



Harnett
C O U N T Y
NORTH CAROLINA

Comprehensive Annual
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

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Harnett County, North Carolina

**Comprehensive
Annual
Financial Report**
for the fiscal year ended June 30, 2013

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

HARNETT COUNTY, NORTH CAROLINA

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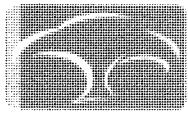
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INTRODUCTORY SECTION

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November 25, 2013

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, 2013. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin, Starnes & Associates, P.A. and that firm's unmodified opinion is included in the Financial Section of this report.

The report itself is presented by the County, which is responsible for the accuracy of the data and for the completeness and fairness of its presentation, including all disclosures. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local governments have an audit of their accounts including a complete set of financial statements presented in conformity with generally accepted accounting principle in the United States (GAAP) as soon as possible after the close of each fiscal year by a certified public accountant. The audited financial report is submitted to the Local Government Commission (LGC), which is established by statute to oversee local government financial affairs. The Commission is authorized to issue rules and regulations regarding such audits. The LGC approves all audit contracts for audits of units of local government. LGC policy requires audited financial reports to be submitted within four months of the end of the fiscal year. If the audited financial report is submitted later than five months after the end of the fiscal year the audit contract must be amended and that amendment approved by the LGC before final payment is made to the auditor.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Harnett County MD&A can be found immediately following the report of the independent auditors.

HARNETT COUNTY GOVERNMENT PROFILE

The County, formed in 1855, is located in the south central portion of North Carolina. It lies partially in the Coastal Plain and partially in the Piedmont section. Harnett County is the 24th largest county in the State based on the US Census Bureau's population projection in 2012 of 122,135. The county seat, the Town of Lillington, has a population of 3,346 while the City of Dunn, the largest municipality located in the County, has a population of 9,584. These two municipalities comprise approximately 10.58% of the total County population.

The County contains 594.93 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, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The County has one component unit, the Harnett County Industrial Facility and Pollution control Financing Authority, which has no financial transactions or account balances; therefore, it does not appear in

the basic financial statements. The Harnett Water and Sewer Districts (the “Districts”) are blended component units of the County, although they are legally separate entities, are in substance, part of the County’s operations. The Districts exist to provide and maintain a water system for the county residents within the districts. Under State law G.S. 162A-89J, the County’s board of commissioners also serves as the governing board for the Districts; therefore, the Districts are reported as enterprise funds in the County’s financial statements and do not issue separate financial statements. The County entered into an agreement during the fiscal year 1998, with each existing District that transferred all assets, liabilities (excluding bond indebtedness, loans, and installment notes, along with accrued interest payable), operational rights, and responsibilities to the County. The County agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes. The County maintains the Districts’ assets, provides water and sewer operations and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County’s financial statements reflect the assets and debts in the Harnett County Public Utilities Fund.

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

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

LOCAL ECONOMY

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

plus an excellent workforce, make Harnett County an attractive location for industries who are seeking a site for expansion.

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

Campbell University, located in Buies Creek, is one of the largest private institutions of higher education in North Carolina and is composed of more than 7,000 students representing all 50 states and more than 40 countries. It maintains campuses in Harnett County, Research Triangle Park, Raleigh, Camp Lejeune and Fort Bragg. The University is known for its high quality education with a low student-teacher ratio. It offers over 100 undergraduate tracks and majors as well as professional and graduate programs in law, pharmacy and health sciences, business, education, divinity and medicine. The Campbell University College of Pharmacy & Health Sciences was established in 1986 as the first new school of pharmacy to open in the United States in 35 years and has maintained a 98% passage rate on the North American Pharmacy Licensure Exam. The Norman Adrian Wiggins School of Law, located in downtown Raleigh, has been recognized by the American Bar Association (ABA) as having the nation's top Professionalism Program and by the American Academy of Trial Lawyers for the nation's best Trial Advocacy Program. Campbell Law students outperformed all other North Carolina law schools on the July 2012 North Carolina bar exam, leading the state in both first-time bar passage and overall bar passage. In the fall of 2013, Campbell opened the School of Osteopathic Medicine, the first of its kind in North Carolina. Additional health science programs have also been introduced, including the Physician Assistant Program, Master of Public Health and plans for a Doctor of Physical Therapy degree program.

Through its Harnett County campus, Central Carolina Community College ("Central Carolina") provides courses and programs that directly benefit local industries and businesses and offers customized training to area businesses and industries in a variety of technical and professional areas. These programs are designed to train workers with the essential, specific skills needed for local industry. The growing campus also offers a variety of high tech, public service, health, industrial and engineering programs as well as university transfer. The Harnett County campus is home to the largest Laser and Electro-Optics Technology program between Boston and Florida and is the only such program in the Southeastern United States. The Central Carolina Small Business Center operates three centers in Chatham, Harnett and Lee counties. The centers are divergent in geographic location and service niche and respond to business needs by providing counseling and other valuable services to budding entrepreneurs. They also assist companies with 25 or fewer employees that are already in business, but want to become more successful. The College has a new health science building to expand the health sciences and curriculum offered to students. The facility will open to students in the Fall of 2013. Through partnerships with the Central Harnett Hospital, the Osteopathic Medical School of Campbell University and a variety of companies requiring

health care employees, the students will gain valuable internship experience and grow in their skill sets from hands on experience.

The County continues its efforts to broaden the tax base. The Harnett Forward Together Committee (HFTC), a county-wide volunteer organization, is a group of over 100 businesses and individuals that develop programs and activities to increase economic development in the County. The Harnett County Economic Development Commission, in partnership with the HFTC, has made significant strides during the past year toward attracting new economic activity. Growth in the County's local economy included the following:

- The 250-acre Western Harnett Industrial Park is heavily marketed to defense, distribution, manufacturing companies and others desiring a location in proximity to Fort Bragg. High levels of growth along the Hwy 87 corridor encourages many companies to consider the park's location as a viable business site. Completion of the 421/87 bypass will also add connectivity as a key to the parks attractiveness. In 2011 a "virtual,"28,000 square foot building" added to the marketing efforts and with a guaranteed 90 day delivery date, enhanced opportunities for new businesses.
- Central Carolina Community College's Western Harnett Campus has seen a significant increase in students and program offerings and is nearing capacity.
- HFTC continued to work with Parks and Recreation for the development of West Park to include maintenance and enhancements to trails and a roadway. The Harnett County School system in partnership with Parks and Recreation conducted its annual nature day to school children from across the county. Recent grants are adding to the amenities available to park users and enhancing the options for recreation for residents.
- The Cape Fear River Park continued as the site of the Town of Erwin's annual festival and attracted visitors from across the region to the Cape Fear River The park is part of the over 100-mile-long Cape Fear Paddle Trail that ends in Wilmington and features walking trails, river overlooks, restrooms, a shelter and space for outdoor education, and a canoe/kayak access.
- The newly formed Brightwater non-profit will conduct marketing and sales in the Brightwater Science and Technology Campus as well as the Brightwater Business Park. A partner with HFTC the Brightwater Board of Directors participated in the groundbreaking for the Harnett Health System's hospital on 20 acres in the park. Grant awards have enabled the construction of infrastructure to include roads to serve the park and the hospital. Harnett Health System opened in 2013. Construction of the Health Science Building for Central Carolina Community College and will open for classes in the Fall of 2013. The balance of the park is marketed to commercial as well as industrial prospects by Avison Young, a renowned commercial real estate firm.
- The 19 acre Brightwater Business Park has seen the opening of First Choice Community Health Center in its 32,000 square foot facility and will soon have

East Carolina University's (ECU) development of a nearly 10,000 square foot facility to train 4th year dental students. One of only nine sites chosen state-wide the choice by ECU of this site will greatly enhance medical services provided to area residents.

- A number of prospects are currently considering locations in the Campus and the Park. As the hospital and First Choice's facilities grow so will the desire by others to be located nearby.
- Following an extensive multi-state search, Rooms To Go announced a 1.1 million square foot warehouse and retail showroom expansion. Rooms To Go, America's largest independent retailer of home furnishing, will bring approximately 250 new jobs.
- Good Hope Mental Health Center opened this past year in Erwin and will provide another quality medical facility for patient treatment in Harnett County

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 \$17,959,942 or 17.54% of total general fund expenditures and transfers out.

The County's investment in economic development efforts of the past few years continue to result in new investments in the County by new and existing industry. The County's continued aggressive approach to economic development is illustrated in current projects as the County responds to the needs associated with being the third fastest growing County in the state. These efforts place Harnett County in the forefront of economic development efforts in North Carolina and have prepared our County for investment in a growing economy. Over the next ten years Harnett County's growth is expected to be 24% surpassed only by growth in Wake and Johnston Counties. It should be noted that this success requires the continued involvement of the County as well as a variety of private and public groups dedicated to its success. The major partner of the County in this regard remains the Harnett Forward Together Committee, which serves as the main focus of the overall development program. Highway 87, a four-lane highway continues to see strong growth from the growth at Fort Bragg as thousands of new residents have chosen homes along the corridor. The United States Army Forces Command Headquarters and the United States Army Reserve Command began operation at Fort Bragg in October, 2011. These headquarters will aid in luring defense related companies into the area so they can have strong relationships with the entities who contract for all defense services and support those in uniform. Additional public/private efforts will be required to meet the need not only in Western Harnett County but in other areas with access to Fort Bragg and Raleigh.

Assistance to our existing businesses and industries continues through a strong existing industry support program. Annual visits, newsletters, roundtables and an annual golf outing dedicated to industries aids in maintaining a strong bond between companies and the EDC office.. These efforts place Harnett County in the forefront of economic development efforts in North Carolina and have prepared our County for investment in a growing economy. Continued growth requires that the County continue developing infrastructure and, at the same time, ensure that the growth experienced by our communities takes place in a planned and positive manner. The capital needs of public education will continue to challenge our community as well as the needs of other services. Additional schools will be required to serve the children coming with the Fort Bragg expansion. It is estimated that this includes two high schools, one middle school and two elementary schools.

During the fiscal year, the County began the following projects:

- Highland Middle School - This project will be used to account for the construction, furnishing and equipping of a new middle school to be known as Highland Middle School. The continued increase in the school population for this area continues to exceed the space within the existing facilities; resulting in the increased use of mobile units and increased busing schedules. A new middle school is necessary to address the overcrowding and project influx of new students
- Jetport-Runway, Taxiways and Apron Rehabilitation & Strengthening Capital Project - This project will be used to account for the expenditures and revenues for the construction phase of the Harnett Regional Jetport, Runway, Taxiways and Apron Rehabilitation and Strengthening Project. The work includes rehabilitation and strengthening of Runway 5/23, Apron, Taxiways A,B,C,D, & E, and hangar taxiway.
- Single Family Rehab 2013 Housing Capital Project - This project will be used to account for the expenditures and revenues for addressing the most critical housing needs of very low income, owner occupied households with incomes at or below 50% of area median incomes

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

- West Central Transmission Project - This project will consist of the construction of approximately 58,000 linear feet of 16 inch ductile iron water transmission line and a new booster pump station to serve the West Central portion of Harnett.

Infrastructure improvements continue throughout the County in response to the growth which the County continues to experience. A map which details the location and size of the waterlines throughout the County can be viewed on the County's website at www.harnett.org by clicking on *Departments*, *GIS/Land Records* and then *GIS Map Gallery*.

Improvements also continue in a variety of departments and in a variety of service areas. In particular, several ordinances and planning policies continue to be revised and strengthened in an attempt to deal with ongoing development issues and challenges. In

addition, efforts continue in the preparation for the relocation of troops to our area as a result of the BRAC process. Finally, in regards to overall public service, departments continue to strive to improve the level of service provided our citizens. As a result, Harnett County Government has become a model for other counties in our State. This recognition, as well as the enhanced services we provide our citizens, is the result of these efforts and the dedication of our employees.

FINANCIAL INFORMATION

The North Carolina Local Government Budget and Fiscal Control Act govern all local governments and their agencies in North Carolina. The budget is an integral part of a unit's accounting system and daily operations and the County's budgets are adopted as required by the North Carolina General Statutes by July 1 of each year. Formal budgetary accounting is employed as a management control for all funds of the County. Annual budget ordinances are adopted each fiscal year, and amended as required, for the General Fund, all debt service funds, all special revenue funds and for the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital project funds. In accordance with State law, the County's budget is prepared on the modified accrual basis, and its accounting records are maintained on that basis. Under modified accrual accounting, revenues are recorded when measurable and available. Expenditures are recorded when a fund liability is incurred, except for unmatured principal and interest on long-term debt and certain compensated absences. Governmental Fund Types, such as the County's General Fund, Special Revenue Funds and Capital Project Funds are reported on the modified accrual basis in the financial statements. The County's Trust and Agency Funds are reported on the accrual basis to recognize receivables and payables. The County's Enterprise funds are reported on the full accrual basis in the financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

For internal accounting purposes, budgetary control is maintained on a specific line-item basis by the use of an encumbrance system. As purchase orders are issued, corresponding appropriations are reserved for later payment. If an over-encumbrance of balances would result, purchase orders are not written until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at June 30, 2013.

The legal level of control over expenditures is at the department level for the General Fund, Special Revenue funds, and Enterprise funds. The balances in the Capital Reserve Funds will be appropriated when transferred to the General Fund or their respective capital project funds. The County Manager is authorized by the budget ordinance to transfer amounts between line item expenditures within a department without limitation with an official report on such transfers at the next regular meeting of the board of commissioners. These changes should not result in changes in recurring obligations such as salaries. The manager may not transfer amounts between departments of the same fund or transfer amounts between funds or from any contingency appropriation within a fund. All other transfers, as well as any revisions that alter the total expenditures of any fund, require prior approval by the board of commissioners. County management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) the

safeguarding of assets against loss from unauthorized use or disposition, (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The County is self insured for workers compensation up to \$600,000 per loss and excess coverage is through Safety National with limits in accordance with current North Carolina workers compensation statutes. Safety National also provides employers liability with limits of \$1,000,000. The County also carries flood insurance through the National Flood Insurance Plan and is also eligible and has purchased commercial flood insurance. Additional information on the County's risk management can be found in Note 8 in the notes to the financial statement.

AWARDS AND ACKNOWLEDGMENTS

Harnett County intends to submit this report to the Government Finance Officers Association ("GFOA") for its Certificate of Achievement for Excellence in Financial Reporting Program. This program recognizes governmental units that publish easily read and efficiently organized Comprehensive Annual Financial Reports that conform to program standards. A Certificate of Achievement is the highest form of recognition awarded in the field of government financial reporting. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Harnett County for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twenty-first consecutive year that the County has received this prestigious award.

Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Department. Each member of the Finance Department has my sincere appreciation for their contributions. I would also like to thank the members of the Board of Commissioners and the County Manager for their continued support throughout the past year.

Respectfully submitted,



Kimberly A. Honeycutt, CLGFO
Finance Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Harnett County
North Carolina**











For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

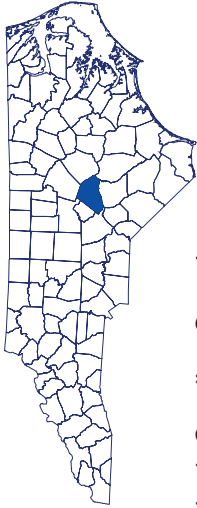
June 30, 2012

Executive Director/CEO

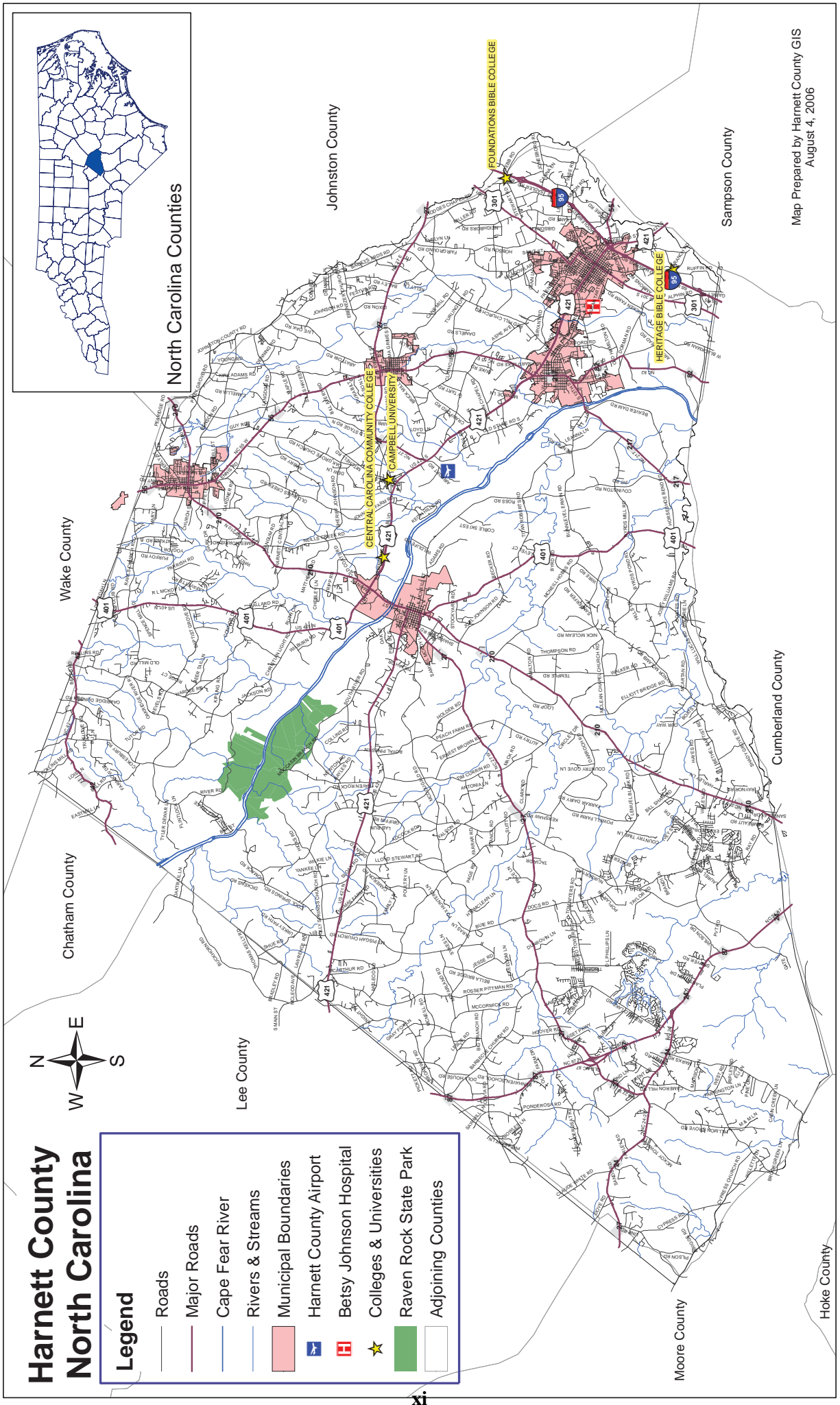
Harnett County North Carolina

Legend

-  Roads
-  Major Roads
-  Cape Fear River
-  Rivers & Streams
-  Municipal Boundaries
-  Harnett County Airport
-  Betsy Johnson Hospital
-  Colleges & Universities
-  Raven Rock State Park
-  Adjoining Counties



North Carolina Counties



Wake County

Chatham County

Lee County

Johnston County

Sampson County

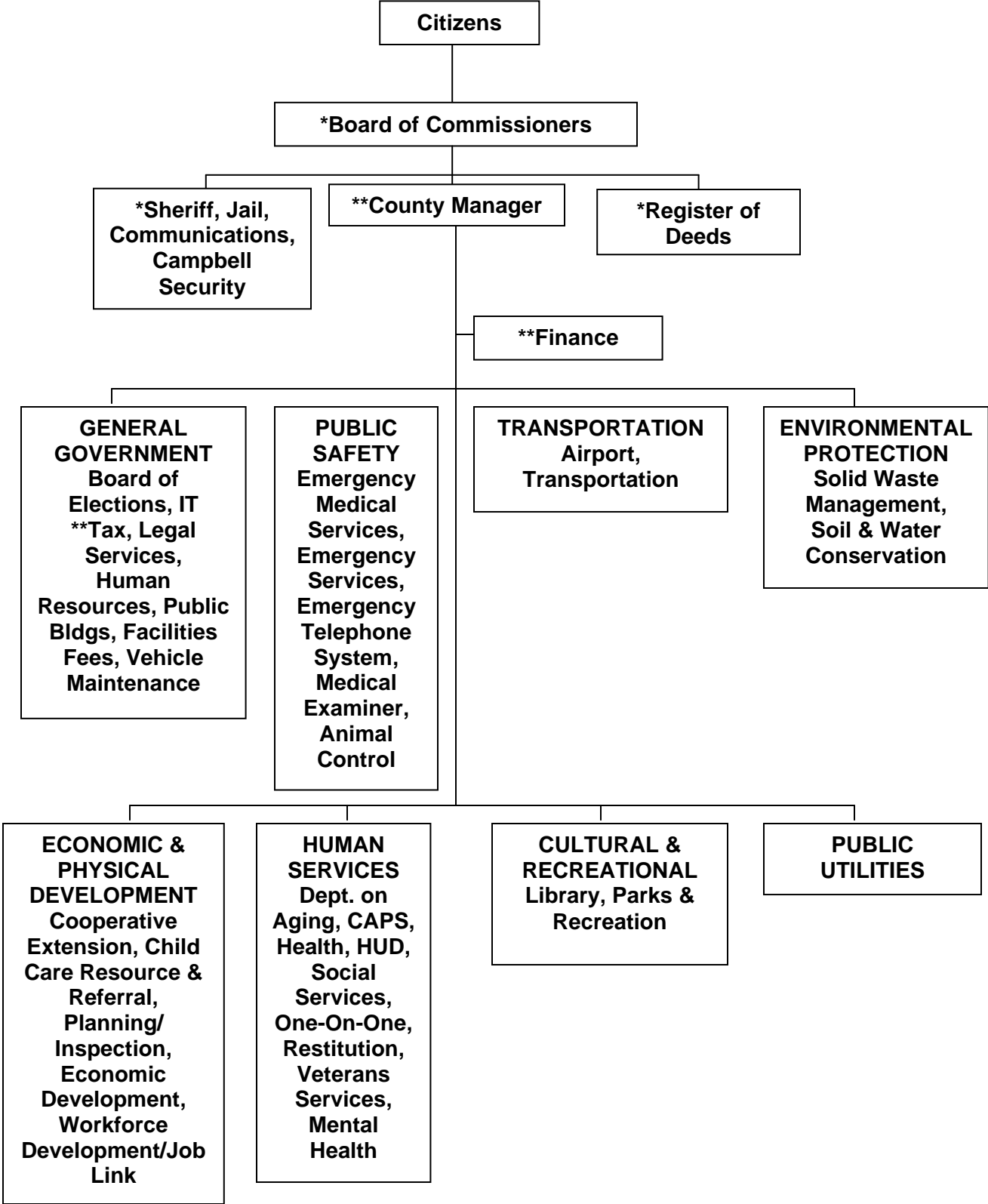
Cumberland County

Moore County

Hoke County

Map Prepared by Harnett County GIS
August 4, 2006

**HARNETT COUNTY
ORGANIZATIONAL CHART**



* Elected Positions
** Appointed Positions

HARNETT COUNTY, NORTH CAROLINA

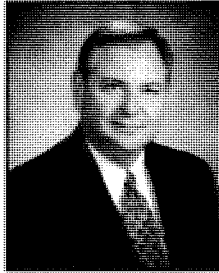
Board of County Commissioners



Gary A. House
Vice-Chairman



Beatrice B. Hill



Jim Burgin
Chairman



Joe Miller



Gordon Springle

County Officers

Tommy Burns, *County Manager*

William T. Wilder, *Deputy County Manager / Tax Administrator*

Joseph Jeffries, *Deputy County Manager*

Kimberly A. Honeycutt CLGFO, *Interim Finance Officer*

Larry Rollins
Sheriff

Kimberly S. Hargrove
Register of Deeds

Dwight Snow
County Attorney



Harnett
C O U N T Y

NORTH CAROLINA

James Currin
Chairman
Board of Elections

Bain & McRae
Public Utilities Attorney

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FINANCIAL SECTION

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Harnett County
Lillington, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remain fund information of Harnett County, North Carolina, as of June 30, 2013, 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.

Emphasis of a Matter

As discussed in Note 18 of the financial statements, in 2013 the County adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' and Other Post-Employment Benefit's Special Separation Allowance Schedules of Funding Progress and Employer Contributions 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harnett County's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and the accompanying Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013 on our consideration of Harnett County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harnett County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 25, 2013

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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, 2013. 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.

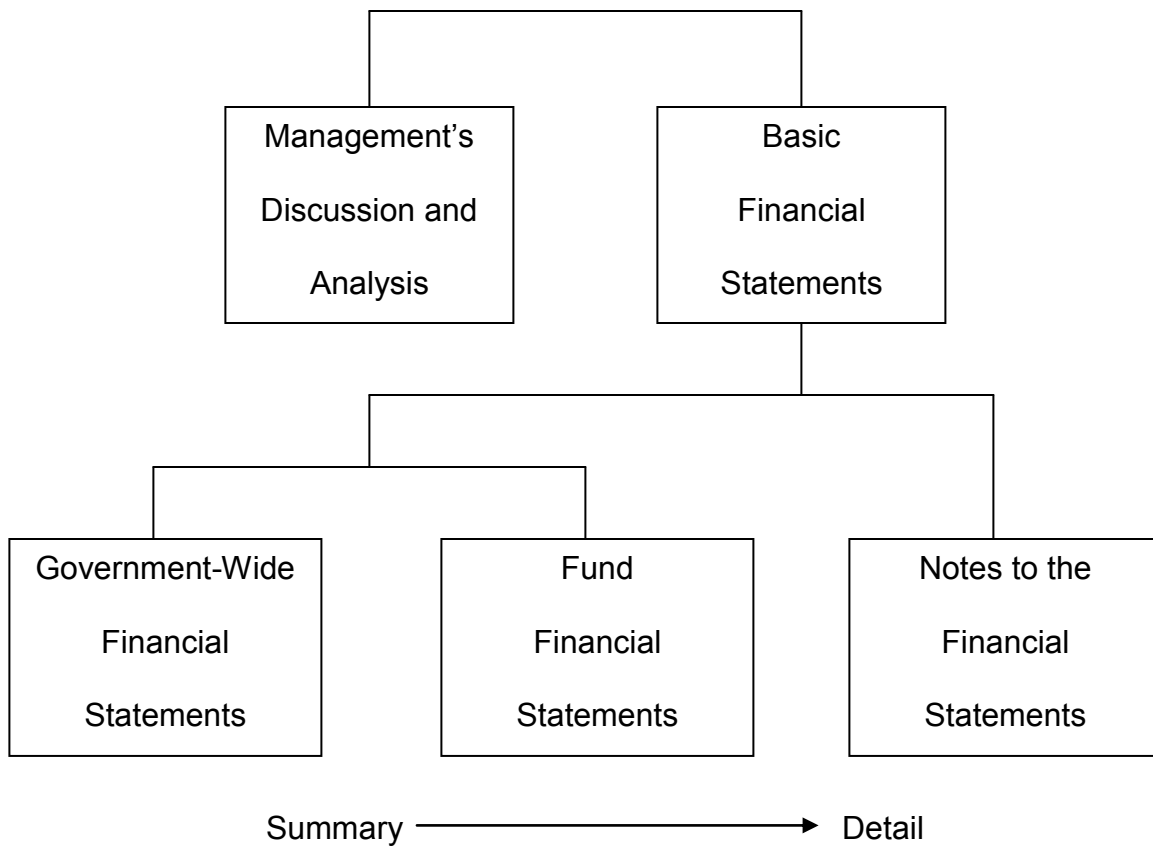
Financial Highlights

- 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 \$252,925,364 (net position).
- The government's total net position increased by \$19,873,825. This increase was due to charges for water and sewer services, capital contributions for the business-type activities and projects, increase in the receipt of local option sales tax, and a decrease in Governmental and Enterprise expenditures.
- In accordance with North Carolina law, liabilities of the County include approximately \$118.6 million in long-term debt associated with assets belonging to the Harnett County Board of Education and 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 \$51,281,788, an increase of \$26,049,435 in comparison with the prior year. Approximately 34.16% of this total amount, or \$17,515,720 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 \$17,959,942, or 17.63% of total General Fund expenditures for the fiscal year.
- Harnett County's long-term obligations increased by \$54,576,586 (29.15%) during the current fiscal year. This increase was due to the addition of debt for the construction of a middle school, debt for the Solid Waste Dunn/Erwin Corrective Plan Project and the refunding of district water and sewer debt.
- Harnett County held A3 and A+ bond ratings for Certificates of Participation, A2 and AA- ratings for Issuer Ratings, and A2 and AA- ratings for Revenue Bonds as assigned by Moody's and Standard & Poor's, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Harnett County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Harnett County.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through J) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statement. The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's nonmajor governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services, such as general government, public safety, environmental protection, transportation, economic and physical development, human services, cultural and recreational, and education. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste services offered by Harnett County.

The government-wide financial statements are part of basic financial statements of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Harnett County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Harnett County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County’s basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County’s programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Harnett County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the statement of revenues, expenditures and changes in fund balances. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Harnett County has one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Harnett County uses enterprise funds to account for its water and sewer activity and for its solid waste management fund. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Agency Funds – Agency funds are used to account for assets the County holds on behalf of others. The County has four agency funds.

Internal Service Funds – The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County has two 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

Harnett County is in its tenth year of financial reporting based on the requirements of GASB 34. Effective with fiscal year 2004, all units of government across the United States were required to comply with this accounting standard. Prior to fiscal year 2003, Harnett County maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net position of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of Harnett County. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

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 \$252,925,364 as of June 30, 2013. The County's net position increased by \$19,873,825 for the fiscal year ended June 30, 2013.

The largest portion totaling \$305,506,610 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 \$10,997,970, (4.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(63,579,216) is unrestricted.

