

# **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 ASSETS  
JUNE 30, 2010

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 12,942,677	\$ 15,862,691	\$ 28,805,368
Taxes receivable, net	1,690,284	-	1,690,284
Accounts receivable, net	4,532,276	4,854,853	9,387,129
Due from other governments	4,240,578	57,821	4,298,399
Internal balance	254,037	(254,037)	-
Inventories	27,706	449,956	477,662
Prepaid items	32,500	-	32,500
Bond issuance	826,082	1,935,221	2,761,303
Restricted assets:			
Cash and cash equivalents	9,798,201	3,008,870	12,807,071
Capital assets:			
Land and construction in progress	27,973,213	116,103,794	144,077,007
Other capital assets, net	42,301,676	149,509,369	191,811,045
<b>Total assets</b>	<u>104,619,230</u>	<u>291,528,538</u>	<u>396,147,768</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	2,476,258	4,147,638	6,623,896
Customer deposits	-	1,365,846	1,365,846
Unearned revenues	305,630	76,407	382,037
Current portion of compensated absences	1,202,896	461,387	1,664,283
Claims payable current	547,750	-	547,750
Long-term liabilities:			
Non-current portion of compensated absences	1,079,425	52,042	1,131,467
Claims payable non-current	1,972,877	-	1,972,877
Due within one year	6,831,472	4,210,570	11,042,042
Due in more than one year	130,892,812	87,114,900	218,007,712
<b>Total liabilities</b>	<u>145,309,120</u>	<u>97,428,790</u>	<u>242,737,910</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	36,370,124	179,931,416	216,301,540
Unrestricted	(77,060,014)	14,168,332	(62,891,682)
<b>Total net assets</b>	<u>\$ (40,689,890)</u>	<u>\$ 194,099,748</u>	<u>\$ 153,409,858</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, 2010**

	<u>Program Revenues</u>			
	<u>Expenses</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	\$ 47,059,620	\$ 13,647,609	\$ 1,574,076	\$ -
Public safety	28,952,326	5,931,375	1,890,581	-
Transportation	637,306	277,895	754,113	-
Environmental protection	193,652	-	23,665	-
Economic and physical development	6,388,625	2,638	665,288	398,782
Human services	25,401,052	4,290,177	15,086,688	-
Cultural and recreational	1,678,221	54,582	180,991	282,472
Education	22,701,055	-	3,162,910	-
Interest on long-term debt	5,975,587	-	-	-
Total governmental activities	<u>138,987,444</u>	<u>24,204,276</u>	<u>23,338,312</u>	<u>681,254</u>
<b>Business-Type Activities:</b>				
Water and sewer	20,517,601	24,860,413	-	34,097,559
Solid waste	4,006,639	3,839,876	-	-
Total business-type activities	<u>24,524,240</u>	<u>28,700,289</u>	<u>-</u>	<u>34,097,559</u>
Total primary government	<u>\$ 163,511,684</u>	<u>\$ 52,904,565</u>	<u>\$ 23,338,312</u>	<u>\$ 34,778,813</u>

**General Revenues:**

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

**Transfers**

Total general revenues and transfers

Change in net assets

**Net Assets:**

- Beginning of year - July 1
- Prior period adjustment
- Beginning of year - restated

End of year - June 30

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

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (31,837,935)	\$ -	\$ (31,837,935)
(21,130,370)	-	(21,130,370)
394,702	-	394,702
(169,987)	-	(169,987)
(5,321,917)	-	(5,321,917)
(6,024,187)	-	(6,024,187)
(1,160,176)	-	(1,160,176)
(19,538,145)	-	(19,538,145)
(5,975,587)	-	(5,975,587)
<u>(90,763,602)</u>	<u>-</u>	<u>(90,763,602)</u>
-	38,440,371	38,440,371
-	(166,763)	(166,763)
-	<u>38,273,608</u>	<u>38,273,608</u>
<u>(90,763,602)</u>	<u>38,273,608</u>	<u>(52,489,994)</u>
56,560,748	-	56,560,748
13,236,297	-	13,236,297
975,488	210,121	1,185,609
70,413	-	70,413
91,358	25,173	116,531
<u>423,125</u>	<u>(423,125)</u>	<u>-</u>
<u>71,357,429</u>	<u>(187,831)</u>	<u>71,169,598</u>
<u>(19,406,173)</u>	<u>38,085,777</u>	<u>18,679,604</u>
(19,078,479)	156,013,971	136,935,492
(2,205,238)	-	(2,205,238)
<u>(21,283,717)</u>	<u>156,013,971</u>	<u>134,730,254</u>
<u>\$ (40,689,890)</u>	<u>\$ 194,099,748</u>	<u>\$ 153,409,858</u>

