

FEDERAL AND STATE GRANTS AND AWARDS COMPLIANCE SECTION

- * Independent Auditors' 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 Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act.
- * Independent Auditors' Report on Compliance with Requirements Applicable to Each Major State Program and Internal control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act.
- * Schedule of Findings and Questioned Costs
- * Corrective Action Plan
- * Summary Schedule of Prior Audit Findings
- * Schedule of Expenditures of Federal and State Awards



**INDEPENDENT AUDITORS' 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**

Board of County Commissioners
Harnett County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina (the "County") as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the organization, the members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink that reads "Cherry Bekant Holland" followed by a stylized monogram "CBH".

Raleigh, North Carolina
October 30, 2009



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners
Harnett County, North Carolina

Compliance

We have audited the compliance of Harnett County, North Carolina (the "County"), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, the members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

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Raleigh, North Carolina
October 30, 2009



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners
Harnett County, North Carolina

Compliance

We have audited the compliance of Harnett County, North Carolina (the "County"), with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. The County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the County's internal control over compliance.

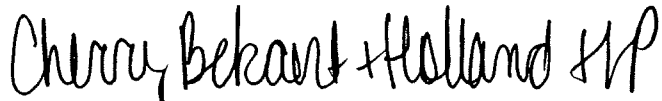
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the County's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, the members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink that reads "Cherry, Bekert & Holland LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 30, 2009

**HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to federal awards? _____ yes X no

Type of auditor's report issued on compliance for major federal programs: *Unqualified*

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.778	Medical Assistance Program
	Food and Nutrition Services Cluster
10.551	Food and Nutrition Services
10.561	State Administrative Matching Grants for Food and Nutrition Services
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
	Special Programs for the Aging – Title III Cluster
93.044	Grants for Supportive Services and Senior Centers
93.045	Nutrition Services
93.053	Nutrition Services Incentive Program
	Foster Care and Adoption Cluster
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.645	Child Welfare Services – Adoption Assistance Program IV-B

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

**HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

I – Summary of Auditors' Results (continued)

Auditee qualified as low-risk auditee? yes no

State Awards

Internal control over major state programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to state awards? yes no

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

Any audit findings disclosed that are required to reported in accordance with the *Audit Manual for Governmental Auditors in North Carolina*? yes no

Identification of major state programs:

State/County Special Assistance for Adults
Clean Water Management Trust Fund (Erwin Wastewater Improvements)
NC Clean Water Revolving Loan and Grant Program (South Central Wastewater)

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program are included in the list of major federal programs.

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

**HARNETT COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
Year Ended June 30, 2009**

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

None

**HARNETT COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009**

Finding: 08-01

Status: Completed

Finding: 08-02

Status: Completed

Finding: 08-03

Status: Completed

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
FEDERAL AWARD EXPENDITURES				
<u>U.S. Dept. of Agriculture</u>				
Division of Rural Utility Services				
South Central Wastewater	10.760		\$ 112,002	\$ -
Division of Rural Development II				
Housing Preservation	10.433	ER-08-0781	10,600	
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food and Nutrition Services	10.551		754,644	-
FNS Services Recovery-SNAP ARRA	10.561	9NC400407	28,342	
Direct Benefit Payment:				
State Administrative Matching Grant for Food and Nutrition Services	10.651		17,962,348	-
Total Food and Nutrition Services Cluster			18,745,334	-
Division of Public Health:				
Special Supplemental Food Program for Women, Infants and Children:				
Administration	10.557		460,754	-
Direct Benefit Payment:	10.557		2,628,532	-
Total Special Supplemental Food Program for Women, Infants and Children:			3,089,286	-
Total of Public Health			3,089,286	-
Total U.S. Dept. of Agriculture			21,957,222	-
<u>U.S. Dept. of Housing and Urban Development</u>				
Direct Program:				
Housing Assistance Payments Program:				
Vouchers	14.195		871,917	-
Total U.S. Dept. of Housing and Urban Development			871,917	-
<u>N.C. Dept. of Environmental & Natural Resources</u>				
Division of Purchase & Services				
NC One Map	15.808	851	11,664	-
N.C. Dept. of Environmental & Natural Resources			11,664	-
<u>U.S. Dept. of Justice Office of Justice Programs</u>				
Division Bureau of Justice Assistance				
State Criminal Alien Assistance Program	16.606	2009-G6415-NC-AP	9,959	-
Gang Resistance Education Training	16.737	2007-JV-FX-0222	10,568	
Division Bureau of Alcohol, Tobacco, Firearms and Explosives				
ATF Training Assistance	16.012		1,160	
Total U.S. Dept. of Justice Office of Justice Programs			21,687	-
<u>U.S. Dept. of Labor</u>				
Passed-through Mid-Carolina Council of Governments:				
Welfare Investment Act	17.263	08-H-WIA	481,194	-
Total U.S. Dept. of Labor			481,194	-
<u>U.S. Dept. of Health and Human Services</u>				
Division of Aging and Adult Services				
Passed-through Mid-Carolina Council of Governments:				
Special Programs for the Aging Title III Cluster:				
Senior Center Operations and Outreach	93.044	97C-000-0563/16-701	8,021	-
Nutrition Services	93.045	16-701	255,935	-
Nutrition Services Incentive Program	93.053	16-701	41,574	-
Retired Senior and Volunteer Program	93.044	20-701	4,363	-
Home and Community Care Block Grant	93.044	16-701	195,348	14,487
Medical Transportation General	93.044	16-701	9,224	9,992
Medical Transportation	93.044	16-701	52,596	56,979
Total Special Programs for the Aging Title III Cluster			567,060	81,458
Special Programs for the Aging:				
Family Caregiver Support Program	93.052	17-701	27,203	6,387
Passed-through Corporation for National Service:				
National Senior Service	94.002	06SRSNC003	40,804	-
Total U.S. Dept. of Health & Human Services			635,067	87,845