Harnett County's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets						
Cash and cash equivalents	\$ 23,830,421	\$ 17,978,763	\$ 21,634,699	\$ 17,628,551	\$ 45,465,120	\$ 35,607,314
Taxes receivable, net	1,486,014	1,462,011	-	-	1,486,014	1,462,011
Accounts receivable, net	14,795,966	11,890,787	6,311,135	7,563,169	21,107,101	19,453,956
Due from other governments	-	1,343,244	58,926	53,605	58,926	1,396,849
Internal balance	(33,060)	223,035	33,060	(223,035)	-	-
Bond issue costs, net	-	1,415,283	-	1,753,808	-	3,169,091
Inventories	14,170	10,776	547,326	513,713	561,496	524,489
Prepaid items	438,660	740,060	151,070	203,045	589,730	943,105
Restricted assets:						
Cash and cash equivalents	25,265,373	1,038,989	7,390,965	13,575,991	32,656,338	14,614,980
Investment in district bonds	-	-	20,065,000	-	20,065,000	-
Capital assets:						
Land and construction						
in progress	3,286,370	27,223,390	157,066,059	137,225,886	160,352,429	164,449,276
Other capital assets, net	63,074,863	39,994,673	179,030,427	179,694,899	242,105,290	219,689,572
Total assets	<u>132,158,777</u>	<u>103,321,011</u>	<u>392,288,667</u>	<u>357,989,632</u>	<u>524,447,444</u>	<u>461,310,643</u>
Deferred Outflows of Resources	<u>420,696</u>	<u>-</u>	<u>300,929</u>	<u>-</u>	<u>721,625</u>	<u>-</u>
Liabilities						
Accounts payable	5,731,141	2,878,842	4,144,037	4,357,192	9,875,178	7,236,034
Customer deposits	-	-	1,700,866	1,601,163	1,700,866	1,601,163
Unearned revenue	-	-	154,456	146,797	154,456	146,797
Current portion of						
compensated absences	1,815,230	1,815,230	468,204	468,204	2,283,434	2,283,434
Claims payable - current	404,854	424,296	-	-	404,854	424,296
Long-term liabilities:						
Non-current portion of						
compensated absences	681,082	603,980	138,976	121,089	820,058	725,069
Claims payable - non-current	1,435,393	1,504,321	-	-	1,435,393	1,504,321
Due in less than one year	8,405,261	6,485,388	5,074,841	17,388,435	13,480,102	23,873,823
Due in more than one year	146,047,254	122,554,186	95,773,107	64,689,589	241,820,361	187,243,775
Total liabilities	<u>164,520,215</u>	<u>136,266,243</u>	<u>107,454,487</u>	<u>88,772,469</u>	<u>271,974,702</u>	<u>225,038,712</u>
Deferred Inflows of Resources:	<u>269,003</u>	<u>272,197</u>	<u>-</u>	<u>-</u>	<u>269,003</u>	<u>272,197</u>
Net Position						
Net investment in capital assets	62,464,192	37,298,229	243,042,418	250,808,927	305,506,610	288,107,156
Restricted for:						
Stabilization for State Statute	9,990,991	9,639,014	-	-	9,990,991	9,639,014
Register of Deeds	175,384	117,279	-	-	175,384	117,279
General government	11,370	12,554	-	-	11,370	12,554
Education	-	66,064	-	-	-	66,064
Public safety	818,195	700,240	-	-	818,195	700,240
Memorials	2,030	2,030	-	-	2,030	2,030
Unrestricted	<u>(105,671,907)</u>	<u>(81,052,839)</u>	<u>42,092,691</u>	<u>18,408,236</u>	<u>(63,579,216)</u>	<u>(62,644,603)</u>
Total net position	<u>\$ (32,209,745)</u>	<u>\$ (33,217,429)</u>	<u>\$285,135,109</u>	<u>\$269,217,163</u>	<u>\$252,925,364</u>	<u>\$235,999,734</u>

As with many counties in the State of North Carolina, the County's unrestricted net position is low or negative due primarily to the portion of the County's outstanding debt incurred for the County Board of Education (the "school system") and 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 \$118.6 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 low cost of debt due to the County's high bond rating.
- Accounts receivable for the Governmental Activities increased due to an increase in revenue for grant revenue for various programs, sales tax revenue and increased ambulance services.
- Prepaid Items decreased due to a reduction in the initial employer contribution of funds to a health savings account for the employees for the 2013–2014 fiscal year.
- Cash and cash equivalents increased due to debt proceeds for the Highland Middle School Capital Project and increased revenue from the sale of water and sewer, the receipt of project revenues, and to the increased collection of revenue associated with ambulance services.
- Accounts receivable for the Business-type Activities decreased \$1.25 million from the prior year due to a decrease in the receivables for the projects.
- Business-type activities increased \$20.07 due to the investment in district bonds. This transaction was due to the refunding of water and sewer district bonds which were then purchased by the County.

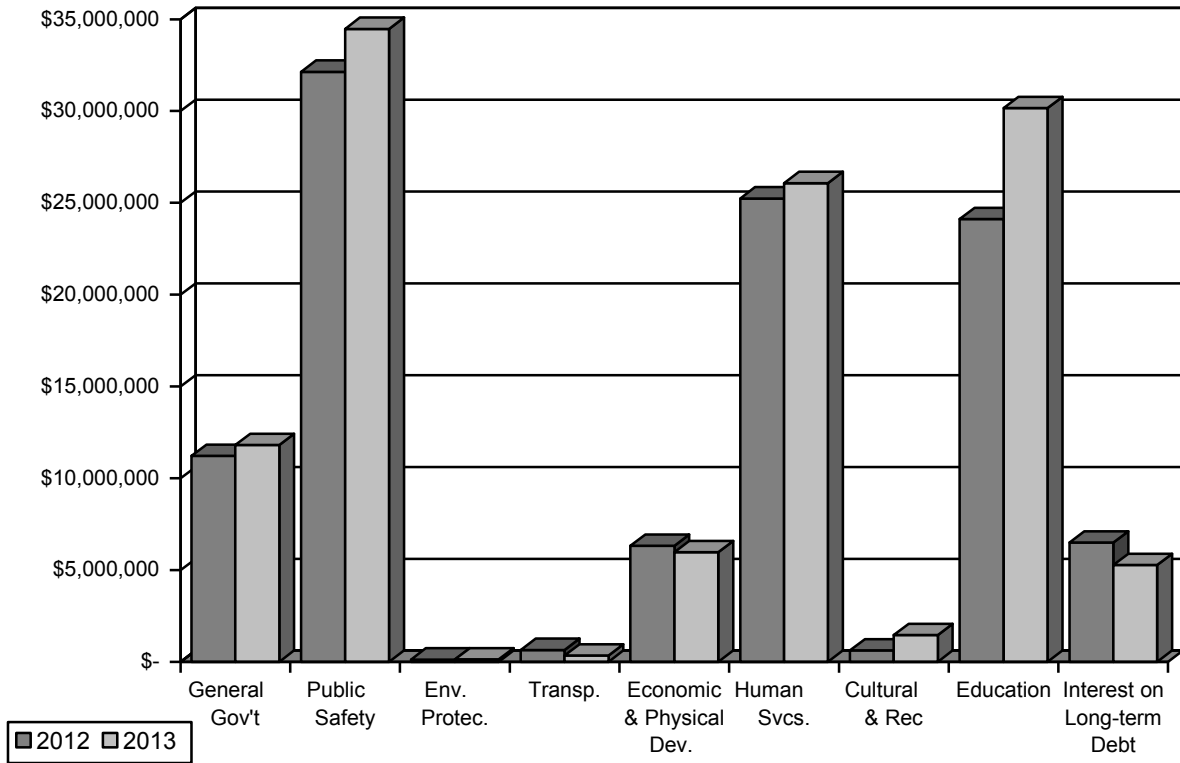
Harnett County's Changes in Net Position Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 19,127,671	\$ 17,015,333	\$ 35,604,682	\$ 34,128,977	\$ 54,732,353	\$ 51,144,310
Operating grants and contributions	21,462,199	20,657,831	-	-	21,462,199	20,657,831
Capital grants and contributions	730,636	106,881	14,719,996	18,746,953	15,450,632	18,853,834
General revenues:						
Property taxes	60,032,767	58,298,100	-	-	60,032,767	58,298,100
Local option sales tax	14,238,193	13,914,555	-	-	14,238,193	13,914,555
Other taxes and licenses	2,069,801	2,004,883	227,228	236,713	2,297,029	2,241,596
Unrestricted intergovernmental	45,956	347,202	-	-	45,956	347,202
Investment earnings	18,991	15,492	5,961	6,651	24,952	22,143
Total revenues	<u>117,726,214</u>	<u>112,360,277</u>	<u>50,557,867</u>	<u>53,119,294</u>	<u>168,284,081</u>	<u>165,479,571</u>
Expenses:						
General government	11,810,197	11,217,967	-	-	11,810,197	11,217,967
Public safety	34,473,682	32,138,970	-	-	34,473,682	32,138,970
Transportation	344,069	646,939	-	-	344,069	646,939
Environmental protection	135,892	124,255	-	-	135,892	124,255
Economic and physical development	5,969,164	6,321,309	-	-	5,969,164	6,321,309
Human services	26,073,115	25,235,971	-	-	26,073,115	25,235,971
Cultural and recreation	1,458,094	621,129	-	-	1,458,094	621,129
Education	30,159,562	24,115,765	-	-	30,159,562	24,115,765
Interest on long-term debt	5,279,472	6,494,891	-	-	5,279,472	6,494,891
Landfill	-	-	4,586,311	4,188,342	4,586,311	4,188,342
Water and sewer	-	-	28,120,698	23,446,803	28,120,698	23,446,803
Total expenses	<u>115,703,247</u>	<u>106,917,196</u>	<u>32,707,009</u>	<u>27,635,145</u>	<u>148,410,256</u>	<u>134,552,341</u>
Increase in net position before transfers	2,022,967	5,443,081	17,850,858	25,484,149	19,873,825	30,927,230
Transfers	<u>400,000</u>	<u>312,024</u>	<u>(400,000)</u>	<u>(312,024)</u>	<u>-</u>	<u>-</u>
Increase/(decrease) in net position	2,422,967	5,755,105	17,450,858	25,172,125	19,873,825	30,927,230
Net position, July 1	<u>(33,217,429)</u>	<u>(38,972,534)</u>	<u>269,217,163</u>	<u>244,045,038</u>	<u>235,999,734</u>	<u>205,072,504</u>
Prior period adjustment	(1,415,283)	-	(1,532,912)	-	(2,948,195)	-
Net position, July 1 - restated	<u>(34,632,712)</u>	<u>(38,972,534)</u>	<u>267,684,251</u>	<u>244,045,038</u>	<u>233,051,539</u>	<u>205,072,504</u>
Net position, June 30	<u>\$ (32,209,745)</u>	<u>\$ (33,217,429)</u>	<u>\$ 285,135,109</u>	<u>\$ 269,217,163</u>	<u>\$ 252,925,364</u>	<u>\$ 235,999,734</u>

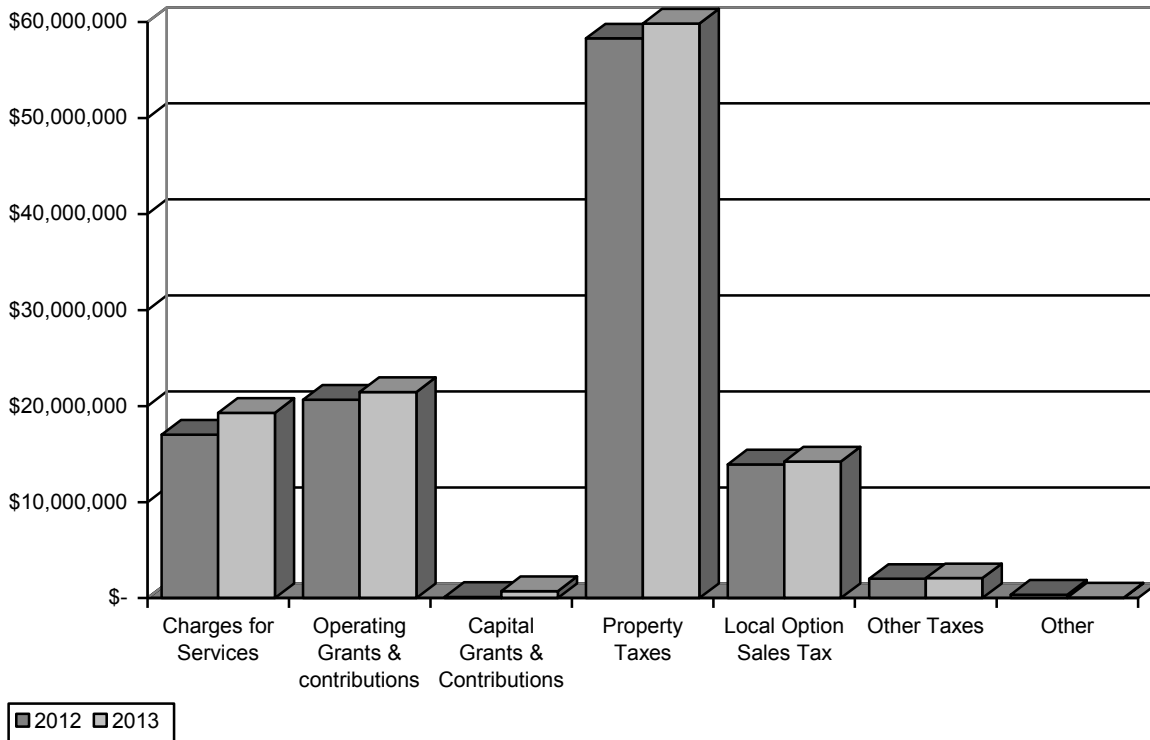
Governmental Activities. Governmental activities increased the County's net position by \$2,422,967. Key elements of this increase are as follows:

- The most significant change in the governmental activities net position over the prior fiscal year was the expenses reported for Education which increased \$6,043,797, or 25.1%. This increase was due to project cost associated with the Highland Middle School project.
- Charges for Services increased \$2,278,393 or 13.40%. This increase was due to an increase in the number of planning and inspection fees as a result of continued homeowner remodeling, an increase in the number of concealed weapons permits issued, animal adoption fees and cell tower fees.
- Property taxes increased \$1.54 million or 2.5% as a result of continued collection efforts.
- Unrestricted intergovernmental revenues decreased \$301,246, or 86.76%, due to the movement of asset forfeiture funds. Asset forfeiture funds were moved from 110 to a special revenue fund (fund 251).
- Another area of governmental activity which saw a continued increase in expenditures was for Public Safety, which increased \$2,334,712, or 7.3%. The most significant area of change was for the Sheriff and Jail due to costs associated with the housing of Federal Inmates and general operating expenses. Emergency Medical Services increased due to capital outlay for new ambulances and remounts of existing equipment. Emergency Medical Services and Transport experienced increases due to the number of emergency calls and transports.
- Transportation expenses decreased \$302,870 46.82% due to the decrease/closing of various airport capital projects.

Expenses – Governmental Activities



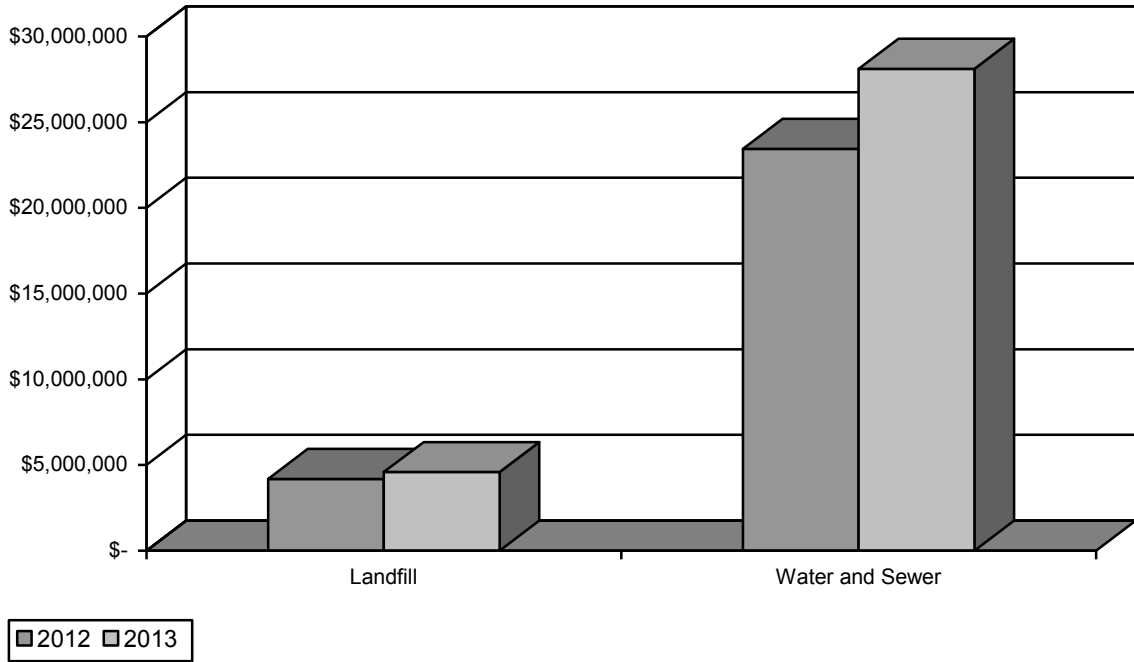
Revenues by Source – Governmental Activities



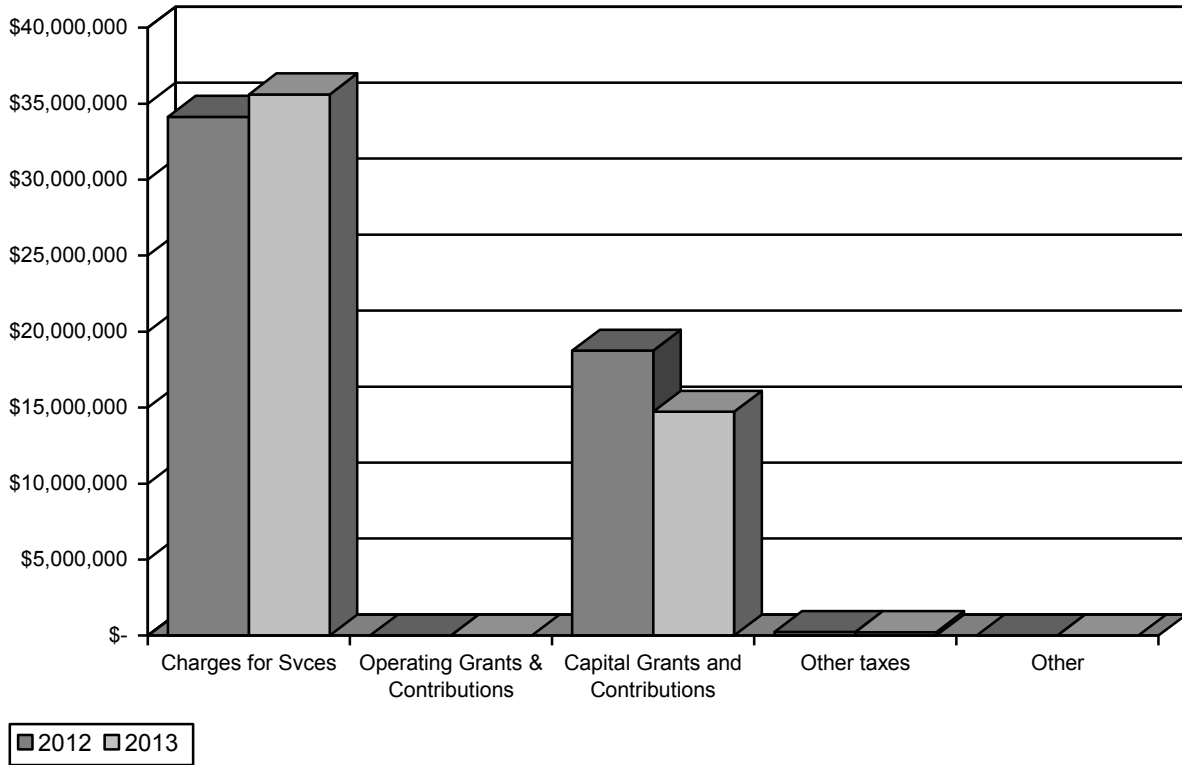
Business-Type Activities. Business-type activities increased Harnett County's net position by \$17,450,858. Key elements of this increase are as follows:

- Charges for services increased \$1,475,705, or 4.32%, due to an increase in fees, the number of service connections, and customer activity. The daily average treatment of sewer increased from 3.2 to 5.5 million gallons per day and water increased slightly from 13,107,763 to 13,270,531.
- Capital Grants and Contributions decreased 21.48% from \$18,746,953 to \$14,719,996. The decrease in revenue reported in this category continues to be associated with the declining project costs associated with various projects which are currently underway in the Public Utilities Department. The Fort Bragg Water and Wastewater Project consists of the 8 mgd expansion of the Harnett County Regional Water Treatment Plant, the design of an 8 mgd expansion to the currently designed South Harnett Regional Wastewater Treatment Plant, and the installation of waterlines and wastewater force main to serve Fort Bragg. The project also consists of the interim operations of the existing water and wastewater treatment plants located on Fort Bragg until these construction improvements are made. The Water Plant Expansion Project consists of the construction of an 18 mgd expansion of the Harnett Regional Treatment Plant, which will bring the total water treatment capacity of the plant to 36 million gallons per day. Several local governments have purchased capacity in the plant.
- Water and sewer expenditures increased 19.93% from \$23,446,803 to \$28,120,698. Expenditures associated with salaries, chemicals, utilities, and treatment costs contributed to the increase as a result of a cost living increase given during the year and an increase in the sewage and water treated.

Expenses – Business-Type Activities



Revenues – Business-Type Activities



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 \$17,959,942, while total fund balance reached \$27,844,179, an increase of 19.38%. A portion of this increase was the result of the continued diligence in the collection of property taxes as reflected in the collection rate increasing from 97.35% to 97.59%, increase in permits and fees, concealed gun permit and finger print fees, and register of deeds. This increase in fund balance was also due to the continued diligence as departments minimized spending for operating materials and supplies and the continued delay in the hiring of vacant positions. The economy continues to impact local sales and the construction of new homes, but recent operating indicators reflect a positive turn. Although the economy has impacted the entire State, the County continues to experience a significant population growth with the expanding number of school-aged children enrolling in Harnett County. Additionally, this added growth has placed demands on County services, such as public safety, law enforcement, and emergency services. The Governing Body of Harnett County has determined that the County should maintain an available fund balance of 15% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 17.63% of General Fund expenditures, while total fund balance represents 27.34% of that same amount.

At June 30, 2013, the governmental funds of Harnett County reported a combined fund balance of \$51,281,788, a 103.24% increase over last year. The primary reason for this increase was in the fund balance for the Other Governmental Funds.

Proprietary Funds. Harnett County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Landfill Fund at the end of the fiscal year amounted to \$(1,798,275), and those for the Water and Sewer Fund equaled \$43,857,906. The total growth in net position for both funds was \$635,116 and \$16,720,647, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of Harnett County's business-type activities.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$3,765,578 and expenditures by \$4,348,921, a material amount. Following are the main components of this increase:

- \$2,009,602 supplemental appropriations for restricted intergovernmental revenues, an increase of 11.19% to reflect federal and State grants for the Health, Cooperative Extension, Sheriff and Emergency Management Departments, which were either awarded for the fiscal year or adjusted from the original budget ordinance once final grant funding confirmations were received. During the budget process, the County budgets a portion of the grant program revenues (normally three months) pending final confirmation or denial by the grantor. Once a grant amount is confirmed by the funding agency, the budget is adjusted to reflect the final award.
- \$1,544,981 supplemental appropriations for other general revenues were due to a reimbursement from the Federal Government on the QSCB debt interest payment, the receipt of insurance proceeds, an increase in the funds received for Cooperative Extension Programs, an increase in funds received for the housing of Federal Inmates, and an increase in funds received for and the number of donations received by various departments.
- \$1,018,326 supplemental appropriations for General Government due to an increase in funds needed for legal services for the Governing Body, the increase in funds necessary for a 3% Cost of Living Adjustment, and an increase in funds needed for contracted services for various County departments.
- \$382,355 supplemental appropriations for Public Safety for the Sheriff and Jail due to costs associated with the housing of Federal Inmates and general operating expenses as the inmate population increased. This category also received funds for various Edward Byrne Justice grants.
- \$490,793 supplemental appropriations for Economic and Physical Development expenditures due largely to the receipt of various grants for Cooperative Extension. During the budget process, the County generally budgets a portion of grant program expenditures pending final confirmation or denial by the grantor. Once a grant amount is confirmed by the funding agency, the budget is adjusted to reflect the final award. The Planning and Inspections department increased funds necessary for processing Cell Tower applications due to the increasing number received.

Capital Asset and Debt Administration

Capital Assets. Harnett County's capital assets for its governmental and business-type activities as of June 30, 2013 totals \$402,457,719 (net of accumulated depreciation). These assets include buildings, land, construction in progress, buildings, land improvements, furniture, computer hardware, computer software, fixtures, machinery and equipment, park facilities, vehicles and plant distribution, and collection systems.

Major capital asset transactions during the year include:

- Purchased computers and software for various departments in the County
- Replaced wrecked vehicles for the Sheriff and Emergency 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 Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,219,535	\$ 2,214,535	\$ 2,739,814	\$ 2,739,814	\$ 4,959,349	\$ 4,954,349
Plant, distribution, and collection systems	-	-	161,096,086	162,061,116	161,096,086	162,061,116
Buildings	52,737,656	30,142,978	16,621,356	16,799,111	69,359,012	46,942,089
Land Improvements	7,670,295	7,719,185	-	-	7,670,295	7,719,185
Furniture, fixtures, and equipment	587,643	517,496	963,651	271,925	1,551,294	789,421
Computer hardware	157,975	83,622	-	-	157,975	83,622
Computer software	287,589	189,566	-	-	287,589	189,566
Vehicles	1,633,705	1,341,826	349,334	562,747	1,983,039	1,904,573
Construction in progress	<u>1,066,835</u>	<u>25,008,855</u>	<u>154,326,245</u>	<u>134,486,072</u>	<u>155,393,080</u>	<u>159,494,927</u>
Total	<u>\$ 66,361,233</u>	<u>\$ 67,218,063</u>	<u>\$ 336,096,486</u>	<u>\$ 316,920,785</u>	<u>\$ 402,457,719</u>	<u>\$ 384,138,848</u>

Additional information on the County's capital assets can be found in the Notes of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2013, Harnett County had total debt outstanding of \$242,264,797. Of this amount, \$34,056,000 represents general obligation bonds issued by the County's water and sewer districts to fund the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

At June 30, 2013, the County's outstanding debt consisted of:

Harnett County Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Installment purchase	\$ 145,136,042	\$ 120,798,269	\$ 4,756,014	\$ 5,758,367	\$ 149,892,056	\$ 126,556,636
General obligation bonds	-	-	34,056,000	35,297,000	34,056,000	35,297,000
Capitalized leases	215,511	437,297	-	-	215,511	437,297
Limited obligation bonds	-	-	20,065,000	-	20,065,000	-
Special obligation bonds	-	-	1,750,000	-	1,750,000	-
Revenue Bonds	-	-	12,240,000	12,805,000	12,240,000	12,805,000
State Bond loan	-	-	<u>24,046,230</u>	<u>25,551,602</u>	<u>24,046,230</u>	<u>25,551,602</u>
Total	<u>\$ 145,351,553</u>	<u>\$ 121,235,566</u>	<u>\$ 96,913,244</u>	<u>\$ 79,411,969</u>	<u>\$ 242,264,797</u>	<u>\$ 200,647,535</u>

Harnett County's total debt increased by \$41,617,262 (20.74%) during the past fiscal year, primarily due to the addition of limited obligation bonds.

As mentioned in the financial highlights section of this document, Harnett County held A3 and A+ bond ratings for Certificates of Participation, A2 and AA- ratings for Issuer Ratings, and A2 and AA- ratings for Revenue Bonds as assigned by Moody's and Standard & Poor's, respectively. These bond ratings are a clear indication of the sound financial condition of Harnett County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Harnett County is \$391,512,213.

Additional information regarding Harnett County's long-term debt can be found in Notes to the Basic Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The unemployment rate for Harnett County for the fiscal year ending June 30, 2013 was 10.5%, which is a decrease from a rate of 11.2% a year ago. Compared to the State average of 9.30% for the same period, the County is above the State average.
- The Research Triangle Park Region is noted for development of biotechnology and science clusters as a successful model, which for Harnett County, reinforces the efforts of the Harnett Forward Together Committee and its investment in the Brightwater Science and Technology Campus. The new Central Harnett Hospital, a 50-bed facility, which opened in January 2013, increased access to healthcare for Harnett County residents. Harnett County's support for the cooperative development of an Allied Health facility, with training capacity for Campbell University and Central Carolina University, will encourage private clinical research organizations to invest in the human capital and training needs of our regions. Harnett County has planned well and is prepared for both population growth and the infrastructure to support business expansion and investment.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities. Property taxes 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 \$110,237,472 and include amounts appropriated for Interfund transfers and debt service. The budget increased \$5,785,558 over the fiscal year ended 2013 budget. The 2013–2014 budget contains conservative forecast estimates for sales tax and growth. Departments have been asked to continue to do more with less, manage expenses very conservatively, and prioritize services based on the resources available. Harnett County was recently identified by the US Census Bureau as the number one micro area in the country, having gained more new residents in the past 15 months ending July 2011 than any other micro area in the nation. The County stands poised in terms of job creation and service expansion as evidenced by the Highway 421 medical corridor and its pending and ongoing construction. The Board of Commissioners understands this growth and the potential impact it has upon the County. Based upon this, the budget contains an appropriated fund balance of \$2,400,000, which includes capital expenses to lease/purchase 30 additional patrol vehicles to replace an aging fleet.

Business-Type Activities. The water and sewer rates for the 2013–2014 fiscal year remained unchanged over the prior year. The rates for landfill services also remained unchanged for the 2013-2014 fiscal year. Expenditures for Public Utilities and Solid Waste for the fiscal year have been budgeted at \$28,803,015 and \$5,329,390, respectively. These budgeted expenditures will cover personnel, supplies, and operating costs associated with the increasing demand for utility and landfill services due to growth.

Requests for Information

This report is designed to provide an overview of the County’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Harnett County, P.O. Box 760, 102 East Front Street Lillington, North Carolina 27546.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as a condensed introduction to the more detailed statements that follow.

