,759	21,145,000	25,075,000	-	1,297,429	26,913,000	7,855,000	14,985,000	571,000	11,896,672	213,892,144	1,557

<sup>1</sup> 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.

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, 2020**  
**(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated share of Overlapping Debt</u>
Harnett County			
Debt repaid with property taxes	\$ 150,374,043	100%	<u>\$ 150,374,043</u>
Total direct debt			150,374,043
Municipality:			
Town of Angier	4,407,529	100%	4,407,529
Town of Coats	-	100%	-
City of Dunn	7,254,350	100%	7,254,350
Town of Erwin	-	100%	-
Town of Lillington	1,400,000	100%	<u>1,400,000</u>
Total overlapping debt			13,061,879
 Total direct and overlapping debt			 <u><u>\$ 163,435,922</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.

<sup>1</sup> 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 <sup>1</sup>	Direct Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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%
2017	34,090,243	20,843,978	13,246,265	833,000	263,575	1,096,575	1207.97%
2018	37,788,792	22,945,987	14,842,805	855,000	242,501	1,097,501	1352.42%
2019	38,416,283	23,759,031	14,657,252	875,000	220,869	1,095,869	1337.50%
2020	39,711,911	21,679,777	18,032,134	896,000	198,731	1,094,731	1647.17%

<sup>1</sup> Total operating revenues including interest

<sup>2</sup> 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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 564,797	\$ 574,422	\$ 587,486	\$ 586,243	\$ 624,066	\$ 634,974	\$ 651,844	\$ 654,277	\$ 699,838	\$ 703,537
Total net debt applicable to limit	\$ 148,840	\$ 152,546	\$ 195,973	\$ 189,739	\$ 260,392	\$ 100,000	\$ 259,449	\$ 228,452	\$ 215,850	\$ 201,026
Legal debt margin	\$ 415,957	\$ 421,876	\$ 391,513	\$ 396,504	\$ 363,674	\$ 534,974	\$ 392,395	\$ 425,825	\$ 483,988	\$ 502,511
Total net debt applicable to the limit as a percentage of debt limit	26.35%	26.56%	33.36%	32.37%	41.73%	15.75%	39.80%	34.92%	30.84%	28.57%

**Legal Debt Margin Calculation for Fiscal Year 2020**

Assessed Value	8,794,213,255
Debt Limit (8% of total assessed value)	703,537,060
Debt applicable to limit:	
Certificates of participation	-
Installment purchase	88,751,189
Revolving loan	11,896,671
General obligation bond	51,988,000
State bond loans	-
Revenue bonds	7,855,000
Limited obligation bond	36,130,000
Special obligation bond	571,000
Obligation under capital lease	16,700,284
Subtotal	213,892,144
Authorized and unissued debt	49,355,000
Total Gross Debt	263,247,144
Less: Statutory deductions	
Bonds issued and outstanding for water and sewer purposes	54,365,671
Revenue bonds	7,855,000
	62,220,671
Total amount of debt applicable to debt limit	201,026,473
Legal debt margin	\$502,510,587

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

<b>Fiscal Year Ended June 30</b>	<b>Population <sup>1</sup></b>	<b>Median Household Income <sup>2</sup></b>	<b>Per Capita Income <sup>2</sup></b>	<b>Median Age <sup>2</sup></b>	<b>School Enrollment <sup>3</sup></b>	<b>Unemployment Rate <sup>2</sup></b>
2011	118,597	N/A	18,725	34	19,011	11.8%
2012	121,317	N/A	18,884	34	19,378	11.2%
2013	123,428	N/A	18,884	34	19,868	10.5%
2014	125,600	41,962	19,226	34	19,847	7.4%
2015	127,038	41,735	19,095	34	20,099	7.3%
2016	129,434	44,417	20,939	35	20,252	5.4%
2017	131,042	48,301	31,129	34	20,357	5.1%
2018	133,172	51,106	32,010	34	20,306	4.8%
2019	135,239	51,406	32,947	34	20,097	4.1%
2020	137,358	51,225	34,604	34	20,188	5.0%