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
Passed-through the N.C. Department of Health & Human Services:				
Division of Child Development				
Child Care Resource and Referral	93.575	507-16-003	\$ 58,874	\$ -
Division of Social Services				
Division of Child Development				
Subsidized Child Care Cluster:				
Temporary Assistance for Needy Families	93.558		859,725	
Child Care Development Fund, Administration	93.596		229,377	
Child Care Development Fund, Discretionary	93.575		1,477,225	
Child Care Development Fund, Mandatory	93.596		712,443	
Child Care Development Fund, Match	93.596		622,039	337,299
Social Services Block Grant	93.667		53,329	-
TANF - Maintenance of Effort				14,077
State Appropriations				416,206
Smart Start				64,314
Smart Start TANF Maintenance of Effort				440,631
Smart Start State Match				4,550
Total Subsidized Child Care Cluster			4,013,012	1,277,077
Passed-through the N.C. Department of Health & Human Services:				
Division of Social Services				
Foster Care and Adoption Cluster:				
Title IV-E Foster Care - Administration	93.658		461,967	206,642
Title IV-E Adoption Subsidy - Administration	93.659		16,580	-
Direct Benefit Payments:				
Title IV-E Foster Care	93.658		306,676	67,007
Title IV-E Adoption Subsidy	93.659		756,113	143,413
Total Foster Care and Adoption Cluster			1,541,336	417,062
Division of Social Services				
Direct Benefit Payments:				
Temporary Assistance for Needy Families	93.558		709,162	(749)
Aid to Families with Dependent Children	93.560		(4,041)	(1,108)
Refugee and Entrant Assistance	93.566		543	-
Low Income Energy Assistance	93.568		1,061,291	-
Child Welfare Services Adoption Subsidy	93.645		6,528	425,161
Administration:				
Promoting Safe and Stable Families	93.556		1,992	-
Temporary Assistance for Needy Families	93.558		1,271,038	-
Child Support Enforcement	93.563	00040-7	45,555	-
Child Support Enforcement	93.563		79,483	-
Low Income Energy Assistance	93.568		67,405	-
Child Welfare Services - Permanency Planning	93.645		24,366	5,832
SSBG - Other Services	93.667		252,085	-
TANF to SSBG	93.667		65,310	-
Chafee Foster Care Independence - LINKS	93.674		31,789	3,651
Division of Aging and Adult Services				
SSBG - Adult Day Care	93.667		18,965	-
SSBG - In Home Services	93.667		34,930	-
Division of Medical Assistance:				
State Children's Insurance Program Health Choice	93.767		56,955	4,816
Medical Assistance Program:				
Medical Assistance Program Medicaid Title XIX	93.778		1,441,500	70,340
Direct Benefit Payments:				
Medical Assistance Program Medicaid Title XIX	93.778		74,414,558	34,394,045
ARRA Stimulus Credit	93.778		4,001,808	(3,701,673)
Total Medical Assistance Program Medicaid Title XIX			79,857,866	30,762,712
Total Division of Social Services			83,581,222	31,200,315
Division of Public Health				
Adolescent Parenting Program	93.778	02220-09	13,385	34,418
Family Planning Title X	93.217		4,861	-
Family Planning Title X	93.218		51,694	-
Temporary Assistance for Needy Families	93.558		12,161	-
Statewide Health Promotion	93.991		13,957	-
HIV/STD Prevention Risk Reduction	93.667		12,000	-
Maternal and Child Health Services Block Grant:				
Women's Preventive Health (Family Planning)	93.994		27,071	20,305
Maternal Health	93.994		6,457	4,845
Child Health (HHS-MCH Block Grant)	93.994		67,039	50,285
Child Health - CFPT (Child Fatality Prevention Team)	93.994		773	580
Child Service Coordination	93.994		14,303	10,728
			115,643	86,743