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HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 23,830,421	\$ 21,634,699	\$ 45,465,120
Taxes receivable, net	1,486,014	-	1,486,014
Accounts receivable, net	14,795,966	6,311,135	21,107,101
Due from other governments	-	58,926	58,926
Internal balance	(33,060)	33,060	-
Inventories	14,170	547,326	561,496
Prepaid items	438,660	151,070	589,730
Restricted assets:			
Cash and cash equivalents	25,265,373	7,390,965	32,656,338
Investment in district bonds	-	20,065,000	20,065,000
Capital assets:			
Land and construction in progress	3,286,370	157,066,059	160,352,429
Other capital assets, net	63,074,863	179,030,427	242,105,290
Total assets	<u>132,158,777</u>	<u>392,288,667</u>	<u>524,447,444</u>
Deferred Outflows of Resources:	<u>420,696</u>	<u>300,929</u>	<u>721,625</u>
Liabilities:			
Accounts payable	5,731,141	4,144,037	9,875,178
Customer deposits paid from restricted assets	-	1,700,866	1,700,866
Unearned revenues	-	154,456	154,456
Current portion of compensated absences	1,815,230	468,204	2,283,434
Claims payable current	404,854	-	404,854
Long-term liabilities:			
Non-current portion of compensated absences	681,082	138,976	820,058
Claims payable, non-current	1,435,393	-	1,435,393
Due within one year	8,405,261	5,074,841	13,480,102
Due in more than one year	146,047,254	95,773,107	241,820,361
Total liabilities	<u>164,520,215</u>	<u>107,454,487</u>	<u>271,974,702</u>
Deferred Inflows of Resources:	<u>269,003</u>	<u>-</u>	<u>269,003</u>
Net Position:			
Net investment in capital assets	62,464,192	243,042,418	305,506,610
Restricted for:			
Stabilization by State Statute	9,990,991	-	9,990,991
Register of Deeds	175,384	-	175,384
General government	11,370	-	11,370
Education	-	-	-
Public safety	818,195	-	818,195
Memorials	2,030	-	2,030
Unrestricted	(105,671,907)	42,092,691	(63,579,216)
Total net position	<u>\$ (32,209,745)</u>	<u>\$ 285,135,109</u>	<u>\$ 252,925,364</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, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 11,810,197	\$ 6,153,062	\$ 1,175,405	\$ -
Public safety	34,473,682	9,212,633	1,899,606	-
Transportation	344,069	292,655	811,311	-
Environmental protection	135,892	-	-	-
Economic and physical development	5,969,164	4,148	89,601	730,636
Human services	26,073,115	3,424,015	15,822,833	-
Cultural and recreational	1,458,094	41,158	161,039	-
Education	30,159,562	-	1,502,404	-
Interest on long-term debt	5,279,472	-	-	-
Total governmental activities	<u>115,703,247</u>	<u>19,127,671</u>	<u>21,462,199</u>	<u>730,636</u>
Business-Type Activities:				
Water and sewer	28,120,698	30,813,418	-	14,719,996
Solid waste	4,586,311	4,791,264	-	-
Total business-type activities	<u>32,707,009</u>	<u>35,604,682</u>	<u>-</u>	<u>14,719,996</u>
Total primary government	<u>\$ 148,410,256</u>	<u>\$ 54,732,353</u>	<u>\$ 21,462,199</u>	<u>\$ 15,450,632</u>

General Revenues:

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

Transfers

Total general revenues and transfers

Change in net position

Net Position:

Beginning of year - previously stated
 Restatement
 Beginning of year - restated

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (4,481,730)	\$ -	\$ (4,481,730)
(23,361,443)	-	(23,361,443)
759,897	-	759,897
(135,892)	-	(135,892)
(5,144,779)	-	(5,144,779)
(6,826,267)	-	(6,826,267)
(1,255,897)	-	(1,255,897)
(28,657,158)	-	(28,657,158)
(5,279,472)	-	(5,279,472)
<u>(74,382,741)</u>	<u>-</u>	<u>(74,382,741)</u>
-	17,412,716	17,412,716
-	204,953	204,953
-	<u>17,617,669</u>	<u>17,617,669</u>
<u>(74,382,741)</u>	<u>17,617,669</u>	<u>(56,765,072)</u>
60,032,767	-	60,032,767
14,238,193	-	14,238,193
2,069,801	227,228	2,297,029
45,956	-	45,956
18,991	5,961	24,952
<u>76,405,708</u>	<u>233,189</u>	<u>76,638,897</u>
<u>400,000</u>	<u>(400,000)</u>	<u>-</u>
<u>76,805,708</u>	<u>(166,811)</u>	<u>76,638,897</u>
<u>2,422,967</u>	<u>17,450,858</u>	<u>19,873,825</u>
(33,217,429)	269,217,163	235,999,734
(1,415,283)	(1,532,912)	(2,948,195)
<u>(34,632,712)</u>	<u>267,684,251</u>	<u>233,051,539</u>
<u>\$ (32,209,745)</u>	<u>\$ 285,135,109</u>	<u>\$ 252,925,364</u>

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

HARNETT COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2013

	<u>General</u>	<u>Highlands Middle School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments	\$ 20,438,883	\$ -	\$ 1,937,982	\$ 22,376,865
Taxes receivable, net	1,295,159	-	190,855	1,486,014
Accounts receivable, net	14,238,124	-	557,842	14,795,966
Due from other funds	1,317,048	-	-	1,317,048
Inventories	14,170	-	-	14,170
Prepaid items	436,918	-	1,742	438,660
Restricted assets:				
Restricted cash and cash equivalents	109	25,265,264	-	25,265,373
	<u>109</u>	<u>25,265,264</u>	<u>-</u>	<u>25,265,373</u>
Total assets	<u>\$ 37,740,411</u>	<u>\$ 25,265,264</u>	<u>\$ 2,688,421</u>	<u>\$ 65,694,096</u>
Liabilities, Deferred Inflows, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,210,047	\$ 2,354,214	\$ 653,959	\$ 5,218,220
Due to other funds	-	1,144,594	172,454	1,317,048
Total liabilities	<u>2,210,047</u>	<u>3,498,808</u>	<u>826,413</u>	<u>6,535,268</u>
Deferred Inflows of Resources:				
Prepaid taxes	269,003	-	-	269,003
Other receivables	6,122,023	-	-	6,122,023
Property tax receivable	1,295,159	-	190,855	1,486,014
	<u>7,686,185</u>	<u>-</u>	<u>190,855</u>	<u>7,877,040</u>
Fund Balances:				
Non-spendable				
Inventories	14,170	-	-	14,170
Prepaid items	436,918	-	1,742	438,660
Restricted for stabilization for State statute	9,433,149	-	557,842	9,990,991
Restricted for Register of Deeds	-	-	175,384	175,384
Restricted for general government	-	-	11,370	11,370
Restricted for education	-	21,766,456	-	21,766,456
Restricted for public safety	-	-	818,304	818,304
Restricted for memorials	-	-	2,030	2,030
Committed	-	-	471,969	471,969
Assigned	-	-	76,734	76,734
Unassigned	17,959,942	-	(444,222)	17,515,720
Total fund balances	<u>27,844,179</u>	<u>21,766,456</u>	<u>1,671,153</u>	<u>51,281,788</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 37,740,411</u>	<u>\$ 25,265,264</u>	<u>\$ 2,688,421</u>	<u>\$ 65,694,096</u>

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

HARNETT COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - modified accrual	\$ 51,281,788
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,361,233
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	(147,385,531)
Deferred outflow	420,696
Compensated absences	(2,496,312)
Accrued interest payable	(512,847)
Other post-employment benefits	(6,393,737)
Unfunded pension	(673,247)
Consolidation of Internal Service Fund	(419,825)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>7,608,037</u>
Net position of governmental activities (Exhibit A)	<u>\$ (32,209,745)</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, 2013

	<u>General</u>	<u>Highlands Middle School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 54,273,480	\$ -	\$ 6,147,210	\$ 60,420,690
Other taxes and licenses	15,248,742	-	1,059,252	16,307,994
Unrestricted intergovernmental revenues	45,956	-	-	45,956
Restricted intergovernmental revenues	20,307,112	-	1,643,992	21,951,104
Permits and fees	3,091,250	-	904,010	3,995,260
Sales and services	9,188,221	-	68,000	9,256,221
Investment earnings	10,752	7,854	385	18,991
Other general revenues	3,158,796	103,033	175,947	3,437,776
Total revenues	<u>105,324,309</u>	<u>110,887</u>	<u>9,998,796</u>	<u>115,433,992</u>
Expenditures:				
Current:				
General government	11,107,798	-	896,676	12,004,474
Public safety	25,652,884	-	7,850,888	33,503,772
Transportation	368,313	-	-	368,313
Environmental protection	123,598	-	-	123,598
Economic and physical development	5,313,064	-	560,508	5,873,572
Human services	25,481,920	-	6,903	25,488,823
Cultural and recreation	1,367,760	-	-	1,367,760
Education	20,950,818	8,936,460	272,284	30,159,562
Debt service:				
Principal repayments	6,424,014	-	-	6,424,014
Interest and fees	5,062,698	-	-	5,062,698
Total expenditures	<u>101,852,867</u>	<u>8,936,460</u>	<u>9,587,259</u>	<u>120,376,586</u>
Revenues over (under) expenditures	<u>3,471,442</u>	<u>(8,825,573)</u>	<u>411,537</u>	<u>(4,942,594)</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	30,540,000	-	30,540,000
Premium issued	-	52,029	-	52,029
Transfers to other funds	(528,881)	-	(1,188,579)	(1,717,460)
Transfers from other funds	1,577,116	-	540,344	2,117,460
Total other financing sources (uses)	<u>1,048,235</u>	<u>30,592,029</u>	<u>(648,235)</u>	<u>30,992,029</u>
Net change in fund balances	4,519,677	21,766,456	(236,698)	26,049,435
Fund Balances:				
Beginning of year - July 1	<u>23,324,502</u>	<u>-</u>	<u>1,907,851</u>	<u>25,232,353</u>
End of year - June 30	<u>\$ 27,844,179</u>	<u>\$ 21,766,456</u>	<u>\$ 1,671,153</u>	<u>\$ 51,281,788</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, 2013

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)	\$ 26,049,435
<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	(387,923)
Ambulance/other miscellaneous revenues	2,320,033
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.	(953,361)
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.	(268,802)
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.	1,816,057
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,672,886)
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.	6,424,014
Consolidation of Internal Service Fund	636,400
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>(30,540,000)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 2,422,967</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, 2013

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 53,719,533	\$ 53,784,623	\$ 54,273,480	\$ 488,857
Other taxes and licenses	14,133,123	14,133,123	15,248,742	1,115,619
Unrestricted intergovernmental revenues	35,000	40,044	45,956	5,912
Restricted intergovernmental revenues	17,949,415	19,959,017	20,307,112	348,095
Permits and fees	2,402,660	2,500,160	3,091,250	591,090
Sales and services	9,675,824	9,719,185	9,188,221	(530,964)
Investment earnings	4,856	4,856	10,752	5,896
Other general revenues	1,888,818	3,433,799	3,158,796	(275,003)
Total revenues	<u>99,809,229</u>	<u>103,574,807</u>	<u>105,324,309</u>	<u>1,749,502</u>
Expenditures:				
General government	11,066,027	12,084,353	11,107,798	976,555
Public safety	27,115,845	27,498,200	25,652,884	1,845,316
Transportation	182,818	405,941	368,313	37,628
Environmental protection	136,066	136,066	123,598	12,468
Economic and physical development	4,976,700	5,467,493	5,313,064	154,429
Human services	27,007,150	28,551,470	25,481,920	3,069,550
Cultural and recreation	1,394,948	1,442,695	1,367,760	74,935
Education	20,950,818	20,950,818	20,950,818	-
Debt service:				
Principal repayments	6,578,594	6,578,594	6,424,014	154,580
Interest and fees	4,608,881	5,251,138	5,062,698	188,440
Total expenditures	<u>104,017,847</u>	<u>108,366,768</u>	<u>101,852,867</u>	<u>6,513,901</u>
Revenues over (under) expenditures	<u>(4,208,618)</u>	<u>(4,791,961)</u>	<u>3,471,442</u>	<u>8,263,403</u>
Other Financing Sources (Uses):				
Transfers to other funds	(434,067)	(455,491)	(528,881)	(73,390)
Transfers from other funds	1,462,351	1,599,789	1,577,116	(22,673)
Long-term debt issued	1,165,000	1,165,000	-	(1,165,000)
Appropriated fund balance	2,015,334	2,482,663	-	(2,482,663)
Total other financing sources (uses)	<u>4,208,618</u>	<u>4,791,961</u>	<u>1,048,235</u>	<u>(3,743,726)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,519,677	<u>\$ 4,519,677</u>
Fund Balance:				
Beginning of year - July 1			<u>23,324,502</u>	
End of year - June 30			<u>\$ 27,844,179</u>	

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	
Assets:				
Current assets:				
Cash and cash investments	\$ 21,500,043	\$ 134,656	\$ 21,634,699	\$ 1,453,558
Accounts receivable, net	6,035,116	276,019	6,311,135	-
Restricted intergovernmental receivables	-	58,926	58,926	-
Prepaid items	145,070	6,000	151,070	-
Inventory	547,326	-	547,326	-
Restricted assets:				
Cash and investments, restricted	5,893,645	1,497,320	7,390,965	-
Total current assets	<u>34,121,200</u>	<u>1,972,921</u>	<u>36,094,121</u>	<u>1,453,558</u>
Non-current assets:				
Investment in district bonds	20,065,000	-	20,065,000	-
Land and construction in progress	155,479,055	1,587,004	157,066,059	-
Other capital assets, net	<u>175,836,933</u>	<u>3,193,494</u>	<u>179,030,427</u>	-
Total non-current assets	<u>351,380,988</u>	<u>4,780,498</u>	<u>356,161,486</u>	-
Total assets	<u>385,502,188</u>	<u>6,753,419</u>	<u>392,255,607</u>	<u>1,453,558</u>
Deferred Outflow	<u>300,929</u>	<u>-</u>	<u>300,929</u>	<u>-</u>
Liabilities and Net Assets:				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	2,678,301	686,453	3,364,754	74
Claims payable	-	-	-	404,854
Accrued interest	752,367	26,916	779,283	-
Prepaid fees	97,227	57,229	154,456	-
Customer deposits	1,700,866	-	1,700,866	-
Compensated absences, current	421,504	46,700	468,204	-
Current portion of long-term debt	<u>4,614,128</u>	<u>460,713</u>	<u>5,074,841</u>	-
Total current liabilities	<u>10,264,393</u>	<u>1,278,011</u>	<u>11,542,404</u>	<u>404,928</u>
Non-current liabilities:				
Compensated absences, non-current	136,819	2,157	138,976	-
Claims payable	-	-	-	1,435,393
Non-current portion of long-term debt	90,195,015	4,516,271	94,711,286	-
Other post-employment benefits	<u>954,476</u>	<u>107,345</u>	<u>1,061,821</u>	-
Total non-current liabilities	<u>91,286,310</u>	<u>4,625,773</u>	<u>95,912,083</u>	<u>1,435,393</u>
Total liabilities	<u>101,550,703</u>	<u>5,903,784</u>	<u>107,454,487</u>	<u>1,840,321</u>
Net Position:				
Net investment in capital assets	240,394,508	2,647,910	243,042,418	-
Unrestricted	<u>43,857,906</u>	<u>(1,798,275)</u>	<u>42,059,631</u>	<u>(386,763)</u>
Total net position	<u>\$ 284,252,414</u>	<u>\$ 849,635</u>	<u>285,102,049</u>	<u>\$ (386,763)</u>
Adjustment to reflect consolidation of Internal Service Fund			<u>33,060</u>	
Net position			<u>\$ 285,135,109</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, 2013

	Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	
Operating Revenues:				
Charges for services	\$ 24,765,682	\$ 4,775,827	\$ 29,541,509	\$ -
Water and sewer taps	330,763	-	330,763	-
Johnson County	3,703	-	3,703	-
County contributions	-	-	-	2,857,260
Other operating revenues	5,632,805	807	5,633,612	-
Total operating revenues	<u>30,732,953</u>	<u>4,776,634</u>	<u>35,509,587</u>	<u>2,857,260</u>
Operating Expenses:				
Water distribution and sewage treatment	16,541,552	-	16,541,552	-
Solid waste	-	3,966,155	3,966,155	-
Benefits and premiums	-	-	-	2,125,762
Depreciation	5,989,986	159,440	6,149,426	-
Total operating expenses	<u>22,531,538</u>	<u>4,125,595</u>	<u>26,657,133</u>	<u>2,125,762</u>
Operating income (loss)	<u>8,201,415</u>	<u>651,039</u>	<u>8,852,454</u>	<u>731,498</u>
Non-Operating Revenues (Expenses):				
Loss on sale of assets	(217,135)	(139,047)	(356,182)	-
Solid waste disposal tax	-	227,228	227,228	-
Interest earned on investments	5,531	430	5,961	-
Interest and fees	(5,589,160)	(104,534)	(5,693,694)	-
Total non-operating revenues (expenses)	<u>(5,800,764)</u>	<u>(15,923)</u>	<u>(5,816,687)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	2,400,651	635,116	3,035,767	731,498
Capital contributions	<u>14,719,996</u>	<u>-</u>	<u>14,719,996</u>	<u>-</u>
Income (loss) before transfers	<u>17,120,647</u>	<u>635,116</u>	<u>17,755,763</u>	<u>731,498</u>
Transfers:				
Transfers out	(400,000)	-	(400,000)	-
Total transfers	<u>(400,000)</u>	<u>-</u>	<u>(400,000)</u>	<u>-</u>
Change in net position	<u>16,720,647</u>	<u>635,116</u>	<u>17,355,763</u>	<u>731,498</u>
Net Position:				
Beginning of year - July 1	269,359,657	(80,459)		(1,118,261)
Prior period adjustment	(1,827,890)	294,978		-
Beginning of year - restated	<u>267,531,767</u>	<u>214,519</u>		<u>(1,118,261)</u>
End of year - June 30	<u>\$ 284,252,414</u>	<u>\$ 849,635</u>		<u>\$ (386,763)</u>
Adjustment to reflect consolidation of Internal Service Fund			95,095	
Change in net position			<u>\$ 17,450,858</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, 2013

	Enterprise Funds			Internal Service Fund
	Water and Sewer Fund	Solid Waste Fund	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 32,018,732	\$ 4,745,227	\$ 36,763,959	\$ 2,857,260
Cash paid for goods and services	(10,766,261)	(2,996,061)	(13,762,322)	(2,043,788)
Cash paid to employees for services	(6,590,642)	(714,752)	(7,305,394)	-
Other revenues	-	227,228	227,228	-
Customer deposits received	99,703	-	99,703	-
Net cash provided (used) by operating activities	<u>14,761,532</u>	<u>1,261,642</u>	<u>16,023,174</u>	<u>813,472</u>
Cash Flows from Non-Capital Financing Activities:				
Loans from (to) other funds	(156,000)	-	(156,000)	-
Transfers out	(400,000)	-	(400,000)	-
Net cash provided (used) by non-capital financing activities	<u>(556,000)</u>	<u>-</u>	<u>(556,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Long-term debt issued	21,070,382	1,750,000	22,820,382	-
Acquisition and construction of capital assets	(19,732,541)	(1,452,398)	(21,184,939)	-
Principal paid on long-term debt	(24,313,207)	(65,517)	(24,378,724)	4,188
Proceeds from sale of assets	16,084	36,920	53,004	-
Interest and fees	(5,267,466)	(85,787)	(5,353,253)	(4,188)
Capital contributions	10,391,517	-	10,391,517	-
Net cash provided (used) for capital and related financing activities	<u>(17,835,231)</u>	<u>183,218</u>	<u>(17,652,013)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	5,531	430	5,961	-
Net increase (decrease) in cash and cash equivalents	(3,624,168)	1,445,290	(2,178,878)	813,472
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>31,017,856</u>	<u>186,686</u>	<u>31,204,542</u>	<u>640,086</u>
End of year - June 30	<u>\$ 27,393,688</u>	<u>\$ 1,631,976</u>	<u>\$ 29,025,664</u>	<u>\$ 1,453,558</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 8,201,415	\$ 651,039	\$ 8,852,454	\$ 731,498
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	5,989,986	159,440	6,149,426	-
Other revenues	-	227,228	227,228	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	1,292,741	(46,028)	1,246,713	-
Increase (decrease) in accounts payable and accrued liabilities	(1,057,224)	446,432	(610,792)	81,974
Increase (decrease) in prepaid items	43,550	8,425	51,975	-
Increase (decrease) in unearned revenues	(6,962)	14,621	7,659	-
Increase (decrease) in landfill post-closure	-	(227,956)	(227,956)	-
(Increase) decrease in inventory	(33,613)	-	(33,613)	-
Increase (decrease) in customer deposits	99,703	-	99,703	-
Increase (decrease) in accrued vacation pay	17,880	7	17,887	-
Increase (decrease) in OPEB payable	214,056	28,434	242,490	-
Net cash provided (used) by operating activities	<u>\$ 14,761,532</u>	<u>\$ 1,261,642</u>	<u>\$ 16,023,174</u>	<u>\$ 813,472</u>
Non-Cash Transactions:				
Debt issued for district bond investment	<u>\$ 20,065,000</u>	<u>\$ -</u>	<u>\$ 20,065,000</u>	<u>\$ -</u>
Contributed water lines	<u>\$ 4,328,479</u>	<u>\$ -</u>	<u>\$ 4,057,628</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, 2013**

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ <u>195,502</u>
Total assets	\$ <u>195,502</u>
Liabilities:	
Accounts payable	\$ <u>195,502</u>
Total liabilities	\$ <u>195,502</u>

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies 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 Statute (“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 existing 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.

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 County 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Net Position and the Statement of Activities display information about the primary government (the County). These statements include the 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 include (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 non-major funds.

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.

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County reports the following major governmental funds:

General Fund. This 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.

Highlands Middle School. This fund is for the construction of Highlands Middle School.

The County reports the following nonmajor governmental funds:

Special Revenue Funds: 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 annually budgeted except for the AMPI Unrecoverable Cost Fund. The County reports the following special revenue funds: Section 8 Housing Fund; Special Districts Fund; Law Enforcement Fund; Emergency Telephone System Fund; Automation Enhancement & Preservation Fund; Emergency Response Planning Fund; Harnett Memorial Fund; Abandoned Manufactured Homes Fund; WIA Youth Program Fund; AMPI Unrecoverable Cost Fund; Asset Forfeiture Fund; Employment Transportation Fund; and the Electronics Management Fund.

Capital Project Funds. 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: Transportation Facility Design Fund; Taxiway & Apron Land Acquisition and Runway Safety Fund; DP6 Generator Switch; Airport Runway Reimburse; Anderson Creek Phase I; Scattered Site Housing II; Good Hope Mental Health Fund; Jetport-Runway; Taxiways and Apron Rehabilitation & Strengthening; School Improvements QZAB III; Emergency Services Renovation; Harnett Central High School; Johnsonville Elementary School; Highland Elementary School Gym; Angier Elementary School; Law Enforcement Expansion; Airport Overlay Zoning; Camp Pedestrian Trail; Single Family; Hangar Planning Eng; Boone Trail Elementary; and Airport Capital Reserve.

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 ten additional funds to account for the debt service for each district. The County maintains a separate enterprise fund for the operations of the landfill. The County's enterprise funds consist of the following:

Harnett County Public Utilities Fund. This fund is used to account 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. These 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 YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Erwin Wastewater Project; East Central Improvements Project; Fort Bragg Water & Wastewater Project; Water Plant Expansion Project; Erwin Wastewater; Buffalo Lakes Wastewater Project; South West Northern Training Area/Cameron Hill Project; South Central Waste Water 1B-1 Project; South Central Waste Water 1B-2 Project; South Central Waste Water 1C-1 Project; South Central Waste Water 1C-2 Project; Brightwater Infrastructure Project; NE Wastewater Extension; Campbell Osteopathic; West Central Transmission.

Solid Waste Management Fund. This fund is used to account for the operations of the Harnett County Landfill. The Solid Waste Management Fund also includes the Dunn Erwin Corrective Action Project Fund.

Agency Funds. 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 accounts 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, the Jail Canteen, which accounts for monies deposited by inmates, the State Vehicle Tax Fund, which accounts for the 3% interest penalty on past due motor vehicle property tax bills that are remitted to the North Carolina Department of Motor Vehicles, and the Fines and Forfeitures, which accounts for the collection and payment of fines and forfeitures to the Board of Education.

Internal Service Funds. The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, on a cost-reimbursement basis. Harnett County has two internal service funds, the Workers' Compensation Fund and the Group 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 General Insurance Fund is used to account for liabilities that have been incurred from prior years when the County was self-funded. Internal service 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.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary fund, 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 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 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 the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes, which were billed during this period, are shown as a receivable on 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. 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.

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. 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 revenue funds (except for the AMPI Unrecoverable Cost Fund) and for the enterprise funds. All annual appropriations 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 and General Insurance Fund (internal service 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 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. 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. |

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Fund Equity

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State Law G. S. 159-30(c) authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust ("NCCMT").

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, and SEC-registered (2a-7) money market mutual funds, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments including commercial paper that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The investment income is allocated based on each fund's monthly balance in relation to the total pooled cash balance.

For purposes of the Statement of Cash Flows, the County's proprietary funds consider equity in pooled cash and investments to be cash equivalents as they are essentially demand deposit accounts.

Restricted Assets

The unexpended bond proceeds of the Water and Sewer Fund Serial Bonds issued by the County are considered restricted assets (i.e., cash and investments) for the enterprise funds because their use is completely restricted to the purpose for which the bonds were originally issued. The unexpended certificate of participation proceeds in the Water and Sewer Fund and the capital projects funds are deposited in a trustee account and are also restricted assets because of contractual requirements. Such amounts are included in cash and investments and are described in the footnotes. Restricted cash in the General Fund is accumulated and applied against debt interest payments. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012 as allowed by State law; the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of allowances 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 of the inventory carried in the County's enterprise fund is recorded as an expense when the inventory is consumed.

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The minimum capitalization threshold is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The County does not own any infrastructure assets.

The County holds title to certain Harnett County Board of Education properties that have not been included in 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 give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Harnett County Board of Education.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets of the County are depreciated on a straight-line basis using the following estimated useful lives:

Buildings and improvements	50 years
Plant, distribution and collection system	20 to 40 years
Furniture	10 years
Equipment	5 years
Computer hardware	3 years
Computer software	3 years
Vehicles	6 years

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion – a charge on 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 only three items that meet the criterion for this category – prepaid taxes, other receivables, 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 another financing source.

Compensated Absences

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

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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.

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization by State Statute – portion of fund balance that is not an available resource for appropriation in accordance with State law (G.S. 159-8(a)).

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

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

Restricted for Memorials – represents the portion of fund balance restricted by revenue source to construct memorials in the County.

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 for General Government – portion of fund balance that is restricted by revenue source for general government.

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Transportation Facility Design Project, the Airport Capital Reserve Project, and the Jetport Runway Project.

Committed for human services capital projects– portion of fund balance that can only be used for human services. This includes the Good Hope Mental Health Project.

Committed fund balance at June 30, 2013 is as follows:

Purpose	Other Governmental Funds
Economic Development Projects	\$ 461,767
Human Services Capital Projects	10,202
Total	\$ 471,969

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. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Assigned for public safety – represents the portion of fund balance budgeted by the governing body for the Emergency Response Planning Fund.

Assigned for economic development – represents the portion of fund balance budgeted by the governing body for the Abandoned Manufactured Homes Fund.

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned fund balance at June 30, 2013 is as follows:

Purpose	Other Governmental Funds
Public Safety	\$ 71,039
Economic Development	<u>5,695</u>
Total	<u>\$ 76,734</u>

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the general fund.

Harnett County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, Federal funds, State funds, local funds, County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund 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	\$ 27,844,179
Less:	
Prepays	436,918
Inventory	14,170
Stabilization by State Statute	<u>9,433,149</u>
Total Available Fund Balance	<u>\$ 17,959,942</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
YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation 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.

NOTE 2 – CASH AND INVESTMENTS

A. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2013, the County's deposits had a carrying amount of \$70,859,451 and a bank balance of \$110,971,835. Of the bank balance, \$767,149 was covered by federal depository insurance, and \$110,204,689 was covered by collateral held under the Pooling Method.

At June 30, 2013, Harnett County had \$ 4,150 cash on hand.

B. Investments

At June 30, 2013, the County's investments consisted of \$7,453,359 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on interest rate risk or credit risk

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (continued)

The Water Fund owns General Obligation Bonds in the amount of \$20,065,000 which were issued in the current year from the Water Districts. These bonds are considered to be investments and should be included in the County's investments. \$370,000 matures in six to twelve months, and \$19,695,000 mature in over one year.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The County's Water Fund investments in Water Districts General Obligation Refunding Bonds, Series 12 are rated Aa3 by Moody's Investors Service.

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments at June 30, 2013, include the following restricted amounts:

General Fund Restricted:	
Harnett County COPS 2007	\$ 67
Harnett County COPS 2009	42
Total	<u>\$ 109</u>
 Capital Project Funds:	
2012 A LOB (QSCB) Construction	\$ 964,309
2012 B QSCB Construction	24,300,955
Total	<u>25,265,264</u>
 Enterprise Funds:	
Public Utilities Fund Customer Deposits	1,700,866
Harnett County Public Utility Fund COPS 2003(1994)	201,319
Harnett County Public Utility Fund 2007A Revenue Bonds	12,457
2013 Limited Obligation Bonds	34,930
South Central Projects	2,991,320
2013 District USDA Refunding	20,065,000
Erwin Wastewater Project	952,753
2013 Special Obligation Bonds Construction	1,497,300
Solid Waste Fund COPS 2007	20
Total	<u>27,455,965</u>
 Total restricted investments	 <u>\$ 52,721,229</u>

NOTE 3 – PROPERTY TAX USE-VALUE ASSESSMENT ON CERTAIN LANDS

In accordance with the General Statutes, agriculture, horticulture, and forestland 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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,553,510	\$ 330,129	\$ 4,883,639
2010	4,586,161	332,497	4,918,658
2011	4,526,667	735,583	5,262,250
2012	4,524,439	328,022	4,852,461
Total	<u>\$ 18,190,777</u>	<u>\$ 1,726,231</u>	<u>\$ 19,917,008</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 4 – RECEIVABLES

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

Fund	for Doubtful Accounts
General	\$ 5,948,999
Nonmajor governmental	147,224
Governmental activities	6,096,223
Public Utilities	849,127
Solid Waste	150,385
Business-type activities	999,512
Total	\$ 7,095,735

NOTE 5 – DEFERRED OUTFLOWS and INFLOWS of RESOURCES

The amount of deferred outflows of resources is a charge on refunding of debt.