<sup>1</sup> North Carolina Office of State Budget and Management

<sup>2</sup> North Carolina Department of Commerce, AccessNC

<sup>3</sup> Harnett County Board of Education

**Harnett County, North Carolina  
Principal Utility Rate Payers  
Ten Year Comparison  
(Unaudited)**

<b>Customer</b>	<b>2020</b>			<b>Contract Expiration</b>
	<b>Gallons Used (000's)</b>	<b>Annual Revenues</b>	<b>Percentage of Total Water Revenues</b>	
Ft. Bragg Main Base	1,345,443	\$2,200,527	17.85%	2046
Town of Fuquay-Varina	419,537	884,089	7.17%	2040
Town of Lillington	234,222	480,156	3.90%	Automatic Renewal
Town of Angier	203,070	416,294	3.38%	2046
Ft. Bragg-Linden Oaks Housing Area	108,485	258,193	2.09%	2053
Campbell University	52,928	108,502	0.88%	Automatic Renewal
Harnett County Schools	43,758	337,571	2.74%	Indefinite
Waste Industries	8,894	300,233	2.44%	Indefinite
Septic Waste-Various Haulers	3,666	343,175	2.78%	Indefinite
Charah Inc.	2,688	228,480	1.85%	Automatic Renewal
	<u>2,422,691</u>	<u>\$5,557,220</u>	<u>45.08%</u>	

Source: Harnett Regional Water Department



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

<b>Employer</b>	<b>Employment Type</b>	<b>2020</b>	<b>2011</b>
		<b>Employment Range</b>	<b>Employment Range</b>
Harnett County Public Schools	Educational Services	1,000 +	1,000 +
Campbell University	Educational Services	1,000 +	500 - 999
Food Lion Distribution Center	Retail Trade	1,000 +	500 - 999
County of Harnett	Public Administration	1,000 +	500 - 999
Harnett Health System (Betsy Johnson)	Health Care and Social Assistance	500 - 999	500 - 999
Wal-Mart Associates, Inc.	Retail Trade	500 - 999	250 - 499
Carlie C's Operation Center, Inc.	Retail Trade	250 - 499	
NC Department of Public Safety	Public Administration	250 - 499	250 - 499
Rooms to Go	Retail Trade	250 - 499	
Champion Home Builders Inc	Manufacturing	100 - 249	
Saab Barracuda, LLC	Manufacturing		100 - 249
Edwards Brothers, Inc	Manufacturing		250 - 499
Grey Metal South	Manufacturing		100 - 249

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

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
General Government	99	99	101	101	103.47	103.47	114.07	114.07	123.25	115
Public Safety	277.5	278.5	286.5	298.5	303.5	317	340	340	357.5	353
Environmental Protection	3	2	2	2	3	3	3	3	3	3
Economic and Physical Development	43	43	37	38	24	24	24.75	24.75	31.63	27
Human Services	259.5	259.5	259.5	257.5	256.25	256.25	264.18	264.18	263	256
Cultural & Recreation	12	12	13	13	14	14	21	21	22	25
Water and Wastewater	95	95	100	101	101.5	101.5	105.2	105.2	105	104
Solid Waste	13	13	13	14	15.28	15.28	16	16	17	17
<b>Total</b>	<b>802</b>	<b>802</b>	<b>812</b>	<b>825</b>	<b>821</b>	<b>834.5</b>	<b>888.2</b>	<b>888.2</b>	<b>922.38</b>	<b>900</b>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fire										
Number of calls answered	6,110	6,234	6,507	6,707	5,783	6,926	8,897	8,740	7,889	6,927
Emergency Medical Services										
Number of Calls Answered	-	30,660	27,923	28,128	28,260	20,920	22,327	23,330	24,359	23,978
Number of Transports Scheduled	-	9,125	8,234	8,577	6,336	8,963	10,829	9,513	9,572	8,503
Sheriff										
Number of law violations:										
Arrests	10,656	10,869	10,000	11,014	10,650	8,228	8,228	3,223	3,896	2,540
Traffic violations	2,394	2,442	5,423	4,249	4,574	4,757	4,757	4,608	6,179	2,726
Inspections										
Number of permits issued	3,085	3,156	2,329	2,794	2,242	2,800	2,926	2,399	3,311	2,491
Culture and Recreation										
Circulation	411,437	365,817	344,394	266,376	356,210	312,489	291,329	315,945	296,710	273,084
Utilities										
Water System:										
Daily average treatment in gallons	13,293,948	13,107,763	13,270,531	13,458,193	14,303,069	15,260,645	15,798,980	15,798,980	16,234,505	16,261,357
Sewer System:										
Daily average treatment in gallons	3,266,397	3,203,849	5,500,974	9,069,152	8,146,790	8,579,768	10,006,818	10,006,818	10,005,959	8,385,830