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
Local Asthma Efforts	93.283		10,816	-
Immunization Action Plan	93.268		\$ 34,330	\$ -
Bioterrorism Preparedness & Response	93.283		51,279	
Bioterrorism Pandemic Influenza	93.283		-	
Summer Food Service Program	10.559		-	-
Total Division of Public Health			320,126	121,161
Total U.S. Dept. of Health and Human Services			90,090,764	33,103,460
<u>U.S. Dept. of Homeland Security</u>				
Division of Emergency Management				
Assistance to Firefighters	97.044	EMW-2007-FO-01699	59,251	-
Public Transportation Division				
Total U.S. Dept. of Homeland Security			59,251	-
<u>U.S. Dept. of Transportation</u>				
Passed-through the N.C. Department of Transportation				
Division of Engineering & Aviation				
Airport Improvement Programs				
Airfield Improvements 100	20.106	36237.25.9.1 & 36237.25.9.1	217,176	-
Public Transportation Division				
Community Transportation TDP	20.509	16233.50.11.3 , 09-CT-040	100,868	12,609
Community Transportation Admin	20.509	16233.50.11.1 , 09-CT-040	131,028	8,190
Runway & Parallel Extension	20.106	36237.25.7.2	418,181	-
Planning-Program-Evaluation				
Governor's Highway Safety Program	20.600	PT-08-03-04-20	12,818	-
Total U.S. Dept. of Transportation			880,071	20,799
<u>N.C. Dept. of Crime Control and Public Safety</u>				
Division of Emergency Management				
State & Local Assistance Emergency Services	97.042	EMPG-2008-37085	27,221	-
Division of Homeland Security				
Collation for Animal Sheltering	97.073	2007-GE-T-7-0048	19,756	-
Exercise Homeland Security	97.067	2008-GE-T8-0033-1074	9,941	-
Division of Governor's Crime Commission				
Teens As Parents	16.540	43-1-07-009-AJ-487	80,000	-
Total N.C. Dept. of Crime Control and Public Safety			136,918	-
<u>N.C. Department of Commerce</u>				
Division of Community Assistance				
Scattered Site Housing II	14.228	08-C-1824	17,042	-
N.C. Department of Commerce			17,042	-
<u>N.C. Department of Cultural Resources</u>				
Division Institute of Museum and Library Services				
EZTA Lista	45.310	5863	8,000	-
Total N.C. Department of Cultural Resources			8,000	-
<u>N.C. State Board of Elections</u>				
Help America Vote Act	90.401	HAVA Title II	33,187	-
Total N.C. State Board of Elections			33,187	-
<u>N.C. Department of Insurance</u>				
Division of Seniors Health Insurance Information Program				
Medicare Counseling (SHIIP)	93.779	56-3000306	4,200	-
Total N.C. Department of Insurance			4,200	-