	Unavailable Revenue	Unearned Revenues
Prepaid taxes not yet earned (General)	\$ -	\$ 269,003
Prepaid taxes not yet earned (Other governmental funds)	-	-
Other (General)	6,122,023	-
Taxes receivable, net (General)	1,295,159	-
Taxes receivable, net (Other governmental funds)	190,855	-
Total	\$ 7,608,037	\$ 269,003

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 6 – CAPITAL ASSETS

A. Governmental Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases and Transfers	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,214,535	\$ 5,000	\$ -	\$ 2,219,535
Construction in progress	25,008,855	447,189	(24,389,209)	1,066,835
Total capital assets not being depreciated	27,223,390	452,189	(24,389,209)	3,286,370
Capital Assets Being Depreciated:				
Buildings	40,673,948	23,857,887	-	64,531,835
Land improvements	12,913,747	531,322	-	13,445,070
Furniture	100,919	61,831	-	162,750
Equipment	4,547,070	195,701	(383,174)	4,359,597
Computer hardware	1,464,400	123,433	(1,147,923)	439,910
Computer software	2,459,688	203,591	(7,986)	2,655,293
Vehicles	7,110,258	779,312	(77,177)	7,812,393
Total capital assets being depreciated	69,270,030	25,753,077	(1,616,260)	93,406,847
Less Accumulated Depreciation:				
Buildings	10,530,970	1,263,209	-	11,794,179
Land improvements	5,194,562	580,212	-	5,774,774
Furniture	79,837	3,612	-	83,449
Equipment	4,050,656	183,772	(383,174)	3,851,254
Computer hardware	1,380,778	49,080	(1,147,923)	281,935
Computer software	2,270,122	105,568	(7,986)	2,367,704
Vehicles	5,768,432	487,433	(77,177)	6,178,688
Total accumulated depreciation	29,275,357	\$ 2,672,886	\$ (1,616,260)	30,331,984
Total capital assets being depreciated, net	39,994,672			63,074,863
Governmental activity capital assets, net	\$ 67,218,061			\$ 66,361,233

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

General government	\$ 746,333
Public safety	1,256,730
Environmental protection	-
Transportation	507,077
Economic and physical development	16,374
Human services	87,920
Cultural and recreational	58,451
Total	\$ 2,672,886

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 6 – CAPITAL ASSETS (continued)

Business-Type Capital Assets

	Beginning Balances	Increases	Decreases and Transfers	Ending Balances
Business-Type Activities:				
<i>Public Utilities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,827,526	\$ -	\$ -	\$ 1,827,526
Construction in progress	134,486,072	19,165,457	-	153,651,529
Total capital assets not being depreciated	136,313,598	19,165,457	-	155,479,055
Capital Assets Being Depreciated:				
Plant, distribution, and collection systems	210,833,573	4,328,479		215,162,052
Buildings and building improvements	14,580,453			14,580,453
Furniture, fixtures, and equipment	502,482	178,450	(64,283)	616,649
Vehicles	1,105,173	388,636	(168,937)	1,324,872
Total capital assets being depreciated	227,021,681	4,895,565	(233,220)	231,684,026
Less Accumulated Depreciation:				
Plant, distribution and collection systems	48,708,949	5,356,986	-	54,065,935
Buildings and building improvements	65,429	295,844	-	361,273
Furniture, fixtures, and equipment	331,785	106,996	-	438,781
Vehicles	750,944	230,160	-	981,104
Total accumulated depreciation	49,857,107	\$ 5,989,986	\$ -	55,847,093
Total capital assets being depreciated, net	177,164,574			175,836,933
Public Utilities capital assets, net	\$ 313,478,172			\$ 331,315,988
 <i>Solid Waste Management:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 912,288	\$ -	\$ -	\$ 912,288
Construction in progress	-	674,716	-	674,716
Total capital assets not being depreciated	912,288	674,716	-	1,587,004
Capital Assets Being Depreciated:				
Buildings and building improvements	3,003,989			3,003,989
Furniture, fixtures, and equipment	603,676	777,682	(175,967)	1,205,391
Vehicles	48,996	-	-	48,996
Total capital assets being depreciated	3,656,661	777,682	(175,967)	4,258,376
Less Accumulated Depreciation:				
Buildings and building improvements	536,306	65,507	-	601,813
Furniture, fixtures, and equipment	360,181	91,029	-	451,210
Vehicles	8,955	2,904	-	11,859
Total accumulated depreciation	905,442	\$ 159,440	\$ -	1,064,882
Total capital assets being depreciated, net	2,751,219			3,193,494
Solid Waste Management capital assets, net	\$ 3,663,507			\$ 4,780,498

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 6 – CAPITAL ASSETS (continued)

Construction period interest expense, net of interest earned in the amount of \$554,757 has been capitalized in the cost of business-type capital assets during the year ended June 30, 2013.

At June 30, 2013, construction in progress for the business-type activities consists of the following projects:

	<u>Project Authorization</u>	<u>Expended To Date</u>
Erwin Wastewater	\$ 10,249,100	\$ 9,958,546
East Central Improvements	5,127,119	4,858,398
Fort Bragg Water and Wastewater	55,709,514	54,358,361
Water Plant Expansion	62,595,014	61,538,977
Buffalo Lakes Wastewater	2,570,220	2,555,089
SWEST NTA/Cameron Hill	5,045,501	3,567,143
South Central WW 1B-1	6,159,253	4,128,629
South Central WW 1B-2	6,319,152	3,329,001
Brightwater Infrastructure	3,774,241	3,529,002
South Central WW 1C-1	4,432,665	2,157,797
South Central WW 1C-2	4,475,318	2,311,883
NE Wastewater Extension	1,121,032	849,182
Campbell Osteopathic	849,530	439,921
West Central Transmission	4,983,435	69,600
Dunn Erwin Corrective Action	1,780,000	674,716
Total	<u>\$ 175,191,094</u>	<u>\$ 154,326,245</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2013 is composed of the following elements:

	<u>Governmental</u>	<u>Business-Type</u>		<u>Total</u>
		<u>Water/Sewer</u>	<u>Solid Waste</u>	<u>Business-Type</u>
Capital assets	\$ 66,361,233	\$ 331,315,988	\$ 4,780,498	\$ 336,096,486
Total debt/deferred outflows, gross	147,806,227	95,114,259	3,629,908	98,744,167
Debt not related to capital assets	118,643,813	-	-	-
Capital related unspent debt proceeds	<u>25,265,373</u>	<u>4,192,779</u>	<u>1,497,320</u>	<u>5,690,099</u>
Total capital debt	<u>3,897,041</u>	<u>90,921,480</u>	<u>2,132,588</u>	<u>93,054,068</u>
Net investment in capital assets	<u>\$ 62,464,192</u>	<u>\$ 240,394,508</u>	<u>\$ 2,647,910</u>	<u>\$ 243,042,418</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 7 – ACCOUNTS PAYABLE

Payables at the government-wide level at June 30, 2013 were as follows:

	Governmental Activities			Business-Type Activities	
	General Fund	Highlands Middle	Nonmajor	Public Utilities	Solid Waste
Payables:					
Accounts and vouchers	\$ 2,075,900	\$ 1,937,270	\$ 650,605	\$ 2,014,515	\$ 661,607
Retainage	-	416,944	-	645,904	24,361
Accrued payroll and related liabilities	134,147	-	3,353	17,882	485
Accrued interest payable	-	-	-	752,367	26,916
Total accounts payable and accrued liabilities	\$ 2,210,047	\$ 2,354,214	\$ 653,958	\$ 3,430,668	\$ 713,369

Adjustments to full accrual include \$512,847 related to recording accrued interest on general long-term debt and \$74 related to the consolidation of the Internal Service Fund. Finally, the fiduciary fund financial statements include \$195,502 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.

NOTE 8 – 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 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 the NFIP. The County is also eligible to and has purchased commercial flood insurance for another \$500,000 of coverage per structure.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 8 – RISK MANAGEMENT

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 is fully insured for health insurance through Blue Cross Blue Shield.

The County uses a third party administrator to process workers' compensation. At June 30, 2013, a liability for claims of \$1,840,247 is included on the accompanying Statement of Net Position for governmental activities. An analysis for the County is presented below:

	<u>June 30</u>	
	<u>2012</u>	<u>2013</u>
Liability as of beginning of the year	\$ 1,758,347	\$ 1,928,617
Current year claims and changes in estimates	684,165	876,858
Actual claim payments	<u>(513,895)</u>	<u>(965,228)</u>
Liability as of end of the year	<u>\$ 1,928,617</u>	<u>\$ 1,840,247</u>

NOTE 9 – CAPITAL LEASE OBLIGATIONS

The County has entered into agreements to lease certain equipment. At June 30, 2013, the original cost of equipment under these leases is approximately \$975,230. Title passes to the County at the end of the lease term. These agreements are in substance lease-purchases.

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>	
				<u>Governmental</u>	<u>Business-Type</u>
Capitalized Lease Obligations:					
Ambulances	\$ 215,378	3.17%	March 2014	\$ 35,521	\$ -
"Firehouse" EMS Software	143,959	3.28%	January 2013	-	-
Ambulances	213,908	2.80%	March 2013	-	-
Musco Lighting System	72,500	4.24%	July 2012	-	-
Sheriff's Dept Vehicle Lease	249,485	1.97%	November 2014	129,078	-
EMS Conversion Van and Chassis	<u>80,000</u>	2.07%	June 2015	<u>55,556</u>	-
Total	<u>\$ 975,230</u>			<u>\$ 220,155</u>	<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 9 – CAPITAL LEASE OBLIGATIONS (continued)

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

<u>Year Ending</u>	<u>Future Payments</u>
2014	\$ 149,351
2015	70,804
2016	-
Total minimum lease payments	220,155
Less amount representing interest	(4,644)
Present value of the minimum lease payments	<u>\$ 215,511</u>

At June 30, 2013, the net book value of capital assets (cost and accumulated depreciation) associated with leases is \$ 324,837.

NOTE 10 – LONG-TERM OBLIGATIONS

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS

	Issue Date	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
					Governmental	Business-Type
Installment Purchase Agreements:						
Agriculture Center	January 2005	\$ 2,845,000	3.39%	June 2020	\$ 1,593,104	\$ -
COPS 2003 (Refinanced 1994 COPS)	July 2003		2%-5%	October 2013		
50% Southwest Regional						
Construction of Waterlines		1,170,600			-	152,500
50% Water Plant		2,184,600			-	152,500
COPS 2011 Refunding (2002)			2.535%			
97% Construction of School Facilities	November 2011	24,033,690		December 2023	23,219,860	-
3% Public Utilities Projects		743,310		December 2023	-	718,140
COPS 2007	May 2007		4%-5%	December 2027		
53% Jail Facility		23,220,225			21,125,065	-
42% Construction of School Facilities		18,279,775			16,630,395	-
5% Solid Waste Transfer Station		2,000,000			-	1,819,540
Partial Refunding of COPS 2000		4,765,000			4,765,000	-
COPS 2009						
School Construction	February 2009	35,075,000	3%-5%	June 2029	31,075,000	-
2010 Refinancing	November 2010		3.35%	June 2028		
COPS 2000 (Courthouse)		3,943,420			1,010,360	
COPS 2000 (School Construction)		2,855,580			731,640	
Angier Elementary School		14,004,000			11,720,000	
Qualified Zone Academy Bonds	May 2004	4,000,000	0.00%	May 2020	2,219,891	-
Qualified Zone Academy Bonds	October 2005	789,500	0.00%	October 2021	505,727	-
Qualified School Construction Bonds (Taxat	November 2012	29,435,000	4.638%	November 2035	29,435,000	-
Limited Obligation Bonds (School Constructi	November 2012	1,105,000	2.000%	November 2015	1,105,000	-
Harnett County Installment Purchase						
Wellons Buyout	December 1999	4,675,000	5.30%	December 2014	-	623,333
Harnett County Installment Purchase						
Davis Tract	November 2005	1,500,000	3.54%	October 2015	-	450,000
Harnett County Installment Purchase						
Sanitary Sewer Hwy 87	June 2004	2,100,000	4.51%	June 2019	-	840,000
		<u>\$ 178,724,700</u>			<u>\$ 145,136,042</u>	<u>\$ 4,756,014</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS (continued)

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.

	Issue Date	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
					Governmental	Business-Type
General Obligation Bonds:						
South Central Refunding Series 2004	May 2004	\$ 2,625,000	2.5%-5.25%	June 2028	\$ -	\$ 474,232
South Central Water & Sewer 2013 Series A	January 2013	3,449,000	3.125%	June 2052	-	3,449,000
South Central Water & Sewer 2013 Series B	January 2013	3,937,000	3.125%	June 2052	-	3,937,000
South Central Water & Sewer 2013 Series C	January 2013	3,239,000	2.50%	June 2052	-	3,239,000
South Central Water & Sewer 2013 Series D	January 2013	2,586,000	2.50%	June 2052	-	2,586,000
South Central Refunding Series 2013	April 2013	10,395,000	2.5%-5.00%	June 2043	-	10,395,000
Bunnlevel Riverside Refunding Series 2004	May 2004	170,000	2.5%-5.25%	June 2028	-	30,768
West Central Refunding Series 2004	May 2004	2,305,000	2.5%-5.25%	June 2028	-	85,000
West Central Refunding Series 2013	Apr-13	1,485,000	3.00%-5.00%	June 2028	-	1,485,000
Northwest Refunding Series 2004	May 2004	1,375,000	2.5%-5.25%	June 2028	-	55,000
Northwest Refunding Series 2013	April 2013	1,085,000	2.00%-5.00%	June 2028	-	1,085,000
Southwest Refunding Series 2004	May 2004	3,790,000	2.5%-5.25%	June 2028	-	135,000
Southwest Refunding Series 2013	April 2013	2,315,000	3.00%-5.00%	June 2028	-	2,315,000
Southeast Refunding Series 2013	April 2013	1,000,000	2.00%-5.00%	June 2033	-	1,000,000
East Central Refunding Series 2013	April 2013	2,765,000	2.00%-5.00%	June 2035	-	2,765,000
Riverside Refunding Series 2013	April 2013	1,020,000	2.00%-5.00%	June 2041	-	1,020,000
Total		<u>\$ 43,541,000</u>			<u>\$ -</u>	<u>\$ 34,056,000</u>

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS (continued)

Revenue Bond Loans:		Issue Date	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
						Governmental	Business-Type
Enterprise System Revenue Bond Loans:							
Series 2007 A (Tax Exempt)		May 2007	\$ 13,235,000	4%-5%	May 2028	-	\$ 12,240,000
Total Business-Type Activities Revenue Bond Loans			\$ 13,235,000			-	\$ 12,240,000
State Bond Loans:							
Harnett/Wake Transmission Line (H-SBL-D-99-0726)		March 2001	\$ 864,047	5.25%	May 2020	-	\$ 302,416
Expansion of Water Treatment Plant(H-SBF-T-94-0208)		June 1996	3,000,000	5.85%	May 2016	-	450,000
Expansion of Water Treatment Plant(H-SRL-0208-6711-6704)		June 1997	3,000,000	3.22%	May 2017	-	600,000
Southwest Water and Sewer District(H-SBF-D-0305)		July 1998	2,683,000	5.30%	November 2011	-	564,840
Southwest Regional III(H-SBL-WV-01-820)		March 2003	1,000,000	4.02%	May 2022	-	473,684
Erwin WW Project Revolving Loan(E-SRF-T-10-0268)		February 2012	7,007,100	2.46%	May 2033	-	7,007,100
East Central Project Revolving Loan(H-LRS-R-DW-1038)		February 2011	4,366,515	2.22%	May 2032	-	4,148,189
Harnett County Sanitary Sewer Revolving Loan(CS370454-04)		March 2005	15,000,000	2.21%	May 2027	-	10,500,000
Total Business-Type Activities State Bond Loans			\$ 36,920,662			-	\$ 24,046,230
Special Obligation Bonds:							
Enterprise Fund Special Obligation Bond Loan:							
Solid Waste Fund		January 2013	\$ 1,750,000	2.49%	February 2023	-	\$ 1,750,000
Total Business-Type Activities Special Obligation Bond Loans			\$ 1,750,000			-	\$ 1,750,000
Limited Obligation Bonds:							
Enterprise Fund Limited Obligation Bond Loan:							
Public Utilities Fund Series 2013		April 2013	\$ 20,065,000	2.00%-5.00%	June 2043	-	\$ 20,065,000
Total Business-Type Activities Special Obligation Bond Loans			\$ 20,065,000			-	\$ 20,065,000

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS (continued)

The following is a summary of changes in long-term obligations for the year ended June 30, 2013:

	July 1, 2012	Additions	Decreases	Defeased/ Refunded	June 30, 2013	Due in Less Than One Year
Governmental Activities:						
Capitalized leases	\$ 437,297	\$ -	\$ 221,786	\$ -	\$ 215,511	\$ 145,690
Installment purchase agreements	120,798,270	30,540,000	6,202,228	-	145,136,042	7,986,262
Premium	<u>2,257,230</u>	<u>52,029</u>	<u>275,281</u>	-	<u>2,033,978</u>	<u>273,309</u>
Total debt	123,492,797	30,592,029	6,699,295	-	147,385,531	8,405,261
Other long-term liabilities:						
Compensated absences	2,419,210	1,429,562	1,352,460	-	2,496,312	1,815,230
Law Enforcement Officers'						
Special Separation Allowance	617,250	163,688	107,691	-	673,247	-
Other post-employment benefits	<u>5,164,299</u>	<u>1,654,697</u>	<u>425,259</u>	-	<u>6,393,737</u>	-
Total	<u>\$ 131,693,556</u>	<u>\$ 33,839,976</u>	<u>\$ 8,584,705</u>	<u>\$ -</u>	<u>\$ 156,948,827</u>	<u>\$ 10,220,491</u>
Business-Type Activities:						
Installment purchase agreements	\$ 5,758,368	\$ -	\$ 1,002,354	\$ -	\$ 4,756,014	\$ 1,056,319
Limited Obligation Bonds	-	20,065,000	-	-	20,065,000	370,000
Premium	590,510	1,021,696	82,212	-	1,529,994	81,797
General obligations	35,297,000	20,065,000	843,000	20,463,000	34,056,000	735,000
Special Obligation Bonds	-	1,750,000	-	-	1,750,000	156,000
Revenue bonds	12,805,000	-	565,000	-	12,240,000	590,000
State bond loans	<u>25,551,600</u>	-	<u>1,505,370</u>	-	<u>24,046,230</u>	<u>1,855,725</u>
Gross debt	<u>80,002,478</u>	<u>42,901,696</u>	<u>3,997,936</u>	<u>20,463,000</u>	<u>98,443,238</u>	<u>4,844,841</u>
Other long-term liabilities:						
Accrued landfill closure and post-closure care costs	1,570,845	-	227,956	-	1,342,889	230,000
Compensated absences	589,293	599,033	581,145	-	607,180	468,204
Other post-employment benefits	<u>819,331</u>	<u>264,017</u>	<u>21,527</u>	-	<u>1,061,821</u>	-
Total	<u>\$ 82,981,947</u>	<u>\$ 43,764,746</u>	<u>\$ 4,828,564</u>	<u>\$ 20,463,000</u>	<u>\$ 101,455,128</u>	<u>\$ 5,543,045</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS (continued)

	Installment Purchase		General Obligation Bonds		Capitalized Leases		Revenue Bonds		Limited Obligation Bonds		Special Obligation Bonds		State Bond Loan		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:																
2014	\$ 7,866,262	\$ 5,777,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,131,952.28	\$ 5,780,664.26
2015	8,956,973	5,507,314	-	-	145,690	3,661	615,000	568,838	370,000	820,797	156,000	44,543	1,855,725	640,423	4,763,045	3,779,647
2016	9,475,726	5,163,308	-	-	69,821	983	635,000	546,238	795,000	736,900	160,000	39,691	1,855,725	536,137	5,219,334	3,137,056
2017	10,109,827	4,829,843	-	-	-	-	665,000	492,063	805,000	713,050	164,000	35,707	1,855,725	483,214	4,976,915	2,973,923
2018	8,767,182	4,511,628	-	-	-	-	695,000	463,138	770,000	688,900	173,000	27,440	1,414,515	437,116	4,621,941	2,820,604
2019-2023	43,331,768	18,157,044	-	-	-	-	3,990,000	1,799,038	4,105,000	2,867,950	929,000	70,517	6,890,335	1,456,664	22,426,826	11,087,773
2024-2028	35,316,371	11,011,196	-	-	-	-	5,050,000	741,938	4,640,000	1,903,700	-	-	5,843,404	679,063	22,382,286	6,857,328
2029-2033	13,759,179	6,933,727	-	-	-	-	-	-	2,830,000	1,184,300	-	-	2,625,076	177,487	9,842,076	3,865,893
2034-2038	7,432,753	3,412,988	-	-	-	-	-	-	2,480,000	713,288	-	-	-	-	7,089,000	2,511,931
2049-2053	-	-	-	-	-	-	-	-	2,515,000	274,050	-	-	-	-	2,372,000	503,750
Total	145,136,042	65,304,051	-	-	215,511	4,644	12,240,000	5,130,888	20,065,000	10,569,185	1,750,000	249,520	24,046,230	4,803,182	96,913,243	41,725,632
Business-Type Activities:																
2014	1,056,319	183,978	735,000	1,521,067	-	-	590,000	568,838	370,000	820,797	156,000	44,543	1,855,725	640,423	4,763,045	3,779,647
2015	771,608	144,903	1,022,000	1,134,188	-	-	615,000	546,238	795,000	736,900	160,000	39,691	1,855,725	536,137	5,219,334	3,137,056
2016	483,190	117,740	1,034,000	1,103,575	-	-	635,000	492,063	805,000	713,050	164,000	35,707	1,855,725	483,214	4,976,915	2,973,923
2017	332,216	98,503	990,000	1,072,400	-	-	665,000	463,138	770,000	688,900	173,000	27,440	1,414,515	437,116	4,621,941	2,820,604
2018	85,145	33,306	1,011,000	1,042,556	-	-	695,000	463,138	770,000	688,900	173,000	27,440	1,414,515	437,116	4,621,941	2,820,604
2019-2023	1,081,492	260,993	5,431,000	4,632,613	-	-	3,990,000	1,799,038	4,105,000	2,867,950	929,000	70,517	6,890,335	1,456,664	22,426,826	11,087,773
2024-2028	692,882	80,197	6,156,000	3,452,613	-	-	5,050,000	741,938	4,640,000	1,903,700	-	-	5,843,404	679,063	22,382,286	6,857,328
2029-2033	-	-	4,387,000	2,504,106	-	-	-	-	2,830,000	1,184,300	-	-	-	177,487	9,842,076	3,865,893
2034-2038	-	-	4,270,000	1,798,644	-	-	-	-	2,480,000	713,288	-	-	-	-	7,089,000	2,511,931
2049-2048	-	-	2,372,000	503,750	-	-	-	-	2,515,000	274,050	-	-	-	-	2,372,000	503,750
2049-2053	-	-	2,074,000	146,856	-	-	-	-	2,515,000	274,050	-	-	-	-	2,074,000	146,856
Total	4,756,014	971,458	34,056,000	20,001,399	-	-	12,240,000	5,130,888	20,065,000	10,569,185	1,750,000	249,520	24,046,230	4,803,182	96,913,243	41,725,632
	146,820,558	66,275,509.34	34,056,000	20,001,398.8	215,511.06	4,644.39	122,400,000	51,308,87.5	20,065,000	10,569,185.05	175,000	249,520.13	24,046,229.95	4,803,182.39	242,264,796.8	107,034,327.6

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS (continued)

The County is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the County may have outstanding to eight percent of the appraised value of property subject to taxation. At June 30, 2013, such statutory limit for the County was \$587,485,655 providing a legal debt margin of approximately \$391,512,213.

As of June 30, 2013, 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 bond 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, 2013, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted to \$30,855,000.

On November 15, 2011, the County entered into an Installment Financing Contract in the amount of \$24,777,000 to provide resources to purchase U.S Government securities that were placed in an irrevocable trust for the purpose of refunding the Certificates of Participation, Series 2002. 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.

On November 15, 2012, the County issued \$1,105,000 of Limited Obligation Bonds and \$29,435,000 of Taxable Limited Obligation Bonds (Qualified School Construction Bonds) to provide funds to finance a portion of the capital costs of the acquisition, construction, installation and equipping of a new Highland Middle School in the County, and to pay certain financing costs relating to the 2012 bonds.

On April 24, 2013, the County's water and sewer districts issued \$20,065,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt payments. The district bonds were issued to refund certain general obligation bonds previously issued by the respective districts. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. This refunding was undertaken to reduce total debt service payments and resulted in an economic gain of \$2,427,427.

On April 24, 2013, the County issued \$20,065,000 of Limited Obligation Bonds to provide the funds to purchase the general obligation bonds issued by the water and sewer districts, and pay related financing costs. As security for its obligations, the County will grant to the Corporation a security interest in the County's right, title and interest to the general obligation refunding bonds purchased with a portion of the proceeds of the 2013 Bonds.

Gains and losses from debt refundings must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains or losses related to the debt refundings are to be used in determining the carrying value of the new debt issued to finance debt refundings. The carrying value of the certificates of participation and general obligation bonds have been adjusted for the loss from defeasance (net of amortization) of \$393,191 and \$726,942, respectively.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS (continued)

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$15,310,000 in enterprise system revenue bonds issued on May 23, 2007. Proceeds from the bonds provided financing for extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the enterprise systems. The bonds are payable only from water and sewer customer net revenues and are payable through 2028. The total principal and interest remaining to be paid on the bonds is \$17,370,888. Principal and interest paid for the current year and total customer revenues were \$1,156,438 and \$27,953,202, 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:

\$13,235,000 Public Utilities Revenue Bonds, Series 2007A (Tax Exempt), interest only payments of \$295,719 due semi-annually until May 2013, followed by semi-annual payments of principal and interest due in amounts ranging from \$23,744 to \$1,133,744 through May 2028, interest rate varying between 4.00% and 5.00%	<u>\$ 12,240,000</u>
Total	<u>\$ 12,240,000</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS (continued)

The County has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 6.6 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2007A (Tax Exempt), 2007B (Taxable) since their adoption. Section 6.6 of the Bond Order requires that 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 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS (continued)

The debt service coverage calculation for the year ended June 30, 2013 is as follows:

Operating revenues	\$ 30,732,953
Operations and maintenance expenses	<u>(16,541,552)</u>
Operating income before depreciation and amortization	14,191,401
Less:	
Depreciation and amortization expense	<u>(5,989,986)</u>
Operating income	8,201,415
Non-operating revenues	5,531
Non-operating expenses	<u>(5,806,295)</u>
Net income	<u>\$ 2,400,651</u>
<u>Determination of income available for debt service</u>	
Net income	\$ 2,400,651
Adjustments:	
Depreciation and amortization	(5,989,986)
Bond interest expense	5,806,295
Bond service expense	<u>3,997,521</u>
Bond refunding loss	-
Administrative costs transferred to the General Fund	<u>-</u>
Income available for debt service	6,214,481
20% of unrestricted net position	<u>8,771,581</u>
Income available for debt service plus 20% of unrestricted net position	<u>\$ 14,986,062</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 10 – LONG-TERM OBLIGATIONS (continued)

<u>Debt Service Requirements and Coverage</u>	
Parity debt service:	
Revenue bonds	\$ 1,159,560
Debt service coverage - Parity indebtedness	<u>31.902</u>
Revenue bond covenant requirement	<u>1.200</u>
Other indebtedness:	
Installment purchases	\$ 1,378,102
GO bonds	1,999,733
State bond loans	<u>1,690,771</u>
Sum of parity and GO debt service	<u>\$ 5,068,606</u>
Debt service coverage - Sum of parity and system GO indebtedness	<u>5.395</u>
Revenue bond covenant requirement	<u>1.000</u>

NOTE 11 – PENSION PLAN OBLIGATIONS

A. Multiple-Employer Plans

Plan Description

Local Governmental Employees' Retirement System

All regular full-time employees participate in the State-wide Local Governmental Employee's Retirement System (the "System"), a multiple-employer, cost-sharing, defined benefit pension plan administered by the State of North Carolina. The System provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the NC General Assembly. The 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 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 YEAR ENDED JUNE 30, 2013

NOTE 11 – PENSION PLAN OBLIGATIONS (continued)

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.96% and 7.04%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2012, and 2013 were \$2,111,279, \$2,236,503, and \$2,264,595.93, respectively. The contributions made by the County equaled the required contributions for each year.

B. Single-Employer Plan

Law Enforcement Officers' Special Separation Allowance

1. Plan Description

The County administers a public employee retirement system (the "Separation Allowance"), a single-employer; defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of credible service. The retirement benefits are not subject to any increase in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	120
Total	<u>127</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies

Basis of Accounting

The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments

No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 11 – PENSION PLAN OBLIGATIONS (continued)

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the fiscal year ended June 30, 2013 was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions do not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level of percentage of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$	171,237
Interest on net pension obligation		30,863
Adjustment to annual required contribution		(38,412)
Annual pension cost		163,688
Contributions made		107,691
Increase in net pension obligation		55,997
Net pension obligation:		
Beginning of year - July 1		617,250
End of year - June 30	\$	673,247

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation End of Year
6/30/2011	\$ 157,710	55.72%	\$ 547,999
6/30/2012	157,130	55.93%	617,250
6/30/2013	163,688	65.79%	673,247

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

NOTE 11 – PENSION PLAN OBLIGATIONS (continued)

4. Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,462,707. The covered payroll (annual payroll of active employees covered by the plan) was \$5,160,490 and the ratio of the UAAL to the covered payroll was 28.34%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing, over time, relative to the actuarial accrued liability for benefit.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

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

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month, an amount equal to 5% 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, 2013 were \$373,110 which consisted of \$258,757 from the County and \$114,353 from the law enforcement officers.

D. Supplemental Retirement Income Plan

Plan Description

The County administers a supplemental retirement benefit plan for all of its full-time employees that are not involved with law enforcement, through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The County does not match the employee’s contribution. All contributed amounts plus investment earnings allocated to the employee’s accounts are fully vested immediately. The County established the plan and may amend it at its discretion. Total voluntary contributions by covered employees were \$ 690,926.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

NOTE 11 – PENSION PLAN OBLIGATIONS (continued)

E. Registers of Deeds' Supplemental Pension Fund

Plan Description

The County also contributes to the Register of Deeds' Supplemental Pension Fund ("The Fund"), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Governmental Employees' Retirement System (LERS) 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. 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 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.

Funding Policy

On a monthly basis, the County remits to the department of State Treasurer, an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$11,987.

F. Other Post-Employment Benefits

Plan Description

At retirement, all employees have the option to purchase basic medical insurance at the County's group rate. Under the terms of a County resolution, the County administers a single-employer defined benefit HealthCare Benefits (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 fifteen 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 Shield. The entire cost for individual only coverage is paid by the County for those employees, until age 65, who retire with 30 years of service. Those employees who retire with less than 30 years of service with the County receive benefits on a prorated basis. A separate report is not issued for the plan.

Membership of the HCB Plan consisted of the following as December 31, 2012 the date of the latest actuarial valuation:

Retirees Members	104
General Employees	714
Law Enforcement Members	<u>120</u>
Total	<u><u>938</u></u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 11 – PENSION PLAN OBLIGATIONS (continued)

Funding Policy

Currently, the County pays the individual portion of the HealthCare Benefits Plan on active employees. Retirees not eligible for Medicare are enrolled in the same plan as active County employees. Retirees may be eligible to participate in the County's Group Health Plan until they reach age 65 or become Medicare eligible. At age 65, or Medicare eligible, retirees may then receive reimbursement up to the \$200 monthly maximum for their individual Medicare Supplement. The Board of Commissioners has established the contribution requirements of the plan and may amend the plan. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. For the fiscal year ended June 30, 2013, the County made payments for post-retirement health benefit premiums of \$529,725. The current annual required contribution (ARC) rate is 5.72% of annual covered payroll. The County's obligation to contribute to the plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies

Post-employment expenditures are made from the operating budget which is maintained on the modified accrual basis of accounting. These expenditures are paid as they come due. No funds are set aside to pay benefits and administrative costs.

Annual OPEB Cost and Net OPEB Obligation - The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in the accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years.