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

**HARNETT COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and investments	\$ 10,671,641	\$ 2,045,612	\$ 12,717,253
Taxes receivable, net	1,614,759	75,525	1,690,284
Accounts receivable, net	3,813,721	718,555	4,532,276
Due from other funds	577,189	-	577,189
Due from other governments	4,239,996	582	4,240,578
Inventories	27,706	-	27,706
Prepaid items	32,500	-	32,500
Restricted assets:			
Cash and cash equivalents	13,946	9,784,255	9,798,201
<b>Total assets</b>	<b><u>\$ 20,991,458</u></b>	<b><u>\$ 12,624,529</u></b>	<b><u>\$ 33,615,987</u></b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,415,293	\$ 663,209	\$ 2,078,502
Due to other funds	-	277,189	277,189
Unearned revenues	280,832	24,798	305,630
Deferred revenues	2,850,549	50,727	2,901,276
<b>Total liabilities</b>	<b><u>4,546,674</u></b>	<b><u>1,015,923</u></b>	<b><u>5,562,597</u></b>
<b>Fund Balances:</b>			
Reserved for inventories	27,706	-	27,706
Reserved for prepaid items	32,500	-	32,500
Reserved for encumbrances	117,191	-	117,191
Reserved by State statute	7,395,116	382,397	7,777,513
Reserved for Register of Deeds	-	141,818	141,818
Reserved for debt service	13,946	-	13,946
Unreserved, designated for subsequent year's expendit	5,437,096	-	5,437,096
Unreserved, undesignated	3,421,229	-	3,421,229
Unreserved, reported in nonmajor:			
Special revenue funds	-	718,299	718,299
Capital project funds	-	10,366,092	10,366,092
<b>Total fund balances</b>	<b><u>16,444,784</u></b>	<b><u>11,608,606</u></b>	<b><u>28,053,390</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 20,991,458</u></b>	<b><u>\$ 12,624,529</u></b>	<b><u>\$ 33,615,987</u></b>

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

**HARNETT COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>Total Governmental Funds</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Total fund balances - modified accrual	\$ 28,053,390
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	70,274,889
Bond issuance cost are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	826,082
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	(134,530,289)
Compensated absences	(2,282,321)
Accrued interest payable	(397,756)
Other post-employment benefits	(2,715,827)
Unfunded pension	(478,168)
Consolidation of Internal Service Fund	(2,341,166)
Deferred revenues 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 assets in the Statement of Net Assets.	<u>2,901,276</u>
Net assets of governmental activities (Exhibit A)	<u>\$ (40,689,890)</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, 2010