HARNETT COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED JUNE 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
STATE AWARD EXPENDITURES				
<u>N.C. Dept. of Administration</u>				
Division of Veterans Affairs				
Veteran Affairs			\$ -	\$ 2,000
Total N.C. Dept. of Administration			-	2,000
<u>N.C. Dept. of Correction</u>				
Division of Community Correction				
Harnett Criminal Justice Alliance		43-0707-I-A	-	83,648
Total N.C. Department of Correction			-	83,648
<u>N.C. Dept. of Cultural Resources</u>				
State Aid to Public Libraries		4531	-	167,894
Staying Connected			-	13,650
Total N.C. Dept. of Cultural Resources			-	181,544
<u>N.C. Dept. of Health and Human Services</u>				
Division of Community Health:				
General Health/State Aid			-	134,737
Tuberculosis Control			-	31,226
TB Medical Services			-	2,743
Environmental Health			-	6,000
Food and Lodging			-	10,611
Childhood Lead Poisoning Prevention			-	500
Family Planning			-	4,944
AIDS - State (HIV/STD - State)			-	500
Communicable Disease			-	4,001
Healthy Carolinians			-	5,727
Health Promotion			-	6,453
HIV/SISTA			-	28,000
Division of Social Services:				
Direct Benefit Payment:				
Special Assistance to Adults			-	1,016,259
Administration:				
Adult Day Care			-	19,144
Aid to Families with Dependent Children			-	(870)
CPS Expansion			-	127,622
Energy Neighbor Fund Progress Energy			-	4,845
Foster Care At-Risk			-	1,246
Foster Care At-Risk Maximization			-	1,381
Foster Care Special Provision			-	42,355
Social Services Block Grant - State			-	28,011
Smart Start			-	119,285
State Adult Protective Services			-	21,789
State Aid to Counties			-	75,043
State Foster Care Benefits Program			-	82,818
Temporary Assistance for Needy Families			-	3,300
Division of Healthy Service Regulation				
Office of Emergency Medical Service				
EMS Toolkit Grant Program		AD-08-1500	-	6,856
Total N.C. Dept. of Health and Human Services			-	1,784,526
<u>N.C. Division of Child Development</u>				
N.C. Partnership for Children, Inc.				
Incredible Years		08-09-415	-	37,142
Parents as Teachers		08-09-022	-	257,115
Quality Enhancement		08-09-207	-	228,769
Raising A Reader		08-09-219	-	45,398
Total N.C. Division of Child Development			-	568,424
<u>N.C. Dept. of Crime Control and Public Safety</u>				
Division of Governor's Crime Commission				
Family Pride-Parents & Teens Together		051-07-009-AJ-778	-	80,767
Total N.C. Dept. of Crime Control and Public Safety			-	80,767

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
<u>N.C. Office of Juvenile Justice & Delinquency Prevention</u>				
Division of Juvenile Justice				
CBA-Juvenile Restitution		643032	\$ -	\$ 85,865
CBA-JCPC ADM		643000	-	3,410
Court Psychologist		643024	-	6,920
Hillcrest Youth Shelter		643013	-	34,517
Family Preservation		643026	-	23,000
Re-Entry-Healthy Choice		643030	-	60,107
Dunn Pals		643028		11,061
Division of Community Grants				
Governor's One on One Voluntary Program		643906		33,000
Total N.C. Office of Juvenile Justice & Delinquency Prevention			-	257,880
<u>N.C. Dept. of Transportation</u>				
Passed-through the N.C. Department of Transportation				
Division of Engineering				
Rural Operating Assistance Program (ROAP):				
Employment Transportation Program		DOT-16CL	-	28,753
Rural General Public Program (RGP)		3622821.1.1	-	121,159
Elderly and Disabled Transportation Assistance Program (EDTAP)		08-CT-040	-	99,467
Public Transportation Division				
Transportation Facility Design		36227.5.1.1/03-SF020	-	(36,432)
Land Acquisition & Runway Safety		36244.35.4.1 DOT-8	-	164,381
Total N.C. Department of Transportation			-	377,328
<u>N.C. Department of Environmental & Natural Resources</u>				
Division of Parks & Recreation				
Cape Fear River Trail		2006-450/PO6158		2,082
Barbecue Creek Park		PARTF-2008-558-1274		137,243
Division of Water Quality				
Erwin Waste Water Improvements		E-SRG-T-00-0093-6250-8919		1,245,078
Division of Clean Water Management Trust Fund				
South Central Waste Water		CWMTF2006A-512		2,687,998
Total Department of Environmental & Natural Resources			-	4,072,401
TOTAL STATE AWARD EXPENDITURES			-	7,408,518
TOTAL AWARD EXPENDITURES			\$ 114,573,118	\$ 40,532,777

HARNETT COUNTY, NORTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2009

1. GENERAL

The Schedule of Expenditures of Federal and State Awards (the "Schedule") presents the activity of all federal and State financial award programs of Harnett County, North Carolina. Harnett County, North Carolina ("Harnett County") reporting entity is defined in Note 1 to the basic financial statements. All federal and State awards received directly from federal and State agencies as well as federal financial awards passed through other government agencies are included in the Schedule.