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

Annual required contribution	\$ 1,990,957
Interest on net pension obligation	239,345
Adjustment to annual required contribution	<u>228,649</u>
Annual OPEB cost	2,001,653
Contributions made	<u>529,725</u>
Increase in net OPEB obligation	1,471,928
Net OPEB obligation, beginning of year	<u>5,983,630</u>
Net OPEB obligation, end of year	<u>\$ 7,455,558</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Pension Obligation
2011	\$ 1,948,477	25.60%	\$ 4,579,557
2012	1,941,154	27.70%	5,983,630
2013	2,001,653	26.50%	7,455,558

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 11 – PENSION PLAN OBLIGATIONS (continued)

Funding Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$19,369,766. The covered payroll (annual payroll of active employees covered by the plan) was \$33,301,419 and the ratio of the UAAL to the covered payroll was 58.20%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. Costs were determined using the Projected Unit Credit Actuarial Cost Method. The annual service cost is the present value of the portion of the projected benefit attributable to participation service during the upcoming year, and the accumulated post-retirement benefit obligation (APBO) is equal to the present value of the portion. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of the short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50% - 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of the assets, if any, was determined using techniques that spread the effects of short term volatility in the market value of investments over a 5-year period. The UAAL is amortized as level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

G. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (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 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. Due to a surplus, employer contributions to the LGERS Death Benefit Plan have stopped to create a temporary relief period. The length of the temporary relief period will be based upon the number of years the County has contributed to the Death Benefit Plan as of December 31, 2010.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 12 – CLOSURE AND POST-CLOSURE CARE COSTS - DUNN-ERWIN SOLID WASTE LANDFILL

Federal and State 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 for 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 Federal and State regulations; post-closure care must be maintained for a minimum of a 30-year timeframe after closure. Expenditures of \$227,956 have been applied to the liability during the current fiscal year. The \$1,342,889 post-closure care liability at June 30, 2013 represents a cumulative amount reported to date based on the use of 100% 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 2013. Actual costs may be higher due to inflation, changes in technology, changes in regulations, or changes in landfill capacity.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Commitments

The County had Commitments under uncompleted construction contracts in the Enterprise Fund totaling \$20,864,849 and in the Governmental Funds totaling \$27,158,262 at June 30, 2013.

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 rebate will be payable.

Claims and Judgments

At June 30, 2013, 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

YEAR ENDED JUNE 30, 2013

NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)

Federal and State-Assisted Programs

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

HARNETT COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 14 – INTERFUND BALANCES AND ACTIVITIES

Transfers in (out) for the year ended June 30, 2013 are summarized below:

From the General Fund to:	
The Housing Fund to supplement other funding sources	\$ 61,625
The Emergency Services Renovation Fund for the County's contribution to the project	7,065
The Abandoned Manufactured Home Fund for the County's contribution to the program	14,354
The Airport Capital Reserve Fund for the County's contribution to the project	15,344
Jetport Runway Fund for contribution to the project	<u>430,493</u>
Total transfers out from the General Fund	<u>528,881</u>
From the Airport Capital Reserve to the Airport Taxiway & Apron Rehab for the County's contribution to the project.	<u>11,463</u>
From the following Capital Projects to the General Fund for residual equity transfer:	
Law Enforcement Expansion	429,645
Schools, QZAB III	1,223
Boone Trail Elementary	326,098
Johnsonville Elementary School	51,721
Highland Elementary Gym	33,360
Campo Pedestrian Trail	26
Airport SWPPP/SPCC	1
Airport Jetport 100 Planning/Engineering	-
Angier Elementary School	66,064
Emergency Services Renovation	-
Airport - Runway Reimbursement	<u>2</u>
Total	<u>908,140</u>
From the following Capital Projects to the General Fund to refund a portion of the County's contribution to the project:	
Harnett Central High School	52,454
Good Hope Mental Health	166,470
Campo Pedestrian Trail	13,263
Airport - Runway Reimbursement	11,770
Airport Overlay Zoning	<u>19</u>
Total	<u>243,976</u>
From the Emergency Response Planning Fund to the General Fund to supplement other funding sources	<u>25,000</u>
Total Transfer out from Nonmajor Governmental Funds	<u>1,188,579</u>
From Public Utilities to the Water & Sewer district Funds to cover debt service (Northeast Metro, South Central, West Central, Northwest, Southwest, Bunnlevel/Riverside, Southeast, East Central and Riverside Water and Sewer District)	2,802,386
From Public Utilities to the General Fund for economic development and for professional services	<u>400,000</u>
Total transfers out from the Enterprise Funds	<u>3,202,386</u>
Total	<u>\$ 4,908,090</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 14 – INTERFUND BALANCES AND ACTIVITIES (continued)

Transfers between the major funds and other nonmajor governmental are summarized below:

Interfund balances at June 30, 2013, consist of the following:

Due to the General Fund from:

Nonmajor Governmental Funds:

Workforce Development to supplement other funding sources	\$ 142,959
Highlands Middle School Capital Project to supplement other funding sources	1,144,594
Anderson Creek Phase I Project to supplement other funding sources	604
Scattered Site Housing 2011 Capital Project to supplement other funding sources	5,937
Taxiway & Apron Rehab Capital Project to supplement other funding sources	<u>22,954</u>
Total due to the General Fund	<u>1,317,048</u>

Due to the Public Utilities Water and Sewer Enterprise from:

Campbell Osteopathic	243,467
West Central Transmission	69,600
Water Plant Expansion	1,442,033
South Central Wastewater 1B-1 Project	1,243,000
South Central Wastewater 1B-2 Project	1,005,000
Brightwater Project	234,000
South Central Wastewater 1C-1 Project	292,000
South Central Wastewater 1C-2 Project	<u>243,695</u>
Total due to the Public Utilities Enterprise Fund	<u>4,772,795</u>

Total all funds \$ 6,089,843

The balances above are advances from the General and Public Utilities Fund. Grant funds have been requested to repay the General Fund. Capital project advances will be repaid from grant and project revenues. Advances to enterprise funds will be repaid from receipts.

NOTE 15 – JOINT VENTURES

The County, in conjunction with seven other counties, participates in the Sandhills Center for Mental Health, Developmental 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 Authority because the Authority's continued existence depends on the participating governments' continued funding. The County contributed \$199,679 to the Authority during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the Sandhills Center can be obtained from their administrative office at 1120 Seven Lakes Drive or P.O. Box 9, West End, North Carolina 27376.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 15 – JOINT VENTURES (continued)

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 \$662,814 to the community college for operating purposes during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the community college may be obtained from the community college's administrative offices at 1105 Kelly Drive, Sanford, North Carolina 27330.

The County, in conjunction with the City of Dunn and the Dunn Area Chamber of Commerce, participates in the Averagesboro Township Tourism Development Authority. The Authority is a joint venture established to receive the net proceeds of the room occupancy and tourism development tax levied in Averagesboro Township in Harnett County. The Authority may spend these proceeds to develop, promote, and advertise travel and tourism in Averagesboro Township, to sponsor tourist-oriented events and activities for Averagesboro Township, to operate and maintain museums and historic sites throughout Averagesboro Township, and to purchase, operate, and maintain a convention facility for Averagesboro Township. The County appoints two members to the seven-member board. The County has an ongoing financial responsibility for the Authority because the Authority's continued existence depends on the participating governments' continued funding. The County remitted \$412,486 to the Authority during the fiscal year ended June 30, 2013. 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, 2013. 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, and Dunn, North Carolina 28335.

NOTE 16 – JOINTLY GOVERNED ORGANIZATION

The County, in conjunction with two other counties and twenty municipalities, established the Mid-Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$30,964 to the Council during fiscal year ended June 30, 2013.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 17 – BENEFIT PAYMENTS ISSUED BY THE STATE

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

	<u>Federal</u>	<u>State</u>
Medicaid Assistance Programs - Medicaid Title XIX	\$ 81,096,936	\$ 45,161,486
Food and Nutrition Services EBT	32,029,961	-
Aid to Families with Dependent Children	(908)	(145)
Temporary Assistance for Needy Families	451,838	2,019
Special Assistance to Adults	-	911,465
Child Welfare Services - Adoptive Subsidy	-	424,645
Title IV-E Adoption Subsidy	924,018	246,564
Special Supplemental Food Program for Women, Infants, and Children	2,728,301	-
Total	<u>\$ 117,230,146</u>	<u>\$ 46,746,034</u>

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized must be included in current expenditures. Previously deferred bond issuance costs totaling \$2,948,195 were recognized as an expenditure in the current year. As a result, beginning net position decreased from \$235,999,734 to \$233,051,539.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

NOTE 19 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

At June 30, 2013, the following individual funds had a deficit in fund equity:

Law Enforcement Fund	\$	60
WIA Youth Program Fund		9,579
Taxiway & Apron Rehab		22,954
Workers' Compensation Fund		624,264

The deficit occurred because of the timing of payments Management intends to appropriate funds as necessary to cover deficit fund balance.

For the year ended June 30, 2013, the expenditures exceeded authorized appropriations as follows:

Water and Sewer Fund	\$	432,987
General Fund:		
Legal Services		7,037
Finance		78,887
Appropriations		62,486
Transfers		61,625
Special District Funds		88,442

Management will more closely monitor budget reports to ensure compliance in future years.

NC General Statutes (G.S.159-28) requires a pre-audit of expenditures by the Finance Officer or a duly appointed Deputy Finance Officer. The individual making disbursements from a bank account held by the County's Sheriff's Department is not the Finance Officer or the appointed Deputy Finance Officer.

Management will monitor this bank account within the finance department to ensure compliance in future years.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by accounting principles generally accepted in the United States of America.

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Notes to the Required Schedules for the Law Enforcement Officer's Special Separation Allowance

Schedule of Funding Progress for the Post-Employment Benefit Retiree Healthcare Plan

Notes to the Required Schedules for the Post-Employment Benefit Retiree Healthcare Plan

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HARNETT COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 953,625	\$ 953,625	0.00%	\$ 4,133,872	23.07%
12/31/2008	-	956,814	956,814	0.00%	4,381,562	21.84%
12/31/2009	-	1,350,543	1,350,543	0.00%	4,482,025	30.13%
12/31/2010	-	1,316,456	1,316,456	0.00%	4,775,956	27.56%
12/31/2011	-	1,376,768	1,376,768	0.00%	4,770,805	28.86%
12/31/2012	-	1,462,707	1,462,707	0.00%	5,160,490	28.34%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2008	\$ 100,775	75.47%
2009	112,213	74.62%
2010	119,535	73.23%
2011	159,402	55.13%
2012	162,421	54.11%
2013	171,237	62.89%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25% to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

HARNETT COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH PLAN REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 15,836,928	\$ 15,836,928	0.00%	\$ 28,925,039	54.75%
12/31/2008	-	17,839,619	17,839,619	0.00%	30,636,815	58.20%
12/31/2010	-	19,467,163	19,467,163	0.00%	33,178,627	58.70%
12/31/2012	-	19,369,766	19,369,766	0.00%	33,301,419	58.20%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2010	\$ 1,872,656	\$ 320,284	17%
2011	1,942,881	499,567	26%
2012	1,932,968	537,082	28%
2013	1,990,957	529,725	27%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	8.5%-5.0%
Year of Ultimate trend rate	2018

* Includes inflation at 3.00%

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 53,264,623	\$ 53,650,644	\$ 386,021	\$ 51,564,765
Penalties and interest	520,000	622,836	102,836	564,757
Total	53,784,623	54,273,480	488,857	52,129,522
Other Taxes and Licenses:				
Local option sales tax	13,158,123	14,238,193	1,080,070	13,914,555
Cable franchise license	225,000	196,216	(28,784)	232,046
Occupancy taxes	350,000	412,486	62,486	417,602
Excise stamp - real property	400,000	401,847	1,847	380,640
Total	14,133,123	15,248,742	1,115,619	14,944,843
Unrestricted Intergovernmental:				
ABC Boards	14,000	15,934	1,934	15,633
Controlled substance	17,044	19,493	2,449	23,530
Asset forfeitures	-	-	-	297,088
Civil license revenue	9,000	10,529	1,529	10,951
Total	40,044	45,956	5,912	347,202
Restricted Intergovernmental:				
Federal and State grants	19,138,923	19,121,066	(17,857)	18,712,009
Court facility fees	820,094	1,186,046	365,952	1,145,232
Total	19,959,017	20,307,112	348,095	19,857,241
Permits and Fees:				
Filing and registration fees	75,000	142,301	67,301	81,588
Dog warden fees	40,000	57,463	17,463	42,288
Register of Deeds' fees	662,500	697,657	35,157	629,957
Inspection fees	1,306,699	1,587,844	281,145	1,445,939
Planning fees	120,360	129,223	8,863	136,040
Other fees	295,601	476,762	181,161	379,857
Total	2,500,160	3,091,250	591,090	2,715,669

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Sales and Services:				
Rents, concessions, and fees	546,895	489,441	(57,454)	579,578
Court costs and fees	182,000	265,959	83,959	240,788
Jail fees	30,000	35,878	5,878	27,281
Ambulance fees	5,451,348	5,878,831	427,483	5,475,535
Library fees	20,750	19,905	(845)	23,366
Health fees	3,488,192	2,498,207	(989,985)	3,051,709
Total	9,719,185	9,188,221	(530,964)	9,398,257
Investment Earnings	4,856	10,752	5,896	14,473
Other General Revenues:				
Sale of assets	1,803	10,065	8,262	10,860
Miscellaneous revenues	3,287,171	3,016,208	(270,963)	1,988,317
Donations	144,825	132,523	(12,302)	112,114
Total	3,433,799	3,158,796	(275,003)	2,111,291
Total revenues	103,574,807	105,324,309	1,749,502	101,518,498
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	94,764	79,910		76,335
Other operating expenditures	103,857	100,944		191,100
Total	198,621	180,854	17,767	267,435
Administration:				
Salaries and employee benefits	314,140	322,243		177,437
Other operating expenditures	26,474	17,479		16,206
Total	340,614	339,722	892	193,643
Legal Services:				
Salaries and employee benefits	57,927	85,590		40,488
Other operating expenditures	57,106	36,480		26,001
Total	115,033	122,070	(7,037)	66,489

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>		<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance</u>	
		<u>Over /Under</u>	
Human Resources:			
Salaries and employee benefits	181,474	163,732	165,392
Other operating expenditures	<u>93,806</u>	<u>61,089</u>	<u>55,069</u>
Total	<u>275,280</u>	<u>224,821</u>	<u>220,461</u>
Board of Elections:			
Salaries and employee benefits	294,020	268,330	245,000
Other operating expenditures	<u>113,736</u>	<u>105,903</u>	<u>75,832</u>
Total	<u>407,756</u>	<u>374,233</u>	<u>320,832</u>
Finance:			
Salaries and employee benefits	571,441	688,310	540,313
Other operating expenditures	<u>307,074</u>	<u>269,092</u>	<u>177,894</u>
Total	<u>878,515</u>	<u>957,402</u>	<u>718,207</u>
Facility Fees:			
Other operating expenditures	<u>105,505</u>	<u>98,086</u>	<u>74,776</u>
Total	<u>105,505</u>	<u>98,086</u>	<u>74,776</u>
IT:			
Salaries and employee benefits	704,069	702,625	684,374
Other operating expenditures	492,761	459,504	398,809
Capital outlay	<u>94,844</u>	<u>94,844</u>	<u>-</u>
Total	<u>1,291,674</u>	<u>1,256,973</u>	<u>1,083,183</u>
Tax:			
Salaries and employee benefits	539,391	501,807	391,940
Other operating expenditures	<u>1,182,735</u>	<u>1,150,408</u>	<u>1,037,090</u>
Total	<u>1,722,126</u>	<u>1,652,215</u>	<u>1,429,030</u>
Register of Deeds:			
Salaries and employee benefits	552,184	550,571	535,779
Other operating expenditures	<u>227,087</u>	<u>210,702</u>	<u>201,301</u>
Total	<u>779,271</u>	<u>761,273</u>	<u>737,080</u>

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Public Buildings:				
Salaries and employee benefits	1,466,592	1,325,097		565,691
Other operating expenditures	2,375,336	1,947,755		1,855,945
Capital outlay	13,000	12,626		19,055
Total	<u>3,854,928</u>	<u>3,285,478</u>	569,450	<u>2,440,691</u>
General Services:				
Salaries and employee benefits	155,267	159,276		150,193
Other operating expenditures	405,527	307,524		339,278
Capital outlay	6,935	6,934		-
Total	<u>567,729</u>	<u>473,734</u>	93,995	<u>489,471</u>
Transportation:				
Salaries and employee benefits	589,386	575,727		685,925
Other operating expenditures	415,064	348,188		425,638
Capital outlay	88,898	16,291		-
Total	<u>1,093,348</u>	<u>940,206</u>	153,142	<u>1,111,563</u>
GIS:				
Salaries and employee benefits	393,920	392,415		342,811
Other operating expenditures	60,033	48,316		38,601
Total	<u>453,953</u>	<u>440,731</u>	13,222	<u>381,412</u>
Total general government	<u>12,084,353</u>	<u>11,107,798</u>	976,555	<u>9,534,273</u>
Public Safety:				
Sheriff:				
Salaries and employee benefits	7,890,856	7,636,444		6,930,209
Other operating expenditures	1,446,207	1,259,687		1,134,374
Capital outlay	447,877	447,876		545,904
Total	<u>9,784,940</u>	<u>9,344,007</u>	440,933	<u>8,610,487</u>
Campbell Campus Deputies:				
Salaries and employee benefits	353,773	342,977		320,639
Other operating expenditures	55,943	14,926		15,287
Total	<u>409,716</u>	<u>357,903</u>	51,813	<u>335,926</u>

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Sheriff Department Grants:				
Other operating expenditures	42,409	38,810		50,329
Total	42,409	38,810	3,599	50,329
Communications:				
Salaries and employee benefits	1,128,375	965,115		923,285
Other operating expenditures	202,480	151,414		130,447
Total	1,330,855	1,116,529	214,326	1,053,732
Jail:				
Salaries and employee benefits	3,154,007	2,777,526		2,666,796
Other operating expenditures	1,518,374	1,409,738		1,219,669
Total	4,672,381	4,187,264	485,117	3,886,465
Lee/Harnett Criminal Justice:				
Salaries and employee benefits	71,571	48,027		57,571
Other operating expenditures	28,458	5,809		9,732
Total	100,029	53,836	46,193	67,303
Child Support Enforcement:				
Salaries and employee benefits	63,068	62,711		54,725
Other operating expenditures	12,656	4,481		4,962
Total	75,724	67,192	8,532	59,687
Governor's Highway Safety:				
Salaries and employee benefits	115,653	112,332		107,362
Total	115,653	112,332	3,321	107,362
Emergency Services:				
Salaries and employee benefits	617,569	586,894		577,980
Other operating expenditures	130,773	126,066		103,829
Total	748,342	712,960	35,382	681,809
Emergency Medical Services:				
Salaries and employee benefits	3,374,446	3,257,038		2,983,514
Other operating expenditures	3,805,362	3,748,073		3,339,342
Capital outlay	520,299	400,012		81,109
Total	7,700,107	7,405,123	294,984	6,403,965

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Emergency Medical Transport:				
Salaries and employee benefits	902,506	860,204		734,808
Other operating expenditures	119,061	100,166		87,721
Total	1,021,567	960,370	61,197	822,529
Emergency Telephone System:				
Salaries and employee benefits	202,245	201,126		195,654
Other operating expenditures	628,668	516,675		276,152
Capital outlay	-	-		57,956
Total	830,913	717,801	113,112	529,762
Life is Fragile:				
Other operating expenditures	30,000	29,531		-
Total	30,000	29,531	469	-
Medical Examiner:				
Other operating expenditures	45,000	40,200	4,800	48,600
Public Safety Appropriations:				
Other operating expenditures	126,689	126,278		126,472
Total	126,689	126,278	411	126,472
Emergency Services Grant:				
Other operating expenditures	47,000	1,000		35,593
Total	47,000	1,000	46,000	35,593
Animal Control:				
Salaries and employee benefits	318,679	305,444		277,048
Other operating expenditures	98,196	76,304		73,249
Total	416,875	381,748	35,127	350,297
Total public safety	27,498,200	25,652,884	1,844,847	23,170,318
Transportation Administration:				
Other operating expenditures	219,373	188,721	30,652	-

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over /Under	Actual
Transportation:				
Airport:				
Other operating expenditures	186,568	179,592	6,976	160,068
Total transportation	405,941	368,313	37,628	160,068
Environmental Protection:				
Soil and Water:				
Salaries and employee benefits	113,416	114,490		109,548
Other operating expenditures	8,650	5,108		4,618
Total	122,066	119,598	2,468	114,166
Environmental Protection Allocation:				
Other operating expenditures	14,000	4,000		4,000
Total	14,000	4,000	10,000	4,000
Total environmental protection	136,066	123,598	12,468	118,166
Economic and Physical Development:				
Planning and Inspections:				
Salaries and employee benefits	1,285,062	1,266,947		1,288,624
Other operating expenditures	187,475	170,657		69,606
Total	1,472,537	1,437,604	34,933	1,358,230
Economic Development:				
Salaries and employee benefits	278,955	264,717		268,099
Other operating expenditures	1,294,710	1,198,008		1,946,340
Total	1,573,665	1,462,725	110,940	2,214,439
Cooperative Extension:				
Salaries and employee benefits	657,247	641,831		544,962
Other operating expenditures	203,798	148,173		159,790
Total	861,045	790,004	71,041	704,752
Forestry Program:				
Operating expenditures	113,335	113,334	1	107,849

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Economic and Physical Development Appropriations:				
Operating expenditures	1,446,911	1,509,397	(62,486)	1,459,319
Total economic and physical development	5,467,493	5,313,064	154,429	5,844,589
Human Services:				
Health:				
Salaries and employee benefits	4,917,311	4,254,575		4,393,409
Other operating expenditures	2,543,067	1,677,621		1,635,218
Total	7,460,378	5,932,196	1,528,182	6,028,627
Social Services:				
Salaries and employee benefits	9,065,683	8,822,703		8,311,011
Other operating expenditures	700,922	568,292		595,337
Capital outlay	37,764	37,461		-
Total	9,804,369	9,428,456	375,913	8,906,348
Restitution:				
Salaries and employee benefits	96,070	92,613		85,258
Operating expenditures	18,974	15,736		23,532
Capital outlay	20,000	19,416		-
Total	135,044	127,765	7,279	108,790
Veterans Services:				
Salaries and employee benefits	161,318	157,306		156,632
Other operating expenditures	12,914	9,273		8,649
Total	174,232	166,579	7,653	165,281
Department on Aging:				
Salaries and employee benefits	115,178	106,781		107,785
Other operating expenditures	203,011	187,044		184,413
Total	318,189	293,825	24,364	292,198
Nutrition:				
Salaries and employee benefits	56,471	55,349		53,741
Other operating expenditures	382,551	350,196		351,027
Total	439,022	405,545	33,477	404,768

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Community Alternatives Program:				
Salaries and employee benefits	287,151	247,505		269,939
Other operating expenditures	63,806	43,676		46,040
Total	350,957	291,181	59,776	315,979
Mental Health:				
Other operating expenditures	615,679	615,679		297,679
Total	615,679	615,679	-	297,679
RSVP:				
Salaries and employee benefits	59,730	59,260		57,027
Other operating expenditures	17,248	13,592		15,423
Total	76,978	72,852	4,126	72,450
Family Caregivers Grant:				
Salaries and employee benefits	45,239	31,838		51,102
Other operating expenditures	15,486	6,461		9,847
Total	60,725	38,299	22,426	60,949
Human Services Appropriations:				
Other operating expenditures	174,635	174,635		124,819
Total	174,635	174,635	-	124,819
Public Assistance:				
TANF	5,000	1,290		2,956
Aid to the Aged and Blind	1,100,000	911,465		953,621
Medicaid	60,000	12,489		32,401
Aid to the blind	10,000	5,571		5,396
County assistance	8,000	4,680		3,605
CP&L Project SHARE	6,180	6,165		6,248
Crisis Intervention	662,420	660,844		923,609
Adoption Assistance -IV-B	129,000	119,329		127,221
Adoption IV-B vendor	49,600	26,365		27,281
Adoption IV-E vendor	23,000	21,510		17,744
Adoption assistance -IV-E	251,000	250,992		237,568
Foster care - other	5,000	1,703		2,341
Title IV-E - foster care	418,800	421,782		223,675
Foster care County payments	10,000	1,845		3,946

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
State foster home care	417,000	418,356		246,911
Special services - foster care	33,000	23,551		33,231
Vendor transportation	410,000	397,081		303,887
Independent living - foster care	8,000	6,962		2,694
Day care	4,750,275	4,191,954		4,210,798
All county clothing allowance	12,000	7,203		7,834
Professional services	24,900	12,444		10,113
WorkFirst - emergency cash	5,000	4,999		22,013
WorkFirst transportation grant	15,739	7,926		11,440
WorkFirst County issued	5,000	-		-
Workfirst	53,000	40,883		36,694
Contracted services	49,282	13,837		32,198
Child support enforcement	21,600	18,879		8,806
LIEAP	292,602	294,200		229,600
Job boost	-	-		19,907
Donations	7,159	4,412		5,103
Food stamp issuance	42,000	27,651		37,757
Special needs adoption	56,705	18,540		36,738
Total	<u>8,941,262</u>	<u>7,934,908</u>	<u>1,006,354</u>	<u>7,823,336</u>
Total human services	<u>28,551,470</u>	<u>25,481,920</u>	<u>3,069,550</u>	<u>24,601,224</u>
Cultural and Recreation:				
Parks & Recreation:				
Salaries and employee benefits	150,467	142,081		131,149
Other operating expenditures	178,328	172,173		139,502
Capital outlay	5,000	5,000		-
Total	<u>333,795</u>	<u>319,254</u>	<u>14,541</u>	<u>270,651</u>
Libraries:				
Salaries and benefits	664,489	627,010		617,337
Other operating expenditures	277,411	254,496		316,896
Total	<u>941,900</u>	<u>881,506</u>	<u>60,394</u>	<u>934,233</u>
Culture and Recreation Appropriations:				
Other operating expenditures	<u>167,000</u>	<u>167,000</u>	<u>-</u>	<u>150,000</u>
Total cultural and recreation	<u>1,442,695</u>	<u>1,367,760</u>	<u>74,935</u>	<u>1,354,884</u>

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over /Under	2012
	Budget	Actual		Actual
Education:				
CCCC campus	638,841	638,841		656,341
CCCC campus capital outlay	23,973	23,973		25,730
Public schools - current expenses	20,288,004	20,288,004		20,288,004
Public schools - capital outlay	-	-		2,830,946
Total education	<u>20,950,818</u>	<u>20,950,818</u>	-	<u>23,801,021</u>
Debt Service:				
Principal retirement	6,578,594	6,424,014		7,176,751
Interest and fees	5,251,138	5,062,698		5,139,600
Total debt service	<u>11,829,732</u>	<u>11,486,712</u>	343,020	<u>12,316,351</u>
Total expenditures	<u>108,366,768</u>	<u>101,852,867</u>	<u>6,513,432</u>	<u>100,900,894</u>
Revenues over (under) expenditures	<u>(4,791,961)</u>	<u>3,471,442</u>	<u>8,263,403</u>	<u>617,604</u>
Other Financing Sources (Uses):				
Transfer out	(455,491)	(528,881)	(73,390)	(135,952)
Transfer in	1,599,789	1,577,116	(22,673)	3,721,918
Long-term debt issued	1,165,000	-	(1,165,000)	24,363,175
Payment to bondholders	-	-	-	(23,921,394)
Appropriated fund balance	2,482,663	-	(2,482,663)	-
Total other financing sources (uses)	<u>4,791,961</u>	<u>1,048,235</u>	<u>(3,743,726)</u>	<u>4,027,747</u>
Net change in fund balance	<u>\$ -</u>	<u>4,519,677</u>	<u>\$ 4,519,677</u>	<u>4,645,351</u>
Fund Balance:				
Beginning of year - July 1		<u>23,324,502</u>		<u>18,679,151</u>
End of year - June 30		<u>\$ 27,844,179</u>		<u>\$ 23,324,502</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	Nonmajor		Total
	Special Revenue Funds	Capital Project Fund	
Assets:			
Cash and investments	\$ 1,466,013	\$ 471,969	\$ 1,937,982
Taxes receivable, net	190,855	-	190,855
Accounts receivable, net	548,750	9,092	557,842
Prepaid items	1,742	-	1,742
Total assets	<u>\$ 2,207,360</u>	<u>\$ 481,061</u>	<u>\$ 2,688,421</u>
Liabilities, Deferred inflows, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 651,408	\$ 2,551	\$ 653,959
Due to other funds	142,959	29,495	172,454
Total liabilities	<u>794,367</u>	<u>32,046</u>	<u>826,413</u>
Deferred Inflows of Resources:			
Property tax receivable	190,855	-	190,855
Total deferred inflows of resources	<u>190,855</u>	<u>-</u>	<u>190,855</u>
Fund Balances:			
Non-spendable			
Prepaid items	1,742	-	1,742
Restricted for stabilization for State statute	548,750	9,092	557,842
Restricted for Register of Deeds	175,384	-	175,384
Restricted for general government	11,370	-	11,370
Restricted for public safety	818,304	-	818,304
Restricted for memorials	2,030	-	2,030
Committed	-	471,969	471,969
Assigned	76,734	-	76,734
Unassigned	(412,176)	(32,046)	(444,222)
Total fund balances	<u>1,222,138</u>	<u>449,015</u>	<u>1,671,153</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,207,360</u>	<u>\$ 481,061</u>	<u>\$ 2,688,421</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Revenues:			
Ad valorem taxes	\$ 6,147,210	\$ -	\$ 6,147,210
Other taxes and licenses	1,059,252	-	1,059,252
Restricted intergovernmental	913,356	730,636	1,643,992
Permits and fees	904,010	-	904,010
Sales and services	68,000	-	68,000
Investment earnings	345	40	385
Miscellaneous	9,634	166,313	175,947
Total revenues	<u>9,101,807</u>	<u>896,989</u>	<u>9,998,796</u>
Expenditures:			
Current:			
General government	690,253	206,423	896,676
Public safety	7,845,427	5,461	7,850,888
Economic and physical development	55,540	504,968	560,508
Human services	-	6,903	6,903
Education	272,284	-	272,284
Total expenditures	<u>8,863,504</u>	<u>723,755</u>	<u>9,587,259</u>
Revenues over (under) expenditures	<u>238,303</u>	<u>173,234</u>	<u>411,537</u>
Other Financing Sources (Uses):			
Transfers in	75,979	464,365	540,344
Transfers out	(25,000)	(1,163,579)	(1,188,579)
Total other financing sources (uses)	<u>50,979</u>	<u>(699,214)</u>	<u>(648,235)</u>
Net change in fund balances	289,282	(525,980)	(236,698)
Fund Balances:			
Beginning of year - July 1	<u>932,856</u>	<u>974,995</u>	<u>1,907,851</u>
End of year - June 30	<u>\$ 1,222,138</u>	<u>\$ 449,015</u>	<u>\$ 1,671,153</u>

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NONMAJOR FUNDS - GOVERNMENTAL

Special Revenue Funds account for the proceeds of special revenue sources that are legally restricted to the expenditure for special purposes.

INDIVIDUAL FUND DESCRIPTIONS:

Section 8 Housing Fund - accounts for grant funds provided to support the County's Section 8 Existing and Modified Rehabilitation Housing programs.

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

Law Enforcement Fund - accounts for the handgun assessed fees that are charged for concealed weapons permits.

Emergency Telephone System Fund - accounts for the surcharge fees billed to telephone customers and the expenditures related to the implementation of the Emergency Telephone System.

Automation Enhancement & Preservation Fund - accounts for 10% of fees collected in the Register of Deeds' office. These fees are set aside and used to finance expenditures on computers and imaging technology for the Register of Deeds' office.

Emergency Response Planning Fund - accounts for the expenditures and revenues for emergency response readiness for the fixed nuclear facility.

Harnett Memorial Fund - accounts for funds received from citizens for the construction of memorials in the County.

Abandoned Manufactured Homes Fund - accounts for funds received from citizens for the removal of abandoned mobile homes to the County landfill.