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 49,965,718	\$ 5,441,894	\$ 55,407,612
Other taxes and licenses	13,342,663	869,122	14,211,785
Unrestricted intergovernmental revenues	70,413	-	70,413
Restricted intergovernmental revenues	21,356,795	1,512,489	22,869,284
Permits and fees	2,279,635	873,394	3,153,029
Sales and services	7,595,967	53,000	7,648,967
Investment earnings	30,421	60,937	91,358
Other general revenues	1,675,760	275,719	1,951,479
Total revenues	<u>96,317,372</u>	<u>9,086,555</u>	<u>105,403,927</u>
<b>Expenditures:</b>			
Current:			
General government	10,007,564	21,814,482	31,822,046
Public safety	21,775,551	7,609,922	29,385,473
Transportation	149,435	-	149,435
Environmental protection	184,147	-	184,147
Economic and physical development	5,835,780	378,416	6,214,196
Human services	24,911,594	-	24,911,594
Cultural and recreation	1,589,485	-	1,589,485
Education	22,333,144	367,911	22,701,055
Debt service:			
Principal repayments	6,213,639	-	6,213,639
Interest and fees	6,070,074	-	6,070,074
Total expenditures	<u>99,070,413</u>	<u>30,170,731</u>	<u>129,241,144</u>
Revenues over (under) expenditures	<u>(2,753,041)</u>	<u>(21,084,176)</u>	<u>(23,837,217)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds	(549,401)	(1,675,129)	(2,224,530)
Transfers from other funds	1,306,365	1,341,290	2,647,655
Total other financing sources (uses)	<u>756,964</u>	<u>(333,839)</u>	<u>423,125</u>
Net change in fund balances	<u>(1,996,077)</u>	<u>(21,418,015)</u>	<u>(23,414,092)</u>
<b>Fund Balances:</b>			
Beginning of year - July 1	18,440,861	33,327,118	51,767,979
Prior period adjustment	-	(300,497)	(300,497)
Beginning of year - restated	<u>18,440,861</u>	<u>33,026,621</u>	<u>51,467,482</u>
End of year - June 30	<u>\$ 16,444,784</u>	<u>\$ 11,608,606</u>	<u>\$ 28,053,390</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, 2010

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)	\$ (23,414,092)
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:	
Property taxes	1,182,309
Ambulance/other miscellaneous revenues	(979,600)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(4,517)
Expenses related to other post-employment benefits, claims payable, and pension that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(434,197)
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.	44,593
Expenses related to bond issuance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(694,205)
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.	3,175,845
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,555,527)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	6,213,643
Consolidation of Internal Service Fund	(1,954,128)
Premium from 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.	59,405
Gain/(loss) on disposal of capital assets is reported in the Statement of Activities; however, proceeds from sale of assets are not affected by gain/(loss) in the governmental funds statement.	<u>(45,702)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (19,406,173)</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, 2010**

	Budgeted Amounts		Actual	Variance from
	Original	Final		Final Budget
				Over/Under
<b>Revenues:</b>				
Ad valorem taxes	\$ 50,779,070	\$ 50,779,070	\$ 49,965,718	\$ (813,352)
Other taxes and licenses	13,783,228	13,783,228	13,342,663	(440,565)
Unrestricted intergovernmental revenues	36,500	58,150	70,413	12,263
Restricted intergovernmental revenues	18,989,917	22,312,215	21,356,795	(955,420)
Permits and fees	1,984,016	2,003,816	2,279,635	275,819
Sales and services	8,671,051	8,590,728	7,595,967	(994,761)
Investment earnings	252,500	252,500	30,421	(222,079)
Other general revenues	1,457,697	1,617,884	1,675,760	57,876
Total revenues	<u>95,953,979</u>	<u>99,397,591</u>	<u>96,317,372</u>	<u>(3,080,219)</u>
<b>Expenditures:</b>				
General government	11,315,350	11,243,895	10,007,564	1,236,331
Public safety	22,345,333	23,116,922	21,775,551	1,341,371
Transportation	158,268	275,968	149,435	126,533
Environmental protection	187,191	404,164	184,147	220,017
Economic and physical development	5,283,965	6,565,421	5,835,780	729,641
Human services	25,832,458	27,604,112	24,911,594	2,692,518
Cultural and recreation	1,632,132	1,678,693	1,589,485	89,208
Education	22,284,066	22,333,144	22,333,144	-
Debt service:				
Principal repayments	6,223,136	6,214,622	6,213,639	983
Interest and fees	6,063,943	6,072,457	6,070,074	2,383
Total expenditures	<u>101,325,842</u>	<u>105,509,398</u>	<u>99,070,413</u>	<u>6,438,985</u>
Revenues over (under) expenditures	<u>(5,371,863)</u>	<u>(6,111,807)</u>	<u>(2,753,041)</u>	<u>3,358,766</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(236,788)	(549,401)	(549,401)	-
Transfers from other funds	634,776	1,447,189	1,306,365	(140,824)
Appropriated fund balance	5,488,525	5,357,887	-	(5,357,887)
Contingency	(514,650)	(143,868)	-	143,868
Total other financing sources (uses)	<u>5,371,863</u>	<u>6,111,807</u>	<u>756,964</u>	<u>(5,354,843)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,996,077)</u>	<u>\$ (1,996,077)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			18,440,861	
End of year - June 30			<u>\$ 16,444,784</u>	