Source: Information provided by various county departments

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

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Fire										
Number of Stations	19	19	19	19	20	20	20	20	20	20
Emergency Medical Services										
Number of Ambulances	-	27	27	27	27	28	31	32	33	34
Number of Quick Response Vehicles	-	9	9	9	9	9	9	9	9	9
Number of Transport Vans	-	2	2	2	2	2	2	2	2	2
Sheriff										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	138	156	176	176	176	181	177	177	177	172
Culture and Recreation										
Number of libraries	6	6	6	6	6	6	7	7	7	7
Library collections	219,849	217,323	237,630	209,709	226,870	249,268	269,880	300,199	327,852	336,106
Number of Parks	5	5	6	6	6	7	8	8	8	8
Park acreage	1,100	1,100	1,101	1,101	1,101	1,215	1,222	1,222	1,222	1,222
Number of Ball Fields	6	6	6	6	6	6	8	8	8	8
Number of tennis courts	12	12	12	12	12	12	12	12	12	12
Number of playground areas	1	1	1	2	2	2	3	3	3	3
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	2,132	2,200	2,221	2,239	2,239	1,433	1,438	1,451	1,456	1,523
Number of service connections	41,241	42,001	42,274	42,900	43,555	44,274	44,568	45,110	45,709	46,704
Number of fire hydrants	4,548	4,548	4,571	4,603	4,603	4,605	4,630	4,977	5,090	5,102

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

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Sewer System:										
Miles of sanitary sewer	326	326	341	354	354	362	364	406	408	417
Number of treatment plants	4	4	3	2	2	2	2	2	2	2
Number of service connections	10,072	10,421	10,920	11,421	11,970	12,515	12,688	13,031	13,218	13,191
Maximum daily capacity of treatment plant in gallons	12,100,000	12,100,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000	22,500,000	22,500,000	22,500,000
Facilities and services not included in primary government:										
Education:										
Number of schools	27	27	27	27	28	28	28	29	29	28
Number of teachers	1,230	1,181	1,335	1,335	1,227	1,252	1,260	1,257	1,257	1,239
Number of students	19,011	19,378	19,868	19,847	20,099	20,252	20,357	20,306	20,097	19,940
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	2	2	2	2	2	2	2	2
Number of patient beds	101	101	151	151	151	151	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; Required by the Uniform Guidance and the State Single Audit Implementation Act

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the 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 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 15, 2021.

### **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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harnett County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 15, 2021

# 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; Required by the 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 Harnett County, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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.

## **Opinion on Each Major Federal Program**

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

## **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 requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harnett County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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  
January 15, 2021

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

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

## **Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the 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, 2020. 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Harnett County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of 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 compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

## 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 each major state program in order to determine our 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 reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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  
January 15, 2021

# HARNETT COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

### 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? No
- Significant deficiencies identified? None reported

Non-compliance material to financial  
statements noted? No

#### Federal Awards

Internal control over major federal  
programs:

- Material weaknesses identified? No
- Significant deficiencies identified? 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)? No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778
Coronavirus Relief Fund (CRF)	21.019
Child Support Enforcement	93.563
Aging Cluster	93.044, 93.045, 93.053

Dollar threshold used to distinguish  
between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? Yes