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

NONMAJOR FUNDS - GOVERNMENTAL

AMPI Unrecoverable Cost Fund - accounts for the expenditures and Revenues for the public assistance program that aide's property owners in the removal of abandoned manufactured housing. Eligible sites may be located within both municipal and county jurisdictional boundaries.

Asset Forfeiture Funds - accounts for the revenues of assets seized as a result of criminal activity. These funds are forwarded to the County by the State. Pursuant to 21 U.S.C. § 881(e)(1) and nbsp;U.S.C. § 1616a, as made applicable by 21 U.S.C. § 881(d) and other statutes, the Attorney General has the authority to equitably transfer forfeited property and cash to state and local agencies that directly participate in the law enforcement effort leading to the seizure and forfeiture of the property.

Employment Transportation – accounts for grant funding from the NC Department of Transportation which provides assistance to Workforce Investment participants.

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

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HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

	<u>Special Districts Fund</u>	<u>Law Enforcement Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Automation Enhancement and Preservation Fund</u>	<u>Emergency Response Planning Fund</u>	<u>Harnett Memorial Fund</u>
Assets:						
Cash and investments	\$ 192,890	\$ 8,495	\$ 780,170	\$ 175,384	\$ 75,450	\$ 2,030
Taxes receivable, net	190,855	-	-	-	-	-
Accounts receivable, net	277,073	-	121,065	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 660,818</u>	<u>\$ 8,495</u>	<u>\$ 901,235</u>	<u>\$ 175,384</u>	<u>\$ 75,450</u>	<u>\$ 2,030</u>
Liabilities, Deferred Inflows, and Fund Balances:						
Liabilities:						
Accounts payable	443,322	\$ 8,555	\$ 175,107	\$ -	\$ 4,411	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>443,322</u>	<u>8,555</u>	<u>175,107</u>	<u>-</u>	<u>4,411</u>	<u>-</u>
Deferred Inflows of Resources:						
Property tax receivable	<u>190,855</u>	-	-	-	-	-
Total deferred inflows of resources	<u>190,855</u>	-	-	-	-	-
Fund Balances:						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Restricted for stabilization for State statute	277,073	-	121,065	-	-	-
Restricted for Register of Deeds	-	-	-	175,384	-	-
Restricted for general government	-	-	-	-	-	-
Restricted for economic						
Restricted for public safety	-	-	605,063	-	-	-
Restricted for memorials	-	-	-	-	-	2,030
Assigned	-	-	-	-	71,039	-
Unassigned	<u>(250,432)</u>	<u>(60)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>26,641</u>	<u>(60)</u>	<u>726,128</u>	<u>175,384</u>	<u>71,039</u>	<u>2,030</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 660,818</u>	<u>\$ 8,495</u>	<u>\$ 901,235</u>	<u>\$ 175,384</u>	<u>\$ 75,450</u>	<u>\$ 2,030</u>

Abandoned Manufactured Homes Fund	WIA Youth Program Fund	AMPI Unrecoverable Cost Fund	Asset Forfeiture Fund	Employment Transportation Fund	Electronics Management Fund	Total
\$ 5,695	\$ -	\$ 7,500	\$ 213,241	\$ 3,592	\$ 1,566	\$ 1,466,013
-	-	-	-	-	-	190,855
-	150,612	-	-	-	-	548,750
249	1,493	-	-	-	-	1,742
<u>\$ 5,944</u>	<u>\$ 152,105</u>	<u>\$ 7,500</u>	<u>\$ 213,241</u>	<u>\$ 3,592</u>	<u>\$ 1,566</u>	<u>\$ 2,207,360</u>
\$ -	\$ 18,725	\$ -	\$ -	\$ -	\$ 1,288	\$ 651,408
-	142,959	-	-	-	-	142,959
-	161,684	-	-	-	1,288	794,367
-	-	-	-	-	-	190,855
-	-	-	-	-	-	190,855
249	1,493	-	-	-	-	1,742
-	150,612	-	-	-	-	548,750
-	-	-	-	-	-	175,384
-	-	7,500	-	3,592	278	11,370
-	-	-	213,241	-	-	818,304
-	-	-	-	-	-	2,030
5,695	-	-	-	-	-	76,734
-	(161,684)	-	-	-	-	(412,176)
<u>5,944</u>	<u>(9,579)</u>	<u>7,500</u>	<u>213,241</u>	<u>3,592</u>	<u>278</u>	<u>1,222,138</u>
<u>\$ 5,944</u>	<u>\$ 152,105</u>	<u>\$ 7,500</u>	<u>\$ 213,241</u>	<u>\$ 3,592</u>	<u>\$ 1,566</u>	<u>\$ 2,207,360</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, 2013

	<u>Section 8 Housing Fund</u>	<u>Special Districts Fund</u>	<u>Law Enforcement Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Automation Enhancement and Preservation Fund</u>	<u>Emergency Response Planning Fund</u>
Revenues:						
Ad valorem taxes	\$ -	\$ 6,147,210	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	1,059,252	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-
Permits and fees	-	-	103,160	726,387	74,463	-
Sales and services	-	-	-	-	-	68,000
Investment earnings	-	-	-	300	41	-
Other general revenues	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>7,206,462</u>	<u>103,160</u>	<u>726,687</u>	<u>74,504</u>	<u>68,000</u>
Expenditures:						
General government	-	-	-	-	16,399	-
Public safety	-	6,918,752	103,220	765,135	-	58,320
Economic and physical development	-	-	-	-	-	-
Education	-	272,284	-	-	-	-
Total expenditures	<u>-</u>	<u>7,191,036</u>	<u>103,220</u>	<u>765,135</u>	<u>16,399</u>	<u>58,320</u>
Revenues over (under) expenditures	<u>-</u>	<u>15,426</u>	<u>(60)</u>	<u>(38,448)</u>	<u>58,105</u>	<u>9,680</u>
Other Financing Sources (Uses):						
Transfers in	61,625	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>61,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	61,625	15,426	(60)	(38,448)	58,105	(15,320)
Fund Balances:						
Beginning of year - July 1	<u>(61,625)</u>	<u>11,215</u>	<u>-</u>	<u>764,576</u>	<u>117,279</u>	<u>86,359</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 26,641</u>	<u>\$ (60)</u>	<u>\$ 726,128</u>	<u>\$ 175,384</u>	<u>\$ 71,039</u>

<u>Harnett Memorial Fund</u>	<u>Abandoned Manufactured Homes Fund</u>	<u>WIA Youth Program Fund</u>	<u>AMPI Unrecoverable Cost Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Employment Transportation Fund</u>	<u>Electronics Management Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,147,210
-	-	-	-	-	-	-	1,059,252
-	-	663,803	29,500	213,241	-	6,812	913,356
-	-	-	-	-	-	-	904,010
-	-	-	-	-	-	-	68,000
-	4	-	-	-	-	-	345
-	9,634	-	-	-	-	-	9,634
-	<u>9,638</u>	<u>663,803</u>	<u>29,500</u>	<u>213,241</u>	-	<u>6,812</u>	<u>9,101,807</u>
-	-	655,304	18,550	-	-	-	690,253
-	-	-	-	-	-	-	7,845,427
-	40,044	-	-	-	-	15,496	55,540
-	-	-	-	-	-	-	272,284
-	<u>40,044</u>	<u>655,304</u>	<u>18,550</u>	-	-	<u>15,496</u>	<u>8,863,504</u>
-	<u>(30,406)</u>	<u>8,499</u>	<u>10,950</u>	<u>213,241</u>	-	<u>(8,684)</u>	<u>238,303</u>
-	14,354	-	-	-	-	-	75,979
-	-	-	-	-	-	-	(25,000)
-	<u>14,354</u>	-	-	-	-	-	<u>50,979</u>
-	<u>(16,052)</u>	<u>8,499</u>	<u>10,950</u>	<u>213,241</u>	-	<u>(8,684)</u>	<u>289,282</u>
<u>2,030</u>	<u>21,996</u>	<u>(18,078)</u>	<u>(3,450)</u>	-	<u>3,592</u>	<u>8,962</u>	<u>932,856</u>
<u>\$ 2,030</u>	<u>\$ 5,944</u>	<u>\$ (9,579)</u>	<u>\$ 7,500</u>	<u>\$ 213,241</u>	<u>\$ 3,592</u>	<u>\$ 278</u>	<u>\$ 1,222,138</u>

HARNETT COUNTY, NORTH CAROLINA

SECTION 8 HOUSING FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers in (out)	\$ (30,736)	\$ 61,625	\$ 92,361	\$ -
Appropriated fund balance	30,736	-	(30,736)	-
Total other financing sources (uses)	-	61,625	61,625	-
Net change in fund balance	\$ -	61,625	\$ 61,625	-
Fund Balance:				
Beginning of year - July 1		(61,625)		(61,625)
End of year - June 30		\$ -		\$ (61,625)

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, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 6,201,729	\$ 6,147,210	\$ (54,519)	\$ 5,914,010
Other taxes and licenses	900,865	1,059,252	158,387	974,595
Total revenues	<u>7,102,594</u>	<u>7,206,462</u>	<u>103,868</u>	<u>6,888,605</u>
Expenditures:				
Public safety	6,830,165	6,918,752	(88,587)	6,617,313
Education	<u>272,429</u>	<u>272,284</u>	<u>145</u>	<u>271,292</u>
Total expenditures	<u>7,102,594</u>	<u>7,191,036</u>	<u>(88,442)</u>	<u>6,888,605</u>
Net change in fund balance	<u>\$ -</u>	15,426	<u>\$ 15,426</u>	-
Fund Balance:				
Beginning of year - July 1		<u>11,215</u>		<u>11,215</u>
End of year - June 30		<u>\$ 26,641</u>		<u>\$ 11,215</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, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 110,000	\$ 103,160	\$ (6,840)	\$ 54,780
Total revenues	<u>110,000</u>	<u>103,160</u>	<u>(6,840)</u>	<u>54,780</u>
Expenditures:				
Public safety:				
Other expenditures	110,000	103,220	6,780	81,845
Total expenditures	<u>110,000</u>	<u>103,220</u>	<u>6,780</u>	<u>81,845</u>
Revenues over (under) expenditures	<u>-</u>	<u>(60)</u>	<u>(60)</u>	<u>(27,065)</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	5,174
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,174</u>
Net change in fund balance	<u>\$ -</u>	<u>(60)</u>	<u>\$ (60)</u>	<u>(21,891)</u>
Fund Balance:				
Beginning of year - July 1		-		<u>21,891</u>
End of year - June 30		<u>\$ (60)</u>		<u>\$ -</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, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 726,387	\$ 726,387	\$ -	\$ 772,029
Investment earnings	400	300	(100)	725
Total revenues	<u>726,787</u>	<u>726,687</u>	<u>(100)</u>	<u>772,754</u>
Expenditures:				
Public safety:				
Operating expenditures	496,287	487,416	8,871	947,413
Capital outlay	<u>293,203</u>	<u>277,719</u>	<u>15,484</u>	<u>357,046</u>
Total expenditures	<u>789,490</u>	<u>765,135</u>	<u>24,355</u>	<u>1,304,459</u>
Revenues over (under) expenditures	<u>(62,703)</u>	<u>(38,448)</u>	<u>24,255</u>	<u>(531,705)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>62,703</u>	-	<u>(62,703)</u>	-
Total other financing sources (uses)	<u>62,703</u>	-	<u>(62,703)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(38,448)</u>	<u>\$ (38,448)</u>	<u>(531,705)</u>
Fund Balance:				
Beginning of year - July 1		<u>764,576</u>		<u>1,296,281</u>
End of year - June 30		<u>\$ 726,128</u>		<u>\$ 764,576</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, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 41	\$ 41	\$ 76
Permits and fees	68,000	74,463	6,463	68,019
Total revenues	<u>68,000</u>	<u>74,504</u>	<u>6,504</u>	<u>68,095</u>
Expenditures:				
General government:				
Operating expenditures	<u>73,503</u>	<u>16,399</u>	<u>57,104</u>	<u>88,348</u>
Total expenditures	<u>73,503</u>	<u>16,399</u>	<u>57,104</u>	<u>88,348</u>
Revenues over (under) expenditures	<u>(5,503)</u>	<u>58,105</u>	<u>63,608</u>	<u>(20,253)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>5,503</u>	-	<u>(5,503)</u>	-
Total other financing sources (uses)	<u>5,503</u>	-	<u>(5,503)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>58,105</u>	<u>\$ 58,105</u>	<u>(20,253)</u>
Fund Balance:				
Beginning of year - July 1		<u>117,279</u>		<u>137,532</u>
End of year - June 30		<u>\$ 175,384</u>		<u>\$ 117,279</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, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other general revenues	\$ 68,000	\$ 68,000	\$ -	\$ 83,000
Total revenues	<u>68,000</u>	<u>68,000</u>	<u>-</u>	<u>83,000</u>
Expenditures:				
Public safety:				
Salaries and fringe benefits	11,504	6,837	4,667	2,032
Other operating expenditures	<u>72,033</u>	<u>51,483</u>	<u>20,550</u>	<u>42,655</u>
Total expenditures	<u>83,537</u>	<u>58,320</u>	<u>25,217</u>	<u>44,687</u>
Revenues over (under) expenditures	<u>(15,537)</u>	<u>9,680</u>	<u>25,217</u>	<u>38,313</u>
Other Financing Sources (Uses):				
Transfers out	(25,000)	(25,000)	-	(25,000)
Appropriated fund balance	<u>40,537</u>	<u>-</u>	<u>(40,537)</u>	<u>-</u>
Total other financing sources (uses)	<u>15,537</u>	<u>(25,000)</u>	<u>(40,537)</u>	<u>(25,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(15,320)</u>	<u>\$ (15,320)</u>	<u>13,313</u>
Fund Balance:				
Beginning of year - July 1		<u>86,359</u>		<u>73,046</u>
End of year - June 30		<u>\$ 71,039</u>		<u>\$ 86,359</u>

HARNETT COUNTY, NORTH CAROLINA

HARNETT MEMORIAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Net change in fund balance	\$ -	-	\$ -	-
Fund Balance:				
Beginning of year - July 1		2,030		2,030
End of year - June 30		\$ 2,030		\$ 2,030

HARNETT COUNTY, NORTH CAROLINA

ABANDONED MANUFACTURED HOMES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 5,000	\$ -	\$ (5,000)	\$ -
Investment earnings	-	4	4	19
Other general revenues	6,855	9,634	2,779	2,140
Total revenues	<u>11,855</u>	<u>9,638</u>	<u>(2,217)</u>	<u>2,159</u>
Expenditures:				
Economic and physical development:				
Abandoned home removal	<u>78,345</u>	<u>40,044</u>	<u>38,301</u>	<u>28,995</u>
Total expenditures	<u>78,345</u>	<u>40,044</u>	<u>38,301</u>	<u>28,995</u>
Revenues over (under) expenditures	<u>(66,490)</u>	<u>(30,406)</u>	<u>36,084</u>	<u>(26,836)</u>
Other Financing Sources (Uses):				
Transfer in	45,090	14,354	(30,736)	-
Appropriated fund balance	<u>21,400</u>	-	<u>(21,400)</u>	-
Total other financing sources (uses)	<u>66,490</u>	<u>14,354</u>	<u>(52,136)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(16,052)</u>	<u>\$ (16,052)</u>	<u>(26,836)</u>
Fund Balance:				
Beginning of year - July 1		<u>21,996</u>		<u>48,832</u>
End of year - June 30		<u>\$ 5,944</u>		<u>\$ 21,996</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 714,146	\$ 663,803	\$ (50,343)	\$ 390,394
Total revenues	<u>714,146</u>	<u>663,803</u>	<u>(50,343)</u>	<u>390,394</u>
Expenditures:				
General government:				
Operating expenditures	<u>714,146</u>	<u>655,304</u>	<u>58,842</u>	<u>398,861</u>
Total expenditures	<u>714,146</u>	<u>655,304</u>	<u>58,842</u>	<u>398,861</u>
Net change in fund balance	<u>\$ -</u>	<u>8,499</u>	<u>\$ 8,499</u>	<u>(8,467)</u>
Fund Balance:				
Beginning of year - July 1		<u>(18,078)</u>		<u>(9,611)</u>
End of year - June 30		<u>\$ (9,579)</u>		<u>\$ (18,078)</u>

HARNETT COUNTY, NORTH CAROLINA

AMPI UNRECOVERABLE COST FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 36,550	\$ 36,805	\$ 29,500	\$ 66,305	\$ 29,755
Total revenues	<u>36,550</u>	<u>36,805</u>	<u>29,500</u>	<u>66,305</u>	<u>29,755</u>
Expenditures:					
General government:					
Operating expenditures	<u>36,550</u>	<u>40,255</u>	<u>18,550</u>	<u>58,805</u>	<u>(22,255)</u>
Total expenditures	<u>36,550</u>	<u>40,255</u>	<u>18,550</u>	<u>58,805</u>	<u>(22,255)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (3,450)</u>	10,950	<u>\$ 7,500</u>	<u>\$ 7,500</u>
Fund Balance:					
Beginning of year - July 1			<u>(3,450)</u>		
End of year - June 30			<u>\$ 7,500</u>		

HARNETT COUNTY, NORTH CAROLINA

**ASSET FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 215,116	\$ 213,241	\$ (1,875)	\$ -
Revenues over (under) expenditures	215,116	213,241	(1,875)	-
Other Financing Sources (Uses):				
Transfer in (out)	(215,116)	-	215,116	-
Total other financing sources (uses)	(215,116)	-	215,116	-
Net change in fund balance	\$ -	213,241	\$ 213,241	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		\$ 213,241		\$ -

HARNETT COUNTY, NORTH CAROLINA

EMPLOYMENT TRANSPORTATION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	<u>2013</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	-	\$ -
Fund Balance:			
Beginning of year - July 1		<u>3,592</u>	
End of year - June 30		<u>\$ 3,592</u>	

HARNETT COUNTY, NORTH CAROLINA

ELECTRONIC MANAGEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	2013		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 6,812	\$ 6,812	\$ -
Total revenues	<u>6,812</u>	<u>6,812</u>	<u>-</u>
Expenditures:			
Economic and Physical Development Operating expenditures	<u>15,773</u>	<u>15,496</u>	<u>277</u>
Total expenditures	<u>15,773</u>	<u>15,496</u>	<u>277</u>
Revenues over (under) expenditures	<u>(8,961)</u>	<u>(8,684)</u>	<u>277</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>8,961</u>	<u>-</u>	<u>(8,961)</u>
Total other financing sources (uses)	<u>8,961</u>	<u>-</u>	<u>(8,961)</u>
Net change in fund balance	<u>\$ -</u>	<u>(8,684)</u>	<u>\$ (8,684)</u>
Fund Balance:			
Beginning of year - July 1		<u>8,962</u>	
End of year - June 30		<u>\$ 278</u>	

NONMAJOR FUNDS - GOVERNMENTAL

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

INDIVIDUAL FUND DESCRIPTION:

Transportation Facility Design Capital Project Fund - accounts for construction and design of a facility used by the Harnett County Area Transit System (HARTS).

Land Acquisition & Runway Safety Project Fund - accounts for the expenditures and revenues for the Land Acquisition, Runway Safety Area, and ILS Site Prep.

School QZAB III Capital Project Fund - accounts for the renovation, refurbishment, and furnishing of twenty existing Harnett County Schools that are funded by interest-free Qualified Zone Academy Bond (QZAB) funds from the State.

Emergency Services Renovation Capital Project Fund - accounts for the expenditures and revenues for the renovation of the building formerly known as the Law Enforcement & Detention Center. To provide office space for the Emergency Services division.

Boone Trail Elementary School Capital Project Fund - accounts for the 2009 Certificate of Participation proceeds received for the construction of a new elementary school at the intersection of Griffin Road and Adcock Road in the Mamers Community, which is located in the western portion of the County.

Harnett Central High School Capital Project Fund - accounts for the 2009 Certificate of Participation proceeds received for the construction of a 13,550 square foot auxiliary gymnasium and a 24-classroom addition to the Harnett Central High School.

Johnsonville Elementary School Capital Project Fund - accounts for the 2009 Certificate of Participation proceeds received for the construction of a fifteen class addition to the Johnsonville Elementary School. The additional classrooms will add the capacity to accommodate approximately 350 students.

NONMAJOR FUNDS - GOVERNMENTAL

Highland Elementary Gym Capital Project Fund - accounts for the 2009 Certificate of Participation proceeds received for the construction of a new 9,903 square-foot gymnasium at Highland Elementary School, located on Buffalo Lake Road in Highland in the western portion of the County.

Angier Elementary School Capital Project Fund - accounts for the expenditures and revenues associated with school construction projects.

Law Enforcement Expansion Capital Project Fund - accounts for the expenditures and revenues for the construction of a new law enforcement center/detention facility.

Airport Overlay Zoning Fund - accounts for the expenditures and revenues for the Land Use Compatibility Zoning Plan better known as the "Airport Overlay Zoning District" and for the preliminary engineering/design for the airport pavement rehabilitation project.

Campo Pedestrian Trail - accounts for the expenditures and revenues to undertake a pedestrian oriented project within Harnett County. This project is located at the campus of Harnett Central Middle and High Schools and Neil's Creek Park and is intended to serve as a safe mode of pedestrian transportation throughout the campus

Good Hope Mental Health Fund - accounts for the expenditures and revenues for the renovation of the Good Hope Hospital into a 16-bed mental health facility project.

Single Family – accounts for the expenditures and revenues of the rehabilitation of scattered site single family housing units owned and occupied by low and very low income elderly and/or disabled homeowners.

Airport Runway Reimbursement Project – accounts for the expenditures and revenues for a grant awarded by the NC Aeronautics Council to reimburse the County for meals and materials provided to the military for Runway extension grading in a previous year.

Airport Hangar Development Planning & Preliminary Engineering Project - accounts for the expenditures and revenues to provide an engineering study of the airport.

NONMAJOR FUNDS - GOVERNMENTAL

Scattered Site Housing II – accounts for expenditures and revenues used to account for activities for addressing the most critical housing needs of very low income, owner occupied household with incomes at or below 50% of median incomes.

Airport Taxiway & Apron Rehab – accounts for expenditures and revenues used to account for activities related to the runway, taxiway and apron pavement rehabilitation and strengthening to address cracking, oxidation and other pavement distress.

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

Anderson Creek Phase I – accounts for the expenditures and revenues for Phase I of Anderson Creek Park. This will include paving and natural pedestrian trails, playground, picnic shelter, restroom facility, disc golf course, an overlook, and interpretive signage

DP6 Generator Switch - accounts for the 2011 DRP 6 Generator Switch and Message board. This will be to establish primary sheltering points and multiple 100 kw mobile generator package throughout the region.

Jetport-Runway, Taxiways and Apron Rehabilitation & Strengthening Capital Project Fund - accounts for the expenditures and revenues for the construction phase of the Harnett Regional Jetport, Runway, Taxiways and Apron Rehabilitation and Strengthening Project. The work includes rehabilitation and strengthening of Runway 5/23, Apron, Taxiways A,B,C,D, & E, and hangar taxiway.

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS COMBINING BALANCE SHEET JUNE 30, 2013

	<u>Transportation Facility Design</u>	<u>Good Hope Mental Health</u>	<u>Scattered Site Housing II</u>
Assets:			
Cash and investments	\$ 27,393	\$ 10,202	\$ -
Accounts receivable, net	<u>-</u>	<u>-</u>	<u>8,488</u>
Total assets	<u>\$ 27,393</u>	<u>\$ 10,202</u>	<u>\$ 8,488</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 2,551
Due to other funds	<u>-</u>	<u>-</u>	<u>5,937</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>8,488</u>
Fund Balances:			
Restricted for stabilization for State statute	-	-	8,488
Committed	27,393	10,202	-
Unassigned	<u>-</u>	<u>-</u>	<u>(8,488)</u>
Total fund balances	<u>27,393</u>	<u>10,202</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 27,393</u>	<u>\$ 10,202</u>	<u>\$ 8,488</u>

Schedule E-1

<u>Taxiway & Apron Rehab</u>	<u>Airport Capital Reserve</u>	<u>Anderson Creek</u>	<u>Jetport Runway</u>	<u>Total</u>
\$ -	\$ 3,881	\$ -	\$ 430,493	\$ 471,969
-	-	604	-	9,092
<u>\$ -</u>	<u>\$ 3,881</u>	<u>\$ 604</u>	<u>\$ 430,493</u>	<u>\$ 481,061</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,551
22,954	-	604	-	29,495
<u>22,954</u>	<u>-</u>	<u>604</u>	<u>-</u>	<u>32,046</u>
-	-	604	-	9,092
-	3,881	-	430,493	471,969
<u>(22,954)</u>	<u>-</u>	<u>(604)</u>	<u>-</u>	<u>(32,046)</u>
<u>(22,954)</u>	<u>3,881</u>	<u>-</u>	<u>430,493</u>	<u>449,015</u>
<u>\$ -</u>	<u>\$ 3,881</u>	<u>\$ 604</u>	<u>\$ 430,493</u>	<u>\$ 481,061</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, 2013

	Transportation Facility Design	Land Acquisition and Runway Safety	School Improvements QZAB III	Emergency Services Renovation	Boone Trail Elementary	Harnett Central High School	Johnsonville Elementary School	Highland Elementary School Gym	Angier Elementary School
Revenues:									
Restricted intergovernmental	\$ -	\$ 2,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	8	-	-	2	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>8</u>	<u>2,393</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:									
Current:									
General government	2,005	(6,333)	-	-	-	-	-	-	-
Public safety	-	-	-	5,461	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,005</u>	<u>(6,333)</u>	<u>-</u>	<u>5,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,997)</u>	<u>8,726</u>	<u>-</u>	<u>(5,459)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):									
Long-term debt issued	-	-	-	-	-	-	-	-	-
Premium issued	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	7,065	-	-	-	-	-
Transfers out	-	-	(1,223)	-	(326,098)	(52,454)	(51,721)	(33,360)	(66,064)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,223)</u>	<u>7,065</u>	<u>(326,098)</u>	<u>(52,454)</u>	<u>(51,721)</u>	<u>(33,360)</u>	<u>(66,064)</u>
Net change in fund balances	(1,997)	8,726	(1,223)	1,606	(326,098)	(52,454)	(51,721)	(33,360)	(66,064)
Fund Balances:									
Beginning of year - July 1	29,390	(8,726)	1,223	(1,606)	326,098	52,454	51,721	33,360	66,064
End of year - June 30	<u>\$ 27,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Law Enforcement Expansion	Airport Overlay Zoning	Campo Pedestrian Trail	Good Hope Mental Health	Single Family	Airport Runway Reimburse	Hangar Planning Eng	Scattered Site Housing II	Taxiway & Apron Rehab	Airport Capital Reserve	Anderson Creek	DP6 Generator Switch	Jetport Runway	Total
\$ -	\$ 124,080	\$ -	\$ -	\$ 194,147	\$ -	\$ 227	\$ 23,571	\$ 124,876	\$ -	\$ 50,591	\$ 210,751	\$ -	\$ 730,636
-	3	4	21	-	2	-	-	-	-	-	-	-	40
-	-	-	166,313	-	-	-	-	-	-	-	-	-	166,313
-	124,083	4	166,334	194,147	2	227	23,571	124,876	-	50,591	210,751	-	896,989
-	-	-	-	-	-	-	-	-	-	-	210,751	-	206,423
-	-	-	-	-	-	-	-	-	-	-	-	-	5,461
-	137,871	-	-	116,077	-	252	23,209	176,968	-	50,591	-	-	504,968
-	-	-	6,903	-	-	-	-	-	-	-	-	-	6,903
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	137,871	-	6,903	116,077	-	252	23,209	176,968	-	50,591	210,751	-	723,755
-	(13,788)	4	159,431	78,070	2	(25)	362	(52,092)	-	-	-	-	173,234
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
(429,645)	(19)	(13,289)	(166,470)	-	(11,772)	(1)	-	11,463	15,344	-	-	430,493	464,365
(429,645)	(19)	(13,289)	(166,470)	-	(11,772)	(1)	-	11,463	(11,463)	-	-	430,493	(1,163,579)
(429,645)	(13,807)	(13,285)	(7,039)	78,070	(11,770)	(26)	362	(40,629)	3,881	-	-	430,493	(525,980)
429,645	13,807	13,285	17,241	(78,070)	11,770	26	(362)	17,675	-	-	-	-	974,995
\$ -	\$ -	\$ -	\$ 10,202	\$ -	\$ -	\$ -	\$ -	\$ (22,954)	\$ 3,881	\$ -	\$ -	\$ 430,493	\$ 449,015

HARNETT COUNTY, NORTH CAROLINA

**TRANSPORTATION FACILITY DESIGN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 7,500	\$ 7,466	\$ 8	\$ 7,474	\$ (26)
Restricted intergovernmental revenues	607,588	567,223	-	567,223	(40,365)
Sales tax refund	9,460	9,459	-	9,459	(1)
Total revenues	<u>624,548</u>	<u>584,148</u>	<u>8</u>	<u>584,156</u>	<u>(40,392)</u>
Expenditures:					
General government:					
Legal and administrative	5,802	5,559	-	5,559	243
Engineering	33,643	32,144	-	32,144	1,499
Construction	564,000	564,000	-	564,000	-
Fencing and landscape	42,876	-	2,005	2,005	40,871
Miscellaneous	5,654	5,654	-	5,654	-
Total expenditures	<u>651,975</u>	<u>607,357</u>	<u>2,005</u>	<u>609,362</u>	<u>42,613</u>
Revenues over (under) expenditures	<u>(27,427)</u>	<u>(23,209)</u>	<u>(1,997)</u>	<u>(25,206)</u>	<u>2,221</u>
Other Financing Sources (Uses):					
Transfers in/out	<u>27,427</u>	<u>52,599</u>	<u>-</u>	<u>52,599</u>	<u>25,172</u>
Total other financing sources (uses)	<u>27,427</u>	<u>52,599</u>	<u>-</u>	<u>52,599</u>	<u>25,172</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 29,390</u>	<u>(1,997)</u>	<u>\$ 27,393</u>	<u>\$ 27,393</u>
Fund Balance:					
Beginning of year - July 1			<u>29,390</u>		
End of year - June 30			<u>\$ 27,393</u>		