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

## HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	
<b>Assets:</b>				
Current assets:				
Cash and cash investments	\$ 15,222,789	\$ 639,902	\$ 15,862,691	\$ 225,424
Accounts receivable, net	4,620,322	234,531	4,854,853	-
Restricted intergovernmental receivables	-	57,821	57,821	-
Inventory	449,956	-	449,956	-
Restricted assets:				
Cash and investments, restricted	3,008,850	20	3,008,870	-
Total current assets	<u>23,301,917</u>	<u>932,274</u>	<u>24,234,191</u>	<u>225,424</u>
Non-current assets:				
Land and construction in progress	115,191,506	912,288	116,103,794	-
Other capital assets, net	146,779,595	2,729,774	149,509,369	-
Bond issuance cost, net	1,906,701	28,520	1,935,221	-
Total non-current assets	<u>263,877,802</u>	<u>3,670,582</u>	<u>267,548,384</u>	<u>-</u>
Total assets	<u>287,179,719</u>	<u>4,602,856</u>	<u>291,782,575</u>	<u>225,424</u>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,433,661	279,386	3,713,047	-
Claims payable	-	-	-	547,750
Accrued interest	426,129	8,462	434,591	-
Due to other funds	-	-	-	300,000
Unearned revenue	76,407	-	76,407	-
Customer deposits	1,365,846	-	1,365,846	-
Compensated absences, current	445,344	16,043	461,387	-
Current portion of long-term debt	4,130,340	80,230	4,210,570	-
Total current liabilities	<u>9,877,727</u>	<u>384,121</u>	<u>10,261,848</u>	<u>847,750</u>
Non-current liabilities:				
Compensated absences, non-current	27,441	24,601	52,042	-
Claims payable	-	-	-	1,972,877
Non-current portion of long-term debt	82,518,772	4,181,308	86,700,080	-
Other post-employment benefits	369,969	44,851	414,820	-
Total non-current liabilities	<u>82,916,182</u>	<u>4,250,760</u>	<u>87,166,942</u>	<u>1,972,877</u>
Total liabilities	<u>92,793,909</u>	<u>4,634,881</u>	<u>97,428,790</u>	<u>2,820,627</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	178,261,747	1,669,669	179,931,416	-
Unrestricted	16,124,063	(1,701,694)	14,422,369	(2,595,203)
Total net assets	<u>\$ 194,385,810</u>	<u>\$ (32,025)</u>	<u>194,353,785</u>	<u>\$ (2,595,203)</u>
Adjustment to reflect consolidation of Internal Service Fund			(254,037)	
Net assets			<u>\$ 194,099,748</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 ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	
<b>Operating Revenues:</b>				
Charges for services	\$ 20,914,861	\$ 3,838,203	\$ 24,753,064	\$ -
Water and sewer taps	403,455	-	403,455	-
Solid waste disposal tax	-	210,121	210,121	-
Johnson County	3,703	-	3,703	-
County contributions	-	-	-	7,273,476
Other operating revenues	3,538,394	1,673	3,540,067	-
Total operating revenues	<u>24,860,413</u>	<u>4,049,997</u>	<u>28,910,410</u>	<u>7,273,476</u>
<b>Operating Expenses:</b>				
Water distribution and sewage treatment	13,539,225	-	13,539,225	-
Solid waste	-	3,617,691	3,617,691	-
Benefits and premiums	-	-	-	9,227,604
Depreciation	3,916,636	261,270	4,177,906	-
Total operating expenses	<u>17,455,861</u>	<u>3,878,961</u>	<u>21,334,822</u>	<u>9,227,604</u>
Operating income (loss)	<u>7,404,552</u>	<u>171,036</u>	<u>7,575,588</u>	<u>(1,954,128)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Interest earned on investments	21,977	3,196	25,173	-
Interest and fees	(2,846,786)	(88,595)	(2,935,381)	-
Total non-operating revenues (expenses)	<u>(2,824,809)</u>	<u>(85,399)</u>	<u>(2,910,208)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	4,579,743	85,637	4,665,380	(1,954,128)
Capital contributions	<u>34,097,559</u>	<u>-</u>	<u>34,097,559</u>	<u>-</u>
Income (loss) before transfers	<u>38,677,302</u>	<u>85,637</u>	<u>38,762,939</u>	<u>(1,954,128)</u>
<b>Transfers:</b>				
Transfers out	(350,306)	(72,819)	(423,125)	-
Total transfers	<u>(350,306)</u>	<u>(72,819)</u>	<u>(423,125)</u>	<u>-</u>
Change in net assets	<u>38,326,996</u>	<u>12,818</u>	<u>38,339,814</u>	<u>(1,954,128)</u>
<b>Net Assets:</b>				
Beginning of year - July 1	156,058,814	(44,843)	-	-
Prior period adjustment	-	-	-	(641,075)
Beginning of year - restated	<u>156,058,814</u>	<u>(44,843)</u>	<u>(641,075)</u>	<u>(641,075)</u>
End of year - June 30	<u>\$ 194,385,810</u>	<u>\$ (32,025)</u>	<u>\$ (2,595,203)</u>	<u>\$ (2,595,203)</u>
Adjustment to reflect consolidation of Internal Service Fund			<u>(254,037)</u>	
Change in net assets			<u>\$ 38,085,777</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, 2010

	Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 28,139,482	\$ 4,070,656	\$ 32,210,138	\$ 7,273,476
Cash paid for goods and services	(15,608,097)	(3,407,483)	(19,015,580)	(6,706,977)
Cash paid to employees for services	(5,244,376)	(629,969)	(5,874,345)	-
Customer deposits received	107,698	-	107,698	-
Net cash provided (used) by operating activities	<u>7,394,707</u>	<u>33,204</u>	<u>7,427,911</u>	<u>566,499</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Loans from (to) other funds	-	-	-	300,000
Transfers out	(350,306)	(72,819)	(423,125)	-
Net cash provided (used) by non-capital financing activities	<u>(350,306)</u>	<u>(72,819)</u>	<u>(423,125)</u>	<u>300,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(36,669,225)	-	(36,669,225)	-
Principal paid on long-term debt	(4,124,711)	(27,586)	(4,152,297)	-
Interest and fees	(2,904,612)	(80,133)	(2,984,745)	-
Capital contributions	31,133,655	-	31,133,655	-
Net cash provided (used) for capital and related financing activities	<u>(12,564,893)</u>	<u>(107,719)</u>	<u>(12,672,612)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	21,977	3,196	25,173	-
Net increase (decrease) in cash and cash equivalents	<u>(5,498,515)</u>	<u>(144,138)</u>	<u>(5,642,653)</u>	<u>866,499</u>
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	<u>23,730,154</u>	<u>784,060</u>	<u>24,514,214</u>	<u>(641,075)</u>
End of year - June 30	<u>\$ 18,231,639</u>	<u>\$ 639,922</u>	<u>\$ 18,871,561</u>	<u>\$ 225,424</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 7,404,552	\$ 171,036	\$ 7,575,588	\$ (1,954,128)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,916,636	261,270	4,177,906	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	3,299,085	20,655	3,319,740	-
Increase (decrease) in accounts payable and accrued liabilities	(7,357,475)	204,828	(7,152,647)	2,520,627
Increase (decrease) in unearned revenues	(20,016)	-	(20,016)	-
Increase (decrease) in landfill post-closure	-	(647,841)	(647,841)	-
(Increase) decrease in inventory	(156,331)	-	(156,331)	-
Increase (decrease) in customer deposits	107,698	-	107,698	-
Increase (decrease) in accrued vacation pay	9,459	1,552	11,011	-
Increase (decrease) in OPEB payable	191,099	21,704	212,803	-
Net cash provided (used) by operating activities	<u>\$ 7,394,707</u>	<u>\$ 33,204</u>	<u>\$ 7,427,911</u>	<u>\$ 566,499</u>
<b>Non-Cash Transactions:</b>				
Contributed Water Lines	<u>\$ 2,963,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**HARNETT COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

**JUNE 30, 2010**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	130,522
Total assets	<u>\$ 130,522</u>
<b>Liabilities:</b>	
Accounts payable	130,522
Total liabilities	<u>\$ 130,522</u>

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