**HARNETT COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**State Awards**

Internal control over major state programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

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

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

Identification of major state programs:

**Program Name**

Medicaid Cluster

Aging Cluster

Public School Building Capital Fund



## **HARNETT COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020**

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

None reported

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

None reported

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

None reported

**HARNETT COUNTY, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

None

## HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed-Through to Subrecipients
			Federal	State	
<b>FEDERAL AWARD EXPENDITURES</b>					
<u>U.S. Department of Agriculture</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Social Services:					
<u>Supplemental Nutrition Assistance Program Cluster:</u>					
<u>Food and Nutrition Services Cluster (Note 3):</u>					
State Administrative Matching Grant for the					
Supplemental Nutrition Assistance Program - Administration	10.561	185NC406S2514	\$ 974,953	\$ -	\$ -
Total SNAP Cluster			974,953	-	-
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program					
for Women, Infants, and Children (Note 4)	10.557	5NC700705	646,920	-	-
Total of Public Health			646,920	-	-
<u>Total U.S. Department of Agriculture</u>					
			1,621,873	-	-
<u>U.S. Department of Justice Office</u>					
Office of Justice Programs					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0758	3,843	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0504	1,313	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0559	14,923	-	-
Drug Court Discretionary Grant Program	16.585	2016-DC-BX-0020	30,962	-	-
Drug Court Discretionary Grant Program	16.585	2019-VC-BX-0081	93,688	-	-
Drug Enforcement Agency - Alcohol, Tobacco, and Firearms					
Training Assistance Program	16.012	G17GA0004A	17,044	-	-
<u>Total U.S. Department of Justice Office</u>					
			161,773	-	-
<u>U.S. Department of Treasury</u>					
Passed-through NC Office of Management and Budget, NC Pandemic Recovery Office					
COVID-19 Coronavirus Relief Fund (CRF) (Note 5)	21.019		3,583,509	-	1,111,683
<u>Total U.S. Department of Treasury</u>					
			3,583,509	-	1,111,683
<u>U.S. Department of Labor</u>					
Department of Labor/Employment and Training					
Passed-through Central Carolina Community					
WIOA Cluster					
WIA/WIOA Adult Program	17.258	13-2040-02	171,330	-	-
WIA/WIOA Youth Activities	17.259	13-2040-02	273,874	-	-
WIA/WIOA Dislocated Worker Formula Grant	17.278	13-2040-02	121,651	-	-
Total WIOA Cluster			566,855	-	-
<u>Total U.S. Department of Labor</u>					
			566,855	-	-
<u>U.S. Department of Health and Human Services</u>					
Administration For Community Living					
Passed-Through Mid-Carolina Council of Governments:					
Aging Cluster:					
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	UNKNOWN	143,817	162,176	-
Nutrition Services Incentive Program	93.053	UNKNOWN	42,396	-	-
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	20.701	109,569	135,116	-
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	16-701-250	9,190	9,955	-
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	16-701-33	36,505	39,547	-
Total Aging Cluster			341,477	346,794	-
Special Programs for the Aging:					
National Family Caregiver Support, Title III, Part E	93.052	17-701	26,648	2,006	-
<u>Total Administration For Community Living</u>					
			368,125	348,800	-
Division of Administration for Children & Families					
Passed-Through the N.C. Department of Health & Human Services:					
Division of Social Services					
Subsidized Child Care Cluster: (Note 3)					
Child Care Development Fund Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and					
Development Fund - Administration	93.596	G1901NCCCDF	140,282	-	-
Total Child Care Development Fund Cluster			140,282	-	-
Subsidized Child Care Cluster					
			140,282	-	-

## HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed-Through to Subrecipients
			Federal	State	
Division of Social Services					
Foster Care and Adoption Cluster: (Note 3)					
Foster Care - Title IV-E - Administration	93.658	1501NCFOST,1601NCFOST	516,224	176,588	-
COVID-19 -Foster Care - Title IV-E - Administration	93.658	1501NCFOST,1601NCFOST	11,087	708	-
Adoption Assistance - Administration (Note 3)	93.659	1501NCADPT,1601NCADPT	23,460	-	-
Direct Benefit Payments:					
Foster Care - Title IV-E	93.658	1501NCFOST,1601NCFOST	459,687	135,389	-
COVID-19 - Foster Care Title IV-E - Supplemental Payments	93.658	1501NCFOST,1601NCFOST	16,200	-	-
Total Foster Care and Adoption Cluster			1,026,658	312,685	-
Temporary Assistance for Needy Families					
Division of Social Services					
Administration:					
Temporary Assistance for Needy Families - TANF	93.558	G1602NCTANF & 1702NCTANF	625,018	-	-
Temporary Assistance for Needy Families	93.558	1602NCTAN3	97,804	-	-
Division of Public Health Temporary Assistance for Needy Families - TANF	93.558	G1602NCTANF & 1702NCTANF	86,216	-	-
Total TANF			809,038	-	-
Direct Benefit Payments:					
Low-Income Home Energy Assistance	93.568	G16B1NCLIEA & G17B1NCLIEA	543,649	-	-
Low-Income Home Energy Assistance	93.568	G16B1NCLIEA & G17B1NCLIEA	571,868	-	-
John H Chafee Foster Care Independence Program for Successful Transition to Adulthood	93.674	G1501NC1420,G1601NC1420	5,454	-	-
Administration:					
Special Children Adoption Fund Cluster (Note 3):					
Promoting Safe and Stable Families	93.556	G1501NCFPSS & G1601NCFPSS	8,738	-	-
Total Special Children Adoption Fund Cluster			8,738	-	-
Refugee and Entrant Assistance - State Replacement Designee Administered Programs	93.566	1601NCRMA	153	-	-
Child Support Enforcement	93.563	1604NC4005	1,117,921	-	-
Low-Income Home Energy Assistance	93.568	G16B1NCLIEA & G17B1NCLIEA	93,539	-	-
Stephanie Tubb Jones Child Welfare Services Program	93.645	G1501NCCWSS & G1601NCCWSS	36,580	-	-
Social Services Block Grant - In Home Services	93.667	G1601NCSOSR & G1701NCSOSR	40,469	-	-
Social Services Block Grant - Adult Protective Services	93.667	G1601NCSOSR & G1701NCSOSR	14,995	-	-
Social Services Block Grant - Adult Day Care	93.667	G1601NCSOSR & G1701NCSOSR	14,071	7,750	-
Social Services Block Grant - Adult Day Care Over 60	93.667	G1601NCSOSR & G1701NCSOSR	4,181	1,557	-
Social Services Block Grant - Other Services	93.667	G1601NCSOSR & G1701NCSOSR	252,549	-	-
Social Services Block Grant - CPS TANF to SSBG	93.667	G1601NCSOSR & G1701NCSOSR	141,881	-	-
John H Chafee Foster Care Independence Program for Successful Transition to Adulthood	93.674	G1501NC1420,G1601NC1420	11,533	2,883	-
Total Division of Administration for Children & Families			4,833,559	324,875	-
Centers for Medicare and Medicaid Services					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Division of Social Services					
Medicaid Cluster:					
Administration:					
Medical Assistance Program (Note 4)	93.778	XIX-MAP20	2,945,436	10,352	-
Total Medicaid Cluster			2,945,436	10,352	-
Division of Social Services					
Administration:					
Children's Health Insurance Program - NC Health Choice (Note 4)	93.767	CHIP20	103,784	1,546	-
Total State Children's Health Insurance Program - NC Health Choice			103,784	1,546	-
Total for Centers for Medicare and Medicaid Services			3,049,220	11,898	-
Center for Disease Control and Prevention					
Passed-Through the N.C. Department of Health and Human Services:					
Immunization Cooperative Agreements	93.268	3H23IP000759-04	34,330	-	-
Division of Public Health					
Hospital Preparedness Program (HPP) and Public Health Emergency					
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5U90TP000538-02	38,729	-	-
Project Grants and Cooperative Agreements for Tuberculosis					
Control Programs	93.116	1U52PS004698-02	50	-	-
Preventive Health and Health Services Block Grant	93.991	1NB01OT009160-01-00	30,921	-	-
NC Cooperative Agreement for Emergency Response: Public Health					
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response	93.354	NU90TP922104	81,397	-	-
Total Public Health Crisis Response			81,397	-	-
Health Resources and Service Administration					
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC29320	141,140	11,132	-
Total Health Resources and Service Administration			141,140	11,132	-
Total Centers for Disease Control and Prevention			326,567	11,132	-

## HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed-Through to Subrecipients
			Federal	State	
Office of Assistant Secretary For Health Passed-Through the N.C. Department of Health and Human Services:					
Family Planning - Services	93.217	FHPA046226-01-00	70,553	-	-
Total Office of Assistant Secretary for Health		FHPA046226-02-00	70,553	-	-
Division of Substance Abuse and Mental Health Services Administration Direct Program - BJA Drug Court 2016 Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI026778-03	113,256	-	-
Total Division of Substance Abuse and Mental Health Services			113,256	-	-
<u>N.C. Department of Insurance</u>					
Division of Seniors Health Insurance Information Program Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	UNKNOWN	10,291	-	-
Total N.C. Department of Insurance			10,291	-	-
<u>Total U.S. Department of Health and Human Services</u>					
			8,771,571	696,705	-
<u>Corporation for National and Community Service</u>					
Retired and Senior Volunteer Program	94.002	15SRNC005	47,500	-	-
Total Corporation for National and Community Service			47,500	-	-
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation Airport Improvement Program - Airport Terminal	20.106	36237.25.15.1 & 36237.25.17.1	144,649	-	-
Airport Improvement Program - Jetport Terminal	20.106	36237.25.18.1	12,063	-	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	19-CT-040 36233.50.21 20-39-040R 44637.46.1.3	196,512	24,564	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	20-CT-040 36233.50.22.1	199,015	12,437	-
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program- CARES Act Highway Safety Cluster	20.509	20-CA-040	349,369	-	-
State and Community Highway Safety Total Highway Safety Cluster	20.600	PT-20-06-12 2000030710/3000111637	77,784	-	-
			77,784	-	-
<u>Total U.S. Department of Transportation</u>					
			979,392	37,001	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Crime Control and Public Safety Division of Emergency Management Emergency Management Performance Grants	97.042	EMA-2019-EP-00002/ MOA#19042	26,640	26,640	-
Total N.C. Dept. of Crime Control and Public Safety			26,640	26,640	-
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<b>15,759,113</b>	<b>760,346</b>	<b>1,111,683</b>
<b>STATE AWARD EXPENDITURES</b>					
<u>N.C. Department of Agriculture &amp; Consumer Services</u>					
Veterinary Division Animal Welfare Section Icare Spay and Neuter Program			-	1,277	-
Total N.C. Department of Agriculture & Consumer Services			-	1,277	-
<u>N.C. Department of Natural and Cultural Resources</u>					
State Aid to Public Libraries		45310	-	174,301	-
NC Arts Council		FY19-91507	-	22,360	-
NC Division of Parks & Recreation PARTF - Government Complex Park Phase I			-	266,872	-
Total N.C. Department of Natural and Cultural Resources			-	463,533	-

## HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed-Through to Subrecipients
			Federal	State	
<u>N.C. Department of Health and Human Services</u>					
Division of Public Health:					
Food and Lodging Fees			-	16,502	-
Evidence - Based Intervention Services			-	50,000	-
General Aid to Counties			-	112,781	-
General Communicable Disease Control			-	4,001	-
Healthy Communities			-	3,785	-
Child Health			-	24,969	-
HIV/STD State			-	500	-
Woman Health Services Fund			-	11,597	-
STD Drugs			-	681	-
School Nursing Funding Initiative			-	150,000	-
Family Planning - State			-	4,856	-
High Risk Maternity Clinics			-	-	-
Maternal Health			-	10,403	-
TB Control			-	33,969	-
<b>Total Division of Public Health</b>			-	<b>424,044</b>	-
<u>Division of Social Services</u>					
Division of Social Services					
Administration:					
State Child Welfare/CPS/CS LD			-	164,037	-
Duke Energy			-	-	-
Smart Start			-	67,099	-
Emergency Assistance Private Grant			-	14,855	-
Direct Benefit Payments:					
Extended FC/Max Non IV-E			-	2,916	-
SFHF Maximization			-	79,896	-
State Foster Home Program			-	89,839	-
<b>Total Division of Social Services</b>			-	<b>418,642</b>	-
<b>Total N.C. Department of Health and Human Services</b>			-	<b>842,686</b>	-
<u>N.C. Department of Public Safety</u>					
Division of Juvenile Justice					
CBA-Juvenile Restitution		543-10591	-	87,976	-
CBA-JCPC ADM		543-11433	-	1,927	-
Pal Career Readiness		243-23210	-	25,000	-
School Kids in Power (SKIP)		543-23077	-	36,000	-
Re-Entry-Healthy Choice		543-10619	-	41,000	-
Take Two at the Academy		243-23200	-	34,884	-
Teen Court at Risk Youth		543-11764	-	41,388	-
Division of Emergency Management					
2019 Tier II LEPC Grant		T2-2016-37085	-	1,000	-
<b>Total N.C. Department of Public Safety</b>			-	<b>269,175</b>	-
<u>N.C. Department of Transportation</u>					
Passed-Through the N.C. Department of Transportation					
State Aid to Airports		36244.35.7.1		238,534	
DOT Cluster					
Rural Operating Assistance Program (ROAP):					
Work First Transportation Grant		FY20 ROAP	-	32,440	-
Rural General Public Program (RGP)		FY20 ROAP	-	150,772	-
Elderly and Disabled Transportation Assistance Program (EDTAP)		FY20 ROAP	-	101,016	-
<b>Total DOT Cluster</b>			-	<b>284,228</b>	-
<b>Total N.C. Department of Transportation</b>			-	<b>522,762</b>	-
<u>NC Cooperative Extension Service Agriculture</u>					
Natural Resources and Community & Rural Development					
NC AG Ventures Grant Program			-	13,510	-
<b>Total NC Cooperative Extension Service Agriculture</b>			-	<b>13,510</b>	-
<u>NC Department of Public Instruction</u>					
Public School Building Capital Fund (Lottery)					
				2,202,592	
<b>Total NC Department of Instruction</b>			-	<b>2,202,592</b>	-
<u>NC Department of Military and Veterans Affairs</u>					
Division of Veterans Affairs					
			-	2,182	-
<b>Total NC Department of Military and Veterans Affairs</b>			-	<b>2,182</b>	-
<b>TOTAL STATE AWARD EXPENDITURES</b>			-	<b>4,317,717</b>	-
<b>TOTAL FEDERAL/STATE AWARD EXPENDITURES</b>			<b>\$ 15,759,113</b>	<b>\$ 5,078,063</b>	<b>\$ 1,111,683</b>

## HARNETT COUNTY, NORTH CAROLINA

### SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2020

#### 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, 2020. 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: Foster Care and Adoption Cluster, Subsidized Child Care Cluster, Special Children Adoption Fund Cluster, and Food Nutrition Services Cluster.

#### Note 4: Benefit Payments Issued by the State

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

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women Infant and Children	10.557	\$ 2,578,303	\$ -
Temporary Assistance for Needy Families	93.558	424,967	288,905
Adoption Assistance	93.659	657,749	153,521
Medical Assistance Program	93.778	110,747,341	51,098,486
Children's Health Insurance Program	93.767	3,388,024	229,836
Child Welfare Services Adoption		-	275,268
State / County Special Assistance program		-	690,500

#### Note 5: Coronavirus Relief Funds

Harnett County received \$2,462,374 of funding from the Coronavirus Relief Fund (21.019) in accordance with HB 1043 and is scheduled to receive \$2,639,015 appropriated from HB 1023. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Harnett County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.

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