HARNETT COUNTY, NORTH CAROLINA

LAND ACQUISITION AND RUNWAY SAFETY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 405,000	\$ 289,931	\$ 2,393	\$ 292,324	\$ (112,676)
Total revenues	<u>405,000</u>	<u>289,931</u>	<u>2,393</u>	<u>292,324</u>	<u>(112,676)</u>
Expenditures:					
General government:					
Engineering	169,418	63,076	(6,333)	56,743	112,675
Construction	<u>235,582</u>	<u>235,581</u>	<u>-</u>	<u>235,581</u>	<u>1</u>
Total expenditures	<u>405,000</u>	<u>298,657</u>	<u>(6,333)</u>	<u>292,324</u>	<u>112,676</u>
Revenues over (under) expenditures	<u>-</u>	<u>(8,726)</u>	<u>8,726</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (8,726)</u>	<u>8,726</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>(8,726)</u>		
End of year, June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**SCHOOL IMPROVEMENTS QZAB III
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 3,566	\$ 3,566	\$ -	\$ 3,566	\$ -
Total revenues	<u>3,566</u>	<u>3,566</u>	<u>-</u>	<u>3,566</u>	<u>-</u>
Expenditures:					
Education:					
Construction	<u>791,843</u>	<u>791,843</u>	<u>-</u>	<u>791,843</u>	<u>-</u>
Total expenditures	<u>791,843</u>	<u>791,843</u>	<u>-</u>	<u>791,843</u>	<u>-</u>
Revenues over (under) expenditures	<u>(788,277)</u>	<u>(788,277)</u>	<u>-</u>	<u>(788,277)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers out	(1,223)	-	(1,223)	(1,223)	-
Bond issuance	<u>789,500</u>	<u>789,500</u>	<u>-</u>	<u>789,500</u>	<u>-</u>
Total other financing sources (uses)	<u>788,277</u>	<u>789,500</u>	<u>(1,223)</u>	<u>788,277</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,223</u>	<u>(1,223)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>1,223</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**EMERGENCY SERVICES RENOVATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Investment earnings	240	238	2	240	-
Miscellaneous	19,153	19,153	-	19,153	-
Total revenues	<u>29,393</u>	<u>29,391</u>	<u>2</u>	<u>29,393</u>	<u>-</u>
Expenditures:					
Public safety:					
Legal and administrative	1,674	1,675	-	1,675	(1)
Engineering	72,523	72,522	-	72,522	1
Construction	643,760	638,300	5,461	643,761	(1)
Materials and supplies	8,597	62,555	-	62,555	(53,958)
Capital outlay	123,505	69,546	-	69,546	53,959
Total expenditures	<u>850,059</u>	<u>844,598</u>	<u>5,461</u>	<u>850,059</u>	<u>-</u>
Revenues over (under) expenditures	<u>(820,666)</u>	<u>(815,207)</u>	<u>(5,459)</u>	<u>(820,666)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in	<u>820,666</u>	<u>813,601</u>	<u>7,065</u>	<u>820,666</u>	<u>-</u>
Total other financing sources (uses)	<u>820,666</u>	<u>813,601</u>	<u>7,065</u>	<u>820,666</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,606)</u>	1,606	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>(1,606)</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**BOONE TRAIL ELEMENTARY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 80,824	\$ 80,824	\$ -	\$ 80,824	\$ -
Sales tax refund	119,871	119,871	-	119,871	-
Total revenues	<u>200,695</u>	<u>200,695</u>	<u>-</u>	<u>200,695</u>	<u>-</u>
Expenditures:					
Education:					
Legal and administrative	3,618	3,618	-	3,618	-
Engineering	794,146	794,146	-	794,146	-
Construction	14,732,313	14,732,313	-	14,732,313	-
Materials and supplies	2,451,429	2,451,428	-	2,451,428	1
Debt issue costs	457,606	457,606	-	457,606	-
Total expenditures	<u>18,439,112</u>	<u>18,439,111</u>	<u>-</u>	<u>18,439,111</u>	<u>1</u>
Revenues over (under) expenditures	<u>(18,238,417)</u>	<u>(18,238,416)</u>	<u>-</u>	<u>(18,238,416)</u>	<u>1</u>
Other Financing Sources (Uses):					
Transfer out	(2,128,449)	(1,802,351)	(326,098)	(2,128,449)	-
Bond premium	374,115	374,115	-	374,115	-
Bond issuance	19,992,751	19,992,750	-	19,992,750	(1)
Total other financing sources (uses)	<u>18,238,417</u>	<u>18,564,514</u>	<u>(326,098)</u>	<u>18,238,416</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 326,098</u>	<u>(326,098)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			326,098		
End of year, June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

HARNETT CENTRAL HIGH SCHOOL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 39,646	\$ 39,644	\$ -	\$ 39,644	\$ (2)
Sales tax refund	12,806	12,806	-	12,806	-
Total revenues	<u>52,452</u>	<u>52,450</u>	<u>-</u>	<u>52,450</u>	<u>(2)</u>
Expenditures:					
Education:					
Legal and administrative	1,084	1,084	-	1,084	-
Engineering	650,595	650,595	-	650,595	-
Construction	8,008,334	8,008,333	-	8,008,333	1
Materials and supplies	68,730	68,730	-	68,730	-
Debt issue costs	<u>225,872</u>	<u>225,871</u>	<u>-</u>	<u>225,871</u>	<u>(1)</u>
Total expenditures	<u>8,954,615</u>	<u>8,954,613</u>	<u>-</u>	<u>8,954,613</u>	<u>2</u>
Revenues over (under) expenditures	<u>(8,902,163)</u>	<u>(8,902,163)</u>	<u>-</u>	<u>(8,902,163)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfer in/out	(1,102,613)	(1,050,159)	(52,454)	(1,102,613)	-
Bond premium	183,776	183,776	-	183,776	-
Bond issuance	<u>9,821,000</u>	<u>9,821,000</u>	<u>-</u>	<u>9,821,000</u>	<u>-</u>
Total other financing sources (uses)	<u>8,902,163</u>	<u>8,954,617</u>	<u>(52,454)</u>	<u>8,902,163</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 52,454</u>	<u>(52,454)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>52,454</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

JOHNSONVILLE ELEMENTARY SCHOOL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 15,589	\$ 15,589	\$ -	\$ 15,589	\$ -
Miscellaneous	16,133	16,133	-	16,133	-
Total revenues	<u>31,722</u>	<u>31,722</u>	<u>-</u>	<u>31,722</u>	<u>-</u>
Expenditures:					
Education:					
Legal and administrative	1,912	1,912	-	1,912	-
Engineering	215,452	215,451	-	215,451	1
Construction	2,210,194	2,210,194	-	2,210,194	-
Materials and supplies	534,778	534,779	-	534,779	(1)
Debt issue costs	88,310	88,310	-	88,310	-
Total expenditures	<u>3,050,646</u>	<u>3,050,646</u>	<u>-</u>	<u>3,050,646</u>	<u>-</u>
Revenues over (under) expenditures	<u>(3,018,924)</u>	<u>(3,018,924)</u>	<u>-</u>	<u>(3,018,924)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers out	(911,524)	(859,803)	(51,721)	(911,524)	-
Bond premium	72,198	72,198	-	72,198	-
Bond issuance	3,858,250	3,858,250	-	3,858,250	-
Total other financing sources (uses)	<u>3,018,924</u>	<u>3,070,645</u>	<u>(51,721)</u>	<u>3,018,924</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 51,721</u>	<u>(51,721)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>51,721</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**HIGHLAND ELEMENTARY SCHOOL GYM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 5,708	\$ 5,708	\$ -	\$ 5,708	\$ -
Miscellaneous	27,057	27,056	-	27,056	(1)
Total revenues	<u>32,765</u>	<u>32,764</u>	<u>-</u>	<u>32,764</u>	<u>(1)</u>
Expenditures:					
Education:					
Legal and administrative	1,171	1,172	-	1,172	(1)
Engineering	112,911	112,911	-	112,911	-
Construction	1,116,470	1,116,468	-	1,116,468	2
Debt issue costs	32,113	32,113	-	32,113	-
Total expenditures	<u>1,262,665</u>	<u>1,262,664</u>	<u>-</u>	<u>1,262,664</u>	<u>1</u>
Revenues over (under) expenditures	<u>(1,229,900)</u>	<u>(1,229,900)</u>	<u>-</u>	<u>(1,229,900)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfer out	(199,354)	(165,994)	(33,360)	(199,354)	-
Bond premium	26,254	26,254	-	26,254	-
Bond issuance	1,403,000	1,403,000	-	1,403,000	-
Total other financing sources (uses)	<u>1,229,900</u>	<u>1,263,260</u>	<u>(33,360)</u>	<u>1,229,900</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 33,360</u>	<u>(33,360)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>33,360</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

ANGIER ELEMENTARY SCHOOL
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 98,981	\$ 98,981	\$ -	\$ 98,981	\$ -
Sales tax	344,315	344,315	-	344,315	-
Total revenues	<u>443,296</u>	<u>443,296</u>	<u>-</u>	<u>443,296</u>	<u>-</u>
Expenditures:					
Education:					
Legal and administrative	1,111	1,111	-	1,111	-
Engineering	984,982	984,982	-	984,982	-
Construction	13,385,462	13,385,461	-	13,385,461	1
Materials and supplies	596,790	596,791	-	596,791	(1)
Debt issue costs	31,655	31,655	-	31,655	-
Total expenditures	<u>15,000,000</u>	<u>15,000,000</u>	<u>-</u>	<u>15,000,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>(14,556,704)</u>	<u>(14,556,704)</u>	<u>-</u>	<u>(14,556,704)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers out	(443,296)	(377,232)	(66,064)	(443,296)	-
Bond issuance	15,000,000	15,000,000	-	15,000,000	-
Total other financing sources (uses)	<u>14,556,704</u>	<u>14,622,768</u>	<u>(66,064)</u>	<u>14,556,704</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 66,064</u>	(66,064)	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>66,064</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT EXPANSION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 1,053,732	\$ 1,053,731	\$ -	\$ 1,053,731	\$ (1)
Miscellaneous	446,122	446,121	-	446,121	(1)
Total revenues	<u>1,499,854</u>	<u>1,499,852</u>	<u>-</u>	<u>1,499,852</u>	<u>(2)</u>
Expenditures:					
Public safety:					
Legal and administrative	3,957	3,957	-	3,957	-
Engineering	1,477,440	1,477,439	-	1,477,439	1
Construction	21,742,620	21,742,620	-	21,742,620	-
Materials and supplies	766,127	766,127	-	766,127	-
Professional services	112,861	112,861	-	112,861	-
Capital outlay	48,068	48,068	-	48,068	-
Debt issue costs	376,164	376,164	-	376,164	-
Total expenditures	<u>24,527,237</u>	<u>24,527,236</u>	<u>-</u>	<u>24,527,236</u>	<u>1</u>
Revenues over (under) expenditures	<u>(23,027,383)</u>	<u>(23,027,384)</u>	<u>-</u>	<u>(23,027,384)</u>	<u>(1)</u>
Other Financing Sources (Uses):					
Transfers in	1,346,800	1,346,800	-	1,346,800	-
Transfers out	(2,449,550)	(2,019,904)	(429,645)	(2,449,549)	1
Bond premium	909,908	909,908	-	909,908	-
Bond issuance	23,220,225	23,220,225	-	23,220,225	-
Total other financing sources (uses)	<u>23,027,383</u>	<u>23,457,029</u>	<u>(429,645)</u>	<u>23,027,384</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 429,645</u>	<u>(429,645)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			429,645		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**AIRPORT OVERLAY ZONING PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 150,000	\$ 25,920	\$ 124,080	\$ 150,000	\$ -
Investment earnings	30	20	3	23	(7)
Total revenues	<u>150,030</u>	<u>25,940</u>	<u>124,083</u>	<u>150,023</u>	<u>(7)</u>
Expenditures:					
Economic and physical development:					
Engineering	158,940	23,240	135,700	158,940	-
Construction	7,732	5,560	2,171	7,731	1
Total expenditures	<u>166,672</u>	<u>28,800</u>	<u>137,871</u>	<u>166,671</u>	<u>1</u>
Revenues over (under) expenditures	<u>(16,642)</u>	<u>(2,860)</u>	<u>(13,788)</u>	<u>(16,648)</u>	<u>(6)</u>
Other Financing Sources (Uses):					
Transfers in	<u>16,642</u>	<u>16,667</u>	<u>(19)</u>	<u>16,648</u>	<u>6</u>
Total other financing sources (uses)	<u>16,642</u>	<u>16,667</u>	<u>(19)</u>	<u>16,648</u>	<u>6</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,807</u>	<u>(13,807)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>13,807</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**CAMPO PEDESTRIAN TRAIL PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ 30	\$ 22	\$ 4	\$ 26	\$ (4)
Total revenues	<u>30</u>	<u>22</u>	<u>4</u>	<u>26</u>	<u>(4)</u>
Revenues over (under) expenditures	<u>30</u>	<u>22</u>	<u>4</u>	<u>26</u>	<u>(4)</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>(30)</u>	<u>13,263</u>	<u>(13,289)</u>	<u>(26)</u>	<u>4</u>
Total other financing sources (uses)	<u>(30)</u>	<u>13,263</u>	<u>(13,289)</u>	<u>(26)</u>	<u>4</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,285</u>	<u>(13,285)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>13,285</u>		
End of year, June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**GOOD HOPE MENTAL HEALTH PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 156	\$ 151	\$ 21	\$ 172	\$ 16
Miscellaneous	166,314	-	166,313	166,313	(1)
Total revenues	<u>166,470</u>	<u>151</u>	<u>166,334</u>	<u>166,485</u>	<u>15</u>
Expenditures:					
Human services:					
Engineering	180,000	162,910	6,903	169,813	10,187
Total expenditures	<u>180,000</u>	<u>162,910</u>	<u>6,903</u>	<u>169,813</u>	<u>10,187</u>
Revenues over (under) expenditures	<u>(13,530)</u>	<u>(162,759)</u>	<u>159,431</u>	<u>(3,328)</u>	<u>10,202</u>
Other Financing Sources (Uses):					
Transfers in	13,530	180,000	(166,470)	13,530	-
Total other financing sources (uses)	<u>13,530</u>	<u>180,000</u>	<u>(166,470)</u>	<u>13,530</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,241</u>	<u>(7,039)</u>	<u>\$ 10,202</u>	<u>\$ 10,202</u>
Fund Balance:					
Beginning of year - July 1			<u>17,241</u>		
End of year - June 30			<u>\$ 10,202</u>		

HARNETT COUNTY, NORTH CAROLINA

**SINGLE FAMILY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 435,607	\$ 239,200	\$ 194,147	\$ 433,347	\$ (2,260)
Total revenues	<u>435,607</u>	<u>239,200</u>	<u>194,147</u>	<u>433,347</u>	<u>(2,260)</u>
Expenditures:					
Economic and physical development:					
Rehabilitation	435,607	317,270	116,077	433,347	2,260
Total expenditures	<u>435,607</u>	<u>317,270</u>	<u>116,077</u>	<u>433,347</u>	<u>2,260</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (78,070)</u>	78,070	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>(78,070)</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

**AIRPORT RUNWAY REIMBURSE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ 3	\$ -	\$ 2	\$ 2	\$ (1)
Total revenues	<u>3</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>(1)</u>
Revenues over (under) expenditures	<u>3</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>(1)</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>(3)</u>	<u>11,770</u>	<u>(11,772)</u>	<u>(2)</u>	<u>1</u>
Total other financing sources (uses)	<u>(3)</u>	<u>11,770</u>	<u>(11,772)</u>	<u>(2)</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,770</u>	<u>(11,770)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>11,770</u>		
End of year, June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

HANGAR PLANNING/ENG
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 46,530	\$ 46,304	\$ 227	\$ 46,531	\$ 1
Total revenues	<u>46,530</u>	<u>46,304</u>	<u>227</u>	<u>46,531</u>	<u>1</u>
Expenditures:					
Economic and physical development:					
Engineering	<u>51,700</u>	<u>51,448</u>	<u>252</u>	<u>51,700</u>	<u>-</u>
Total expenditures	<u>51,700</u>	<u>51,448</u>	<u>252</u>	<u>51,700</u>	<u>-</u>
Revenues over (under) expenditures	<u>(5,170)</u>	<u>(5,144)</u>	<u>(25)</u>	<u>(5,169)</u>	<u>1</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>5,170</u>	<u>5,170</u>	<u>(1)</u>	<u>5,169</u>	<u>(1)</u>
Total other financing sources (uses)	<u>5,170</u>	<u>5,170</u>	<u>(1)</u>	<u>5,169</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 26</u>	<u>(26)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>26</u>		
End of year, June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

SCATTERED SITE HOUSING II
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 400,000	\$ -	\$ 23,571	\$ 23,571	\$ (376,429)
Total revenues	<u>400,000</u>	<u>-</u>	<u>23,571</u>	<u>23,571</u>	<u>(376,429)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	33,000	-	9,502	9,502	23,498
Rehabilitation	<u>367,000</u>	<u>362</u>	<u>13,707</u>	<u>14,069</u>	<u>352,931</u>
Total expenditures	<u>400,000</u>	<u>362</u>	<u>23,209</u>	<u>23,571</u>	<u>376,429</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (362)</u>	362	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>(362)</u>		
End of year, June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

TAXI & APRON REHAB
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 262,239	\$ -	\$ 124,876	\$ 124,876	\$ (137,363)
Total revenues	<u>262,239</u>	<u>-</u>	<u>124,876</u>	<u>124,876</u>	<u>(137,363)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	1,200	-	-	-	1,200
Engineering	<u>290,177</u>	<u>-</u>	<u>176,968</u>	<u>176,968</u>	<u>113,209</u>
Total expenditures	<u>291,377</u>	<u>-</u>	<u>176,968</u>	<u>176,968</u>	<u>114,409</u>
Revenues over (under) expenditures	<u>(29,138)</u>	<u>-</u>	<u>(52,092)</u>	<u>(52,092)</u>	<u>(22,954)</u>
Other Financing Sources (Uses):					
Transfers in	<u>29,138</u>	<u>17,675</u>	<u>11,463</u>	<u>29,138</u>	<u>-</u>
Total other financing sources (uses)	<u>29,138</u>	<u>17,675</u>	<u>11,463</u>	<u>29,138</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,675</u>	<u>(40,629)</u>	<u>\$ (22,954)</u>	<u>\$ (22,954)</u>
Fund Balance:					
Beginning of year - July 1			<u>17,675</u>		
End of year, June 30			<u>\$ (22,954)</u>		

HARNETT COUNTY, NORTH CAROLINA

AIRPORT CAPITAL RESERVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers in (out)	\$ -	\$ 3,881	\$ 3,881	\$ -
Total other financing sources (uses)	-	3,881	3,881	-
Net change in fund balance	<u>\$ -</u>	3,881	<u>\$ 3,881</u>	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		<u>\$ 3,881</u>		<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

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

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 500,000	\$ -	\$ 50,591	\$ 50,591	\$ (449,409)
Total revenues	<u>500,000</u>	<u>-</u>	<u>50,591</u>	<u>50,591</u>	<u>(449,409)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	2,000	-	1,069	1,069	931
Engineering	51,282	-	49,522	49,522	1,760
Construction	427,350	-	-	-	427,350
Contingency	<u>19,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,368</u>
Total expenditures	<u>500,000</u>	<u>-</u>	<u>50,591</u>	<u>50,591</u>	<u>449,409</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

DP6 GENERATOR SWITCH
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 254,624	\$ -	\$ 210,751	\$ 210,751	\$ (43,873)
Total revenues	<u>254,624</u>	<u>-</u>	<u>210,751</u>	<u>210,751</u>	<u>(43,873)</u>
Expenditures:					
Capital outlay	<u>254,624</u>	<u>-</u>	<u>210,751</u>	<u>210,751</u>	<u>43,873</u>
Total expenditures	<u>254,624</u>	<u>-</u>	<u>210,751</u>	<u>210,751</u>	<u>43,873</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

HARNETT COUNTY JETPORT RUNWAY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 3,874,435	\$ -	\$ -	\$ -	\$ (3,874,435)
Total revenues	<u>3,874,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,874,435)</u>
Expenditures:					
Economic and physical development:					
Engineering	296,250	-	-	-	296,250
Construction	<u>4,008,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,008,678</u>
Total expenditures	<u>4,304,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,304,928</u>
Revenues over (under) expenditures	<u>(430,493)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,493</u>
Other Financing Sources (Uses):					
Transfers in	<u>430,493</u>	<u>-</u>	<u>430,493</u>	<u>430,493</u>	<u>-</u>
Total other financing sources (uses)	<u>430,493</u>	<u>-</u>	<u>430,493</u>	<u>430,493</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>430,493</u>	<u>\$ 430,493</u>	<u>\$ 430,493</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year, June 30			<u>\$ 430,493</u>		

HARNETT COUNTY, NORTH CAROLINA

**SINGLE FAMILY REHABILITATION 2013
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 170,000	\$ -	\$ -	\$ -	\$ (170,000)
Total revenues	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,000)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	27,250	-	-	-	27,250
Construction	<u>142,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,750</u>
Total expenditures	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

ENTERPRISE FUNDS

Enterprise Funds account for operations financed and operated in a manner similar to private business enterprises - where the costs of providing services are financed primarily through user charges. Harnett County maintains one enterprise fund to account for the operations of the water and sewer districts. The County maintains ten additional funds to account for the debt service for each district. The County maintains a separate enterprise fund for the operations of the landfill.

INDIVIDUAL FUND DESCRIPTIONS:

Harnett County Public Utilities Fund - accounts for the operations of the ten water and sewer districts, which provide water and sewer to the residents of the County.

Individual Water and Sewer Funds - accounts for the debt service for each of the water and sewer districts. These funds are the Northeast Metro Water and Sewer District, the Buies Creek / Coats Sewer District, the South Central Water and Sewer District, the West Central Water and Sewer District, the Northwest Water and Sewer District, the Southwest Water and Sewer District, the Bunnlevel Riverside Water and Sewer District, the Southeast Water and Sewer District, the East Central Water and Sewer District, and 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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water and sewer sales	\$ 22,107,000	\$ 24,765,682	\$ 2,658,682
Water and sewer taps	345,000	330,763	(14,237)
Johnson County	3,600	3,703	103
Other operating revenues	<u>2,259,812</u>	<u>2,613,284</u>	<u>353,472</u>
Total operating revenues	<u>24,715,412</u>	<u>27,713,432</u>	<u>2,998,020</u>
Interest earned on investments	<u>5,000</u>	<u>5,531</u>	<u>531</u>
Total revenues	<u>24,720,412</u>	<u>27,718,963</u>	<u>2,998,551</u>
Expenditures:			
Salaries and employee benefits	7,615,509	6,822,578	792,931
Purchased water	45,000	20,853	24,147
Sewage treatment	1,839,681	1,430,141	409,540
Other operating expenses	9,531,138	8,499,916	1,031,222
Capital outlay	-	567,086	(567,086)
Debt service:			
Debt principal	2,216,099	3,850,207	(1,634,108)
Interest and fees	<u>3,262,976</u>	<u>3,752,609</u>	<u>(489,633)</u>
Total expenditures	<u>24,510,403</u>	<u>24,943,390</u>	<u>(432,987)</u>
Revenues over (under) expenditures	<u>210,009</u>	<u>2,775,573</u>	<u>2,565,564</u>
Other Financing Sources (Uses):			
Debt issued	20,065,000	20,065,000	-
Premium	-	1,005,382	1,005,382
Payments to escrow agents	(20,675,009)	(20,463,000)	212,009
Appropriated fund balance	905,097	-	(905,097)
Transfers out	<u>(505,097)</u>	<u>(400,000)</u>	<u>105,097</u>
Total other financing sources (uses)	<u>(210,009)</u>	<u>207,382</u>	<u>417,391</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,982,955</u>	<u>\$ 2,982,955</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 2,982,955	
Reconciling items:			
Loss on sale of assets		(217,135)	
Debt principal and payment to escrow agent		24,313,207	
Loan issued		(21,070,382)	
Increase in compensated absences		(17,880)	
Increase in other post-employment benefits		(214,056)	
Capital contribution		10,391,517	
Contributed asset		4,328,479	
Interest and fees from project		(1,155,544)	
Transfers in from projects		2,802,386	
Capital outlay		567,086	
Depreciation		<u>(5,989,986)</u>	
Change in net position		<u>\$ 16,720,647</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - NORTH EAST METRO SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 455,000	\$ 455,000	\$ -
Interest and fees	<u>60,073</u>	<u>56,559</u>	<u>3,514</u>
Total expenditures	<u>515,073</u>	<u>511,559</u>	<u>3,514</u>
Revenues over (under) expenditures	<u>(515,073)</u>	<u>(511,559)</u>	<u>3,514</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>515,073</u>	<u>511,559</u>	<u>(3,514)</u>
Total other financing sources (uses)	<u>515,073</u>	<u>511,559</u>	<u>(3,514)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ -	
Reconciling items:			
Debt principal		455,000	
Reduction in investment in direct financing lease receivable		<u>(455,000)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTH CENTRAL SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 330,016	\$ 330,016	\$ -
Interest and fees	<u>487,970</u>	<u>502,067</u>	<u>(14,097)</u>
Total expenditures	<u>817,986</u>	<u>832,083</u>	<u>(14,097)</u>
Revenues over (under) expenditures	<u>(817,986)</u>	<u>(832,083)</u>	<u>(14,097)</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>817,986</u>	<u>832,083</u>	<u>14,097</u>
Total other financing sources (uses)	<u>817,986</u>	<u>832,083</u>	<u>14,097</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ -	
Reconciling items:			
Debt principal		330,016	
Reduction in investment in direct financing lease receivable		<u>(330,016)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 85,000	\$ 85,000	\$ -
Interest and fees	84,328	86,441	(2,113)
Total expenditures	<u>169,328</u>	<u>171,441</u>	<u>(2,113)</u>
Revenues over (under) expenditures	<u>(169,328)</u>	<u>(171,441)</u>	<u>(2,113)</u>
Other Financing Sources (Uses):			
Capital lease transfer in	169,328	171,441	2,113
Total other financing sources (uses)	<u>169,328</u>	<u>171,441</u>	<u>2,113</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ -	
Reconciling items:			
Debt principal		85,000	
Reduction in investment in direct financing lease receivable		<u>(85,000)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 130,000	\$ 130,000	\$ -
Interest and fees	<u>65,570</u>	<u>65,705</u>	<u>(135)</u>
Total expenditures	<u>195,570</u>	<u>195,705</u>	<u>(135)</u>
Revenues over (under) expenditures	<u>(195,570)</u>	<u>(195,705)</u>	<u>(135)</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>195,570</u>	<u>195,705</u>	<u>135</u>
Total other financing sources (uses)	<u>195,570</u>	<u>195,705</u>	<u>135</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ -	
Reconciling items:			
Debt principal		130,000	
Reduction in investment in direct financing lease receivable		<u>(130,000)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 498,843	\$ 498,842	\$ 1
Interest and fees	<u>185,220</u>	<u>185,605</u>	<u>(385)</u>
Total expenditures	<u>684,063</u>	<u>684,447</u>	<u>(384)</u>
Revenues over (under) expenditures	<u>(684,063)</u>	<u>(684,447)</u>	<u>(384)</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>684,063</u>	<u>684,447</u>	<u>384</u>
Total other financing sources (uses)	<u>684,063</u>	<u>684,447</u>	<u>384</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ -	
Reconciling items:			
Debt principal		498,842	
Reduction in investment in direct financing lease receivable		<u>(498,842)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - BUNNLEVEL/RIVERSIDE SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 13,984	\$ 13,984	\$ -
Interest and fees	4,819	5,174	(355)
Total expenditures	<u>18,803</u>	<u>19,158</u>	<u>(355)</u>
Revenues over (under) expenditures	<u>(18,803)</u>	<u>(19,158)</u>	<u>(355)</u>
Other Financing Sources (Uses):			
Capital lease transfer in	18,803	19,158	355
Total other financing sources (uses)	<u>18,803</u>	<u>19,158</u>	<u>355</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ -	
Reconciling items:			
Debt principal		13,984	
Reduction in investment in direct financing lease receivable		<u>(13,984)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 35,000	\$ 35,000	\$ -
Interest and fees	55,863	54,939	924
Total expenditures	<u>90,863</u>	<u>89,939</u>	<u>924</u>
Revenues over (under) expenditures	<u>(90,863)</u>	<u>(89,939)</u>	<u>924</u>
Other Financing Sources (Uses):			
Capital lease transfer in	90,863	89,939	(924)
Total other financing sources (uses)	<u>90,863</u>	<u>89,939</u>	<u>(924)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ -	
Reconciling items:			
Debt principal		35,000	
Reduction in investment in direct financing lease receivable		<u>(35,000)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 79,500	\$ 79,500	\$ -
Interest and fees	<u>151,872</u>	<u>149,444</u>	<u>2,428</u>
Total expenditures	<u>231,372</u>	<u>228,944</u>	<u>2,428</u>
Revenues over (under) expenditures	<u>(231,372)</u>	<u>(228,944)</u>	<u>2,428</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>231,372</u>	<u>228,944</u>	<u>(2,428)</u>
Total other financing sources (uses)	<u>231,372</u>	<u>228,944</u>	<u>(2,428)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ -	
Reconciling items:			
Debt principal		79,500	
Reduction in investment in direct financing lease receivable		<u>(79,500)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 19,500	\$ 19,500	\$ -
Interest and fees	50,062	49,610	452
Total expenditures	<u>69,562</u>	<u>69,110</u>	<u>452</u>
Revenues under expenditures	<u>(69,562)</u>	<u>(69,110)</u>	<u>452</u>
Other Financing Sources (Uses):			
Capital lease transfer in	69,562	69,110	(452)
Total other financing sources (uses)	<u>69,562</u>	<u>69,110</u>	<u>(452)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ -	
Reconciling items:			
Debt principal		19,500	
Reduction in investment in direct financing lease receivable		<u>(19,500)</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ERWIN WASTEWATER CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 193,844	\$ 166,454	\$ 27,423	\$ 193,877	\$ 33
Investment earnings	16,145	16,023	219	16,242	97
Restricted intergovernmental	<u>2,900,000</u>	<u>2,600,000</u>	<u>-</u>	<u>2,600,000</u>	<u>(300,000)</u>
Total revenues	<u>3,109,989</u>	<u>2,782,477</u>	<u>27,642</u>	<u>2,810,119</u>	<u>(299,870)</u>
Expenditures:					
Construction	8,708,502	6,335,956	2,342,542	8,678,498	30,004
Legal and administration	176,885	174,137	1,620	175,757	1,128
Engineering	1,073,404	984,540	57,698	1,042,238	31,166
Materials and supplies	247,319	243,004	3,184	246,188	1,131
Land	26,000	25,985	-	25,985	15
Construction interest	205,589	-	-	-	205,589
Contingency	<u>21,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,390</u>
Total expenditures	<u>10,459,089</u>	<u>7,763,622</u>	<u>2,405,044</u>	<u>10,168,666</u>	<u>290,423</u>
Revenues over (under) expenditures	<u>(7,349,100)</u>	<u>(4,981,145)</u>	<u>(2,377,402)</u>	<u>(7,358,547)</u>	<u>(9,447)</u>
Other Financing Sources (Uses):					
Long-term debt issued	7,007,100	7,007,100	-	7,007,100	-
Transfers in - Enterprise Fund	1,800,000	1,800,000	-	1,800,000	-
Transfers out - Enterprise Fund	<u>(1,458,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,458,000</u>
Total other financing sources (uses)	<u>7,349,100</u>	<u>8,807,100</u>	<u>-</u>	<u>8,807,100</u>	<u>1,458,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,825,955</u>	<u>\$(2,377,402)</u>	<u>\$ 1,448,553</u>	<u>\$ 1,448,553</u>