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirements purposes: Subsidized Child Care, Foster Care and Adoption, Mental Health Services, Developmental Disability Waiting List Services, Substance Abuse Services, and Infants and Toddlers with Disabilities.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the basic financial statements.

3. BENEFIT PAYMENTS ISSUED BY THE STATE

Benefit payment amounts which were paid directly by the State from federal and State monies on behalf of Harnett County have been separately identified and quantified on the Schedule. These direct payments do not appear within the basic financial statements of Harnett County because these amounts are not revenues and expenditures of Harnett County, North Carolina. County personnel are involved in certain functions, primarily with eligibility determinations that cause benefit payments to be issued by the State.

COVENANT COMPLIANCE SECTION

- * Independent Auditors' Report on the Revenue Bond Covenant Compliance
- * Revenue Bond Statement of Revenues, Expenses, Debt Service, and Debt Service Coverage



**INDEPENDENT AUDITORS' REPORT ON THE
REVENUE BOND COVENANT COMPLIANCE**

Board of County Commissioners
Harnett County, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina (the "County"), as of and for the year ended June 30, 2009, and have issued our report thereon dated October 30, 2009. We have also audited the accompanying Revenue Bond Statement of Revenues, Expenses, Debt Service, and Debt Service Coverage (the "Schedule") as defined in the General Trust Indenture, dated May 15, 2007, with Regions Bank. These computations are the responsibility of the County's management. Our responsibility is to express an opinion on these computations 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 *Governmental 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 Schedule is free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of this information. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule is presented fairly, in all material respects for the year ended June 30, 2009, as described in the General Trust Indenture referred to in the first paragraph.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Cherry Bekaert & Holland LLP

Raleigh, North Carolina
October 30, 2009

HARNETT COUNTY, NORTH CAROLINA
**REVENUE BOND STATEMENT OF REVENUES, EXPENSES, DEBT SERVICE,
AND DEBT SERVICE COVERAGE**
Year Ended June 30, 2009

Operating Revenues:	
Charges for Services	\$23,187,267
Other Operating Revenues	<u>7,376,713</u>
Total Operating Revenues	\$30,563,980
Operations and Maintenance Expenses	<u>(17,173,852)</u>
Operating Income Before Depreciation & Amortization	\$13,390,128
Less:	
Depreciation and Amortization Expense	<u>(3,932,116)</u>
OPERATING INCOME	\$9,458,012
Non-Operating Revenues	225,033
Non-Operating Expenses	<u>(1,601,726)</u>
NET INCOME	<u><u>\$8,081,319</u></u>

Determination of Income Available for Debt Service

Net Income	\$8,081,319
Adjustments:	
Depreciation and Amortization Expense	3,932,116
Bond Interest Expense	1,542,629
Bond Service Expense	3,736,549
Bond Refunding Loss	(3,842)
Administrative Costs Transferred to the General Fund	<u>300,000</u>
Income Available for Debt Service	17,588,771
20% of Unrestricted Operations Fund Balance	<u>1,034,907</u>
Income Available for Debt Service plus 20% of Unrestricted Operations Fund Balance	<u><u>\$18,623,678</u></u>

HARNETT COUNTY, NORTH CAROLINA
**REVENUE BOND STATEMENT OF REVENUES, EXPENSES, DEBT SERVICE,
 AND DEBT SERVICE COVERAGE**
 Year Ended June 30, 2009

Debt Service Requirements and Coverage

Parity Debt Service:	
Series 2007 Revenue Bonds	\$1,156,317
	<u>\$1,156,317</u>

Debt Service Coverage - Parity Indebtedness	16.106
Series 2007 Revenue Bond Covenant Requirement	1.200

Other Indebtedness:	
Installment Purchases	1,527,931
GO Bonds	1,908,826
Other Revenue Bonds	2,291,935
State Bond Loans	1,769,137
	<u>7,497,829</u>

Sum of Parity and GO Debt Service	<u>\$8,654,146</u>
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Debt Service Coverage - Sum of Parity and System GO Indebtedness	2.032
Series 2007 Revenue Bond Covenant Requirement	1.000