HARNETT COUNTY, NORTH CAROLINA

**EAST CENTRAL IMPROVEMENTS CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 206,289	\$ 206,289	\$ -	\$ 206,289	\$ -
Investment earnings	4,485	4,266	267	4,533	48
Restricted intergovernmental	547,500	547,500	-	547,500	-
Total revenues	<u>758,274</u>	<u>758,055</u>	<u>267</u>	<u>758,322</u>	<u>48</u>
Expenditures:					
Construction	4,425,042	4,425,041	-	4,425,041	1
Legal and administration	101,523	100,174	-	100,174	1,349
Engineering	471,600	429,326	-	429,326	42,274
Materials and supplies	37,606	24,510	13,025	37,535	71
Land	83,000	77,145	-	77,145	5,855
Interest	216,976	-	-	-	216,976
Contingency	2,146	-	-	-	2,146
Total expenditures	<u>5,337,893</u>	<u>5,056,196</u>	<u>13,025</u>	<u>5,069,221</u>	<u>268,672</u>
Revenues over (under) expenditures	<u>(4,579,619)</u>	<u>(4,298,141)</u>	<u>(12,758)</u>	<u>(4,310,899)</u>	<u>268,720</u>
Other Financing Sources (Uses):					
Loan issued	4,454,119	4,366,515	-	4,366,515	(87,604)
Transfers in - Enterprise Fund	275,500	275,500	-	275,500	-
Transfers out - Enterprise Fund	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total other financing sources (uses)	<u>4,579,619</u>	<u>4,642,015</u>	<u>-</u>	<u>4,642,015</u>	<u>62,396</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 343,874</u>	<u>\$ (12,758)</u>	<u>\$ 331,116</u>	<u>\$ 331,116</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, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 1,148,399	\$ 1,085,926	\$ 62,473	\$ 1,148,399	\$ -
Investment earnings	35,076	34,612	1,098	35,710	634
Restricted intergovernmental	<u>55,709,514</u>	<u>51,523,131</u>	<u>5,847,084</u>	<u>57,370,215</u>	<u>1,660,701</u>
Total revenues	<u>56,892,989</u>	<u>52,643,669</u>	<u>5,910,655</u>	<u>58,554,324</u>	<u>1,661,335</u>
Expenditures:					
Construction	50,032,636	46,363,472	3,657,862	50,021,334	11,302
Legal and administration	14,002	13,527	475	14,002	-
Engineering	5,284,525	5,140,818	143,707	5,284,525	-
Materials and supplies	263,524	-	36,467	36,467	227,057
Land	188,143	167,800	18,341	186,141	2,002
Contingency	<u>400,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,882</u>
Total expenditures	<u>56,183,712</u>	<u>51,685,617</u>	<u>3,856,852</u>	<u>55,542,469</u>	<u>641,243</u>
Revenues over (under) expenditures	<u>709,277</u>	<u>958,052</u>	<u>2,053,803</u>	<u>3,011,855</u>	<u>2,302,578</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	450,000	450,000	-	450,000	-
Transfers out - Enterprise Fund	<u>(1,159,277)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,159,277</u>
Total other financing sources (uses)	<u>(709,277)</u>	<u>450,000</u>	<u>-</u>	<u>450,000</u>	<u>1,159,277</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,408,052</u>	<u>\$ 2,053,803</u>	<u>\$ 3,461,855</u>	<u>\$ 3,461,855</u>

HARNETT COUNTY, NORTH CAROLINA

WATER PLANT EXPANSION CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 537,643	\$ 537,643	\$ -	\$ 537,643	\$ -
Investment earnings	240,675	240,591	-	240,591	(84)
Restricted intergovernmental	35,392,521	35,282,271	110,250	35,392,521	-
Total revenues	<u>36,170,839</u>	<u>36,060,505</u>	<u>110,250</u>	<u>36,170,755</u>	<u>(84)</u>
Expenditures:					
Construction	55,612,205	55,604,284	-	55,604,284	7,921
Legal, miscellaneous and administration	115,433	104,331	-	104,331	11,102
Engineering	2,766,725	1,939,527	245,000	2,184,527	582,198
Furniture and fixtures	230,000	209,875	-	209,875	20,125
Land	180,832	175,607	-	175,607	5,225
Construction interest	4,202,355	3,862,249	-	3,862,249	340,106
Bond issuance	226,338	176,337	-	176,337	50,001
Contingency	39,444	-	-	-	39,444
Total expenditures	<u>63,373,332</u>	<u>62,072,210</u>	<u>245,000</u>	<u>62,317,210</u>	<u>1,056,122</u>
Revenues over (under) expenditures	<u>(27,202,493)</u>	<u>(26,011,705)</u>	<u>(134,750)</u>	<u>(26,146,455)</u>	<u>1,056,038</u>
Other Financing Sources (Uses):					
Bond issuance	26,470,000	24,176,286	-	24,176,286	(2,293,714)
Transfers in - Enterprise Fund	1,532,493	1,532,493	-	1,532,493	-
Transfers out - Enterprise Fund	(800,000)	-	-	-	800,000
Total other financing sources (uses)	<u>27,202,493</u>	<u>25,708,779</u>	<u>-</u>	<u>25,708,779</u>	<u>(1,493,714)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (302,926)</u>	<u>\$ (134,750)</u>	<u>\$ (437,676)</u>	<u>\$ (437,676)</u>

HARNETT COUNTY, NORTH CAROLINA

**BUFFALO LAKES WASTEWATER CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 45,207	\$ 45,207	\$ -	\$ 45,207	\$ -
Investment earnings	7,367	7,354	12	7,366	(1)
Restricted intergovernmental	420,000	420,000	-	420,000	-
Total revenues	<u>472,574</u>	<u>472,561</u>	<u>12</u>	<u>472,573</u>	<u>(1)</u>
Expenditures:					
Construction	2,194,767	2,154,767	26,437	2,181,204	13,563
Legal and administration	3,874	3,338	-	3,338	536
Engineering	337,518	337,518	-	337,518	-
Materials and supplies	53,944	53,558	-	53,558	386
Land	32,530	32,043	-	32,043	487
Contingency	161	-	-	-	161
Total expenditures	<u>2,622,794</u>	<u>2,581,224</u>	<u>26,437</u>	<u>2,607,661</u>	<u>15,133</u>
Revenues over (under) expenditures	<u>(2,150,220)</u>	<u>(2,108,663)</u>	<u>(26,425)</u>	<u>(2,135,088)</u>	<u>15,132</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	2,169,367	2,169,367	-	2,169,367	-
Transfers out - Enterprise Fund	(19,147)	-	-	-	19,147
Total other financing sources (uses)	<u>2,150,220</u>	<u>2,169,367</u>	<u>-</u>	<u>2,169,367</u>	<u>19,147</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 60,704</u>	<u>\$ (26,425)</u>	<u>\$ 34,279</u>	<u>\$ 34,279</u>

HARNETT COUNTY, NORTH CAROLINA

**SOUTHWEST NTA/CAMERON HILL CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 24,231	\$ -	\$ 46,333	\$ 46,333	\$ 22,102
Investment earnings	4,150	3,609	495	4,104	(46)
Restricted intergovernmental	3,500,000	389,200	2,632,197	3,021,397	(478,603)
Total revenues	<u>3,528,381</u>	<u>392,809</u>	<u>2,679,025</u>	<u>3,071,834</u>	<u>(456,547)</u>
Expenditures:					
Construction	4,411,502	116,554	3,178,880	3,295,434	1,116,068
Legal and administration	9,999	958	786	1,744	8,255
Engineering	378,000	230,450	81,153	311,603	66,397
Materials and supplies	20,000	-	-	-	20,000
Land	20,000	-	8,800	8,800	11,200
Contingency	234,381	-	-	-	234,381
Total expenditures	<u>5,073,882</u>	<u>347,962</u>	<u>3,269,619</u>	<u>3,617,581</u>	<u>1,456,301</u>
Revenues over (under) expenditures	<u>(1,545,501)</u>	<u>44,847</u>	<u>(590,594)</u>	<u>(545,747)</u>	<u>999,754</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	1,545,501	1,440,404	-	1,440,404	(105,097)
Total other financing sources (uses)	<u>1,545,501</u>	<u>1,440,404</u>	<u>-</u>	<u>1,440,404</u>	<u>(105,097)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,485,251</u>	<u>\$ (590,594)</u>	<u>\$ 894,657</u>	<u>\$ 894,657</u>

HARNETT COUNTY, NORTH CAROLINA

**SOUTH CENTRAL WASTEWATER 1B-1 CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 59,096	\$ 50,783	\$ 8,453	\$ 59,236	\$ 140
Investment earnings	1,229	1,131	946	2,077	848
Restricted intergovernmental	<u>1,732,481</u>	<u>-</u>	<u>1,103,599</u>	<u>1,103,599</u>	<u>(628,882)</u>
Total revenues	<u>1,792,806</u>	<u>51,914</u>	<u>1,112,998</u>	<u>1,164,912</u>	<u>(627,894)</u>
Expenditures:					
Construction	3,724,554	1,120,716	2,415,099	3,535,815	188,739
Legal and administration	116,489	70,951	11,542	82,493	33,996
Engineering	282,275	177,506	80,732	258,238	24,037
Capacity	1,587,400	-	-	-	1,587,400
Land	180,000	146,722	4,100	150,822	29,178
Interest and fees	184,325	7,170	155,403	162,573	21,752
Contingency	<u>144,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,535</u>
Total expenditures	<u>6,219,578</u>	<u>1,523,065</u>	<u>2,666,876</u>	<u>4,189,941</u>	<u>2,029,637</u>
Revenues over (under) expenditures	<u>(4,426,772)</u>	<u>(1,471,151)</u>	<u>(1,553,878)</u>	<u>(3,025,029)</u>	<u>1,401,743</u>
Other Financing Sources (Uses):					
Debt issuance	3,449,000	3,449,000	-	3,449,000	-
Transfers in - Enterprise Fund	<u>977,772</u>	<u>170,000</u>	<u>-</u>	<u>170,000</u>	<u>(807,772)</u>
Total other financing sources (uses)	<u>4,426,772</u>	<u>3,619,000</u>	<u>-</u>	<u>3,619,000</u>	<u>(807,772)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,147,849</u>	<u>\$(1,553,878)</u>	<u>\$ 593,971</u>	<u>\$ 593,971</u>

HARNETT COUNTY, NORTH CAROLINA

**SOUTH CENTRAL WASTEWATER 1B-2 CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 21,200	\$ 1,951	\$ 26,328	\$ 28,279	\$ 7,079
Investment earnings	200	1,272	1,621	2,893	2,693
Restricted intergovernmental	1,000,000	-	-	-	(1,000,000)
Total revenues	1,021,400	3,223	27,949	31,172	(990,228)
Expenditures:					
Construction	4,371,614	698,379	1,803,296	2,501,675	1,869,939
Legal and administration	86,059	45,880	13,957	59,837	26,222
Engineering	335,401	217,887	87,921	305,808	29,593
Capacity	978,858	-	-	-	978,858
Materials and supplies	15,000	-	14,200	14,200	800
Land	314,800	250,453	42,446	292,899	21,901
Interest and fees	150,900	8,273	177,482	185,755	(34,855)
Contingency	87,920	-	-	-	87,920
Total expenditures	6,340,552	1,220,872	2,139,302	3,360,174	2,980,378
Revenues over (under) expenditures	(5,319,152)	(1,217,649)	(2,111,353)	(3,329,002)	1,990,150
Other Financing Sources (Uses):					
Debt issuance	3,937,000	3,937,000	-	3,937,000	-
Transfers in - Enterprise Fund	1,382,152	175,000	-	175,000	(1,207,152)
Total other financing sources (uses)	5,319,152	4,112,000	-	4,112,000	(1,207,152)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,894,351	\$ (2,111,353)	\$ 782,998	\$ 782,998

HARNETT COUNTY, NORTH CAROLINA

**BRIGHTWATER INFRASTRUCTURE CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 21,775	\$ 21,612	\$ 162	\$ 21,774	\$ (1)
Investment earnings	1,150	1,122	-	1,122	(28)
Contribution First Choice	62,000	62,000	-	62,000	-
Contribution Town of Lillington	55,700	-	41,602	41,602	(14,098)
Restricted intergovernmental	2,553,944	1,887,143	273,944	2,161,087	(392,857)
Total revenues	<u>2,694,569</u>	<u>1,971,877</u>	<u>315,708</u>	<u>2,287,585</u>	<u>(406,984)</u>
Expenditures:					
Construction	2,502,601	2,474,676	27,924	2,502,600	1
Legal and administration	137,999	59,339	2,211	61,550	76,449
Utilities plus	86,171	86,171	-	86,171	-
Engineering	516,100	364,877	44,373	409,250	106,850
Materials and supplies	12,350	-	10,896	10,896	1,454
Land	74,650	74,650	-	74,650	-
Town of Lillington	100,000	99,928	-	99,928	72
NCDOT improvement	221,303	210,415	10,822	221,237	66
Other improvement	85,616	-	85,616	85,616	-
Contingency	60,376	-	-	-	60,376
Total expenditures	<u>3,797,166</u>	<u>3,370,056</u>	<u>181,842</u>	<u>3,551,898</u>	<u>245,268</u>
Revenues over (under) expenditures	<u>(1,102,597)</u>	<u>(1,398,179)</u>	<u>133,866</u>	<u>(1,264,313)</u>	<u>(161,716)</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	1,016,981	1,016,981	-	1,016,981	-
Transfers out - Enterprise Fund	85,616	85,616	-	85,616	-
Total other financing sources (uses)	<u>1,102,597</u>	<u>1,102,597</u>	<u>-</u>	<u>1,102,597</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (295,582)</u>	<u>\$ 133,866</u>	<u>\$ (161,716)</u>	<u>\$ (161,716)</u>

HARNETT COUNTY, NORTH CAROLINA

**SOUTH CENTRAL WASTEWATER 1C-1 CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 9,408	\$ -	\$ 9,520	\$ 9,520	\$ 112
Investment earnings	2,195	983	1,257	2,240	45
Restricted intergovernmental	1,000,000	-	20,959	20,959	(979,041)
Total revenues	<u>1,011,603</u>	<u>983</u>	<u>31,736</u>	<u>32,719</u>	<u>(978,884)</u>
Expenditures:					
Construction	2,228,179	23,363	1,657,948	1,681,311	546,868
Legal and administration	76,359	45,143	2,696	47,839	28,520
Engineering	242,552	148,646	75,658	224,304	18,248
Capacity	1,587,400	-	-	-	1,587,400
Land	100,000	73,586	8,647	82,233	17,767
Interest and fees	115,603	6,619	127,252	133,871	(18,268)
Contingency	94,175	-	-	-	94,175
Total expenditures	<u>4,444,268</u>	<u>297,357</u>	<u>1,872,201</u>	<u>2,169,558</u>	<u>2,274,710</u>
Revenues over (under) expenditures	<u>(3,432,665)</u>	<u>(296,374)</u>	<u>(1,840,465)</u>	<u>(2,136,839)</u>	<u>1,295,826</u>
Other Financing Sources (Uses):					
Debt issuance	3,239,000	3,239,000	84,268	3,323,268	84,268
Transfers in - Enterprise Fund	193,665	-	-	-	(193,665)
Total other financing sources (uses)	<u>3,432,665</u>	<u>3,239,000</u>	<u>84,268</u>	<u>3,323,268</u>	<u>(109,397)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,942,626</u>	<u>\$ (1,756,197)</u>	<u>\$ 1,186,429</u>	<u>\$ 1,186,429</u>

HARNETT COUNTY, NORTH CAROLINA

**SOUTH CENTRAL WASTEWATER 1C-2 CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 9,965	\$ 4,980	\$ 4,985	\$ 9,965	\$ -
Investment earnings	1,689	786	921	1,707	18
Restricted intergovernmental	1,000,000	-	207,029	207,029	(792,971)
Total revenues	1,011,654	5,766	212,935	218,701	(792,953)
Expenditures:					
Construction	2,334,818	78,258	1,825,804	1,904,062	430,756
Legal and administration	81,359	45,768	2,301	48,069	33,290
Engineering	233,234	146,382	63,964	210,346	22,888
Capacity	1,587,400	-	-	-	1,587,400
Land	80,000	53,700	-	53,700	26,300
Interest and fees	115,654	5,516	101,860	107,376	8,278
Contingency	54,507	-	-	-	54,507
Total expenditures	4,486,972	329,624	1,993,929	2,323,553	2,163,419
Revenues over (under) expenditures	(3,475,318)	(323,858)	(1,780,994)	(2,104,852)	1,370,466
Other Financing Sources (Uses):					
Debt issuance	2,586,000	2,586,000	-	2,586,000	-
Transfers in - Enterprise Fund	889,318	-	-	-	(889,318)
Total other financing sources (uses)	3,475,318	2,586,000	-	2,586,000	(889,318)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,262,142	\$ (1,780,994)	\$ 481,148	\$ 481,148

HARNETT COUNTY, NORTH CAROLINA

NE WASTEWATER EXTENSION
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ 1,000	\$ 981	\$ -	\$ 981	\$ (19)
Investment earnings	600	401	120	521	(79)
Total revenues	<u>1,600</u>	<u>1,382</u>	<u>120</u>	<u>1,502</u>	<u>(98)</u>
Expenditures:					
Construction	739,282	515,601	187,446	703,047	36,235
Legal and administration	15,000	5,100	5,806	10,906	4,094
Engineering	177,750	63,281	23,384	86,665	91,085
Materials and supplies	20,000	-	1,875	1,875	18,125
Land	95,000	36,111	12,080	48,191	46,809
Contingency	75,600	-	-	-	75,600
Total expenditures	<u>1,122,632</u>	<u>620,093</u>	<u>230,591</u>	<u>850,684</u>	<u>271,948</u>
Revenues over (under) expenditures	<u>(1,121,032)</u>	<u>(618,711)</u>	<u>(230,471)</u>	<u>(849,182)</u>	<u>271,850</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>1,121,032</u>	<u>1,121,032</u>	<u>-</u>	<u>1,121,032</u>	<u>-</u>
Total other financing sources (uses)	<u>1,121,032</u>	<u>1,121,032</u>	<u>-</u>	<u>1,121,032</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 502,321</u>	<u>\$ (230,471)</u>	<u>\$ 271,850</u>	<u>\$ 271,850</u>

HARNETT COUNTY, NORTH CAROLINA

CAMPBELL OSTEOPATHIC
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ -	\$ -	\$ 7,397	\$ 7,397	\$ 7,397
Restricted intergovernmental	849,530	-	196,455	196,455	(653,075)
Total revenues	<u>849,530</u>	<u>-</u>	<u>203,852</u>	<u>203,852</u>	<u>(645,678)</u>
Expenditures:					
Construction	527,893	-	355,312	355,312	172,581
Legal and administration	19,647	-	14,506	14,506	5,141
Engineering	78,750	52,150	25,350	77,500	1,250
Road Improvement	200,000	-	-	-	200,000
Contingency	23,240	-	-	-	23,240
Total expenditures	<u>849,530</u>	<u>52,150</u>	<u>395,168</u>	<u>447,318</u>	<u>402,212</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (52,150)</u>	<u>\$ (191,316)</u>	<u>\$ (243,466)</u>	<u>\$ (243,466)</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, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 4,800,000	\$ -	\$ -	\$ -	\$ (4,800,000)
Total revenues	<u>4,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,800,000)</u>
Expenditures:					
Construction	4,374,590	-	-	-	4,374,590
Legal and administration	10,000	-	-	-	10,000
Engineering	350,000	-	69,600	69,600	280,400
Materials and supplies	20,000	-	-	-	20,000
Land	30,000	-	-	-	30,000
Contingency	198,845	-	-	-	198,845
Total expenditures	<u>4,983,435</u>	<u>-</u>	<u>69,600</u>	<u>69,600</u>	<u>4,913,835</u>
Revenues over (under) expenditures	<u>(183,435)</u>	<u>-</u>	<u>(69,600)</u>	<u>(69,600)</u>	<u>113,835</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	183,435	-	-	-	(183,435)
Total other financing sources (uses)	<u>183,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,435)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (69,600)</u>	<u>\$ (69,600)</u>	<u>\$ (69,600)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste fees	\$ 5,068,323	\$ 4,775,827	\$ (292,496)
Other operating revenues	<u>1,000</u>	<u>807</u>	<u>(193)</u>
Total operating revenues	<u>5,069,323</u>	<u>4,776,634</u>	<u>(292,689)</u>
Non-operating revenues:			
Solid waste state taxes	259,000	227,228	(31,772)
Interest earned on investments	<u>200</u>	<u>430</u>	<u>230</u>
Total non-operating revenues	<u>259,200</u>	<u>227,658</u>	<u>(31,542)</u>
Total revenues	<u>5,328,523</u>	<u>5,004,292</u>	<u>(324,231)</u>
Expenditures:			
Salaries and employee benefits	815,753	743,197	72,556
Other operating expenses	3,968,382	3,194,517	773,865
Capital outlay	969,763	777,682	192,081
Debt service:			
Debt principal and interest	<u>151,308</u>	<u>170,051</u>	<u>(18,743)</u>
Total expenditures	<u>5,905,206</u>	<u>4,885,447</u>	<u>1,019,759</u>
Revenues over (under) expenditures	<u>(576,683)</u>	<u>118,845</u>	<u>695,528</u>
Other Financing Sources (Uses):			
Issuance of long-term debt	739,763	-	(739,763)
Transfers in (out)	(200,000)	-	200,000
Sale of assets	<u>36,920</u>	<u>36,920</u>	<u>-</u>
Total other financing sources (uses)	<u>576,683</u>	<u>36,920</u>	<u>(539,763)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 155,765</u>	<u>\$ 155,765</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 155,765	
Reconciling items:			
Debt principal		65,517	
Increase in compensated absences		(7)	
Increase in other post-employment benefits		(28,434)	
Gain (loss) on sale of assets		(175,967)	
Capital outlay		777,682	
Depreciation		<u>(159,440)</u>	
Change in net position		<u>\$ 635,116</u>	

HARNETT COUNTY, NORTH CAROLINA

DUNN ERWIN CORRECTIVE PLAN
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax refund	\$ -	\$ -	\$ 7,932	\$ 7,932	\$ 7,932
Investment earnings	-	-	284	284	284
Total revenues	<u>30,000</u>	<u>-</u>	<u>8,216</u>	<u>8,216</u>	<u>(21,784)</u>
Expenditures:					
Construction	1,300,762	-	487,212	487,212	813,550
Engineering	130,000	-	77,544	77,544	52,456
Technical - Geo	20,000	-	8,384	8,384	11,616
Issuance cost	80,000	-	78,653	78,653	1,347
Capital outlay	<u>83,500</u>	<u>-</u>	<u>31,139</u>	<u>31,139</u>	<u>52,361</u>
Total expenditures	<u>1,780,000</u>	<u>-</u>	<u>682,932</u>	<u>682,932</u>	<u>1,097,068</u>
Revenues over (under) expenditures	<u>(1,750,000)</u>	<u>-</u>	<u>(674,716)</u>	<u>(674,716)</u>	<u>1,075,284</u>
Other Financing Sources (Uses):					
Bond issuance	<u>1,750,000</u>	<u>-</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,750,000</u>	<u>-</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,075,284</u>	<u>\$ 1,075,284</u>	<u>\$ 1,075,284</u>

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, on a cost-reimbursement basis.

INDIVIDUAL FUND DESCRIPTIONS:

Workers' Compensation Fund - accounts for accumulated resources as self-insurance for workers' compensation claims.

Group Insurance Fund - accounts for the expenditures and revenues for the self-insurance related to the County's health and dental insurance claims.

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HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,215,983	\$ 237,575	\$ 1,453,558
Total assets	<u>1,215,983</u>	<u>237,575</u>	<u>1,453,558</u>
Liabilities:			
Current liabilities:			
Claims payable	404,854	-	404,854
Accounts payable	-	74	74
Total current liabilities	<u>404,854</u>	<u>74</u>	<u>404,928</u>
Non-current liabilities:			
Claims payable	1,435,393	-	1,435,393
Total liabilities	<u>1,840,247</u>	<u>74</u>	<u>1,840,321</u>
Net Position:			
Unrestricted	<u>(624,264)</u>	<u>237,501</u>	<u>(386,763)</u>
Total net position	<u>\$ (624,264)</u>	<u>\$ 237,501</u>	<u>\$ (386,763)</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, 2013

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Total</u>
Operating Revenues:			
County contribution	\$ 2,014,314	\$ 842,946	\$ 2,857,260
Operating Expenses:			
Benefits and premiums	<u>1,024,215</u>	<u>1,101,547</u>	<u>2,125,762</u>
Change in net position	990,099	(258,601)	731,498
Net Position:			
Beginning of year - July 1	<u>(1,614,363)</u>	<u>496,102</u>	<u>(1,118,261)</u>
End of year - June 30	<u>\$ (624,264)</u>	<u>\$ 237,501</u>	<u>\$ (386,763)</u>

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 2,014,314	\$ 842,946	\$ 2,857,260
Cash paid to suppliers	<u>(942,315)</u>	<u>(1,101,473)</u>	<u>(2,043,788)</u>
Net cash provided (used) by operating activities	<u>1,071,999</u>	<u>(258,527)</u>	<u>813,472</u>
Net increase (decrease) in cash and cash equivalents	1,071,999	(258,527)	813,472
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>143,984</u>	<u>496,102</u>	<u>640,086</u>
End of year - June 30	<u>\$ 1,215,983</u>	<u>\$ 237,575</u>	<u>\$ 1,453,558</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 990,099	\$ (258,601)	\$ 731,498
Change in claims payable	<u>81,900</u>	<u>74</u>	<u>81,974</u>
Net cash provided (used) by operating activities	<u>\$ 1,071,999</u>	<u>\$ (258,527)</u>	<u>\$ 813,472</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, 2013

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 1,447,027	\$ 2,014,314	\$ 567,287
Expenditures:			
Benefits and premiums	1,447,027	1,024,215	422,812
Total expenditures	<u>1,447,027</u>	<u>1,024,215</u>	<u>422,812</u>
Revenues over (under) expenditures	<u>\$ -</u>	990,099	<u>\$ 990,099</u>
Net Position:			
Beginning of year - July 1		<u>(1,614,363)</u>	
End of year - June 30		<u>\$ (624,264)</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, 2013

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 1,102,575	\$ 842,946	\$ (259,629)
Total revenues	<u>1,102,575</u>	<u>842,946</u>	<u>(259,629)</u>
Expenditures:			
Benefits and premiums	<u>1,102,575</u>	<u>1,101,547</u>	<u>1,028</u>
Total expenditures	<u>1,102,575</u>	<u>1,101,547</u>	<u>1,028</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(258,601)</u>	<u>\$ (258,601)</u>
Net Position:			
Beginning of year - July 1		<u>496,102</u>	
End of year - June 30		<u>\$ 237,501</u>	

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AGENCY FUNDS

Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets held by the County as an agent on behalf of others.

INDIVIDUAL FUND DESCRIPTIONS:

Social Services Trust Fund - accounts for monies held by the Social Services Department for the benefit of certain individuals within the County.

Motor Vehicle Tax Fund - accounts for proceeds of the motor vehicle taxes that are collected by the county on behalf of the municipalities within the County.

State Vehicle Tax Fund - accounts for the 3% interest penalty on past due motor vehicle property tax bills that are remitted to the North Carolina Department of Motor Vehicles.

Fines and Forfeitures Fund - accounts for the collection and payment of fines and forfeitures to the Board of Education.

Jail Canteen Fund - accounts for the collection and payment of funds collected from inmates in the Law Enforcement Center. While detained, inmates are allowed to purchase items for personal use from the canteen and upon release, the balance of funds is returned to them.

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HARNETT COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2013

	<u>Social Services Trust Fund</u>	<u>Motor Vehicle Tax Fund</u>	<u>State Motor Vehicle Tax</u>	<u>Jail Canteen Fund</u>	<u>Total</u>
Assets:					
Cash and investments	\$ 80,129	\$ 93,469	\$ 7,594	\$ 14,310	\$ 195,502
Total assets	<u>\$ 80,129</u>	<u>\$ 93,469</u>	<u>\$ 7,594</u>	<u>\$ 14,310</u>	<u>\$ 195,502</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ 80,129	\$ 93,469	\$ 7,594	\$ 14,310	\$ 195,502
Total liabilities	<u>\$ 80,129</u>	<u>\$ 93,469</u>	<u>\$ 7,594</u>	<u>\$ 14,310</u>	<u>\$ 195,502</u>

HARNETT COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Social Services:				
Assets:				
Cash and investments	\$ 118,721	\$ 608,086	\$ 646,678	\$ 80,129
Liabilities:				
Accounts payable and accrued liabilities	\$ 118,721	\$ 608,086	\$ 646,678	\$ 80,129
Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 78,567	\$ 8,424,336	\$ 8,409,434	\$ 93,469
Liabilities:				
Accounts payable and accrued liabilities	\$ 78,567	\$ 8,424,336	\$ 8,409,434	\$ 93,469
State Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 5,026	\$ 72,555	\$ 69,987	\$ 7,594
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,026	\$ 72,555	\$ 69,987	\$ 7,594
Fines and Forfeitures Fund				
Assets:				
Cash and investments	\$ 25,485	\$ 205,544	\$ 231,029	\$ -
Liabilities:				
Accounts payable and accrued liabilities	\$ 25,485	\$ 205,544	\$ 231,029	\$ -
Jail Canteen Fund:				
Assets:				
Cash and investments	\$ 10,316	\$ 221,278	\$ 217,284	\$ 14,310
Liabilities:				
Accounts payable and accrued liabilities	\$ 10,316	\$ 221,278	\$ 217,284	\$ 14,310
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 238,115	\$ 9,531,799	\$ 9,574,412	\$ 195,502
Liabilities:				
Accounts payable and accrued liabilities	\$ 238,115	\$ 9,531,799	\$ 9,574,412	\$ 195,502

OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable - General Fund

Analysis of Current Tax Levy

Statement of Net Assets - Combined Water and Sewer Districts Operating Fund

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Combined Water and Sewer Districts Operating Fund

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HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF AD VALOREM TAXES RECEIVABLE JUNE 30, 2013

Fiscal Year	Uncollected Balance July 1, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 53,497,265	\$ 52,209,047	\$ 1,288,218
2011-2012	1,382,874	(65,861)	933,101	383,912
2010-2011	290,605	17,597	102,275	205,927
2009-2010	192,400	13,485	47,700	158,185
2008-2009	121,963	(3,414)	13,739	104,810
2007-2008	120,995	(1,497)	7,066	112,432
2006-2007	109,891	(506)	6,402	102,983
2005-2006	104,968	(80)	6,032	98,856
2004-2005	126,803	(579)	5,226	120,998
2003-2004	140,871	(137)	5,497	135,237
2002-2003	159,021	-	159,021	-
Total	<u>\$ 2,750,391</u>	<u>\$ 53,456,273</u>	<u>\$ 53,495,106</u>	<u>2,711,558</u>
Less: Allowance for uncollectible accounts - General Fund				<u>1,416,399</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 1,295,159</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 53,650,644
Reconciling items:				
Taxes written off				159,021
Miscellaneous				<u>(314,559)</u>
Total collections and credits				<u>\$ 53,495,106</u>

HARNETT COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2013

	County-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$7,107,686,531	\$ 0.7250	\$ 52,241,496	\$ 48,838,133	\$ 3,403,363
Motor vehicles taxed at prior year's rate	<u>310,068,844</u>	0.7250	<u>2,279,006</u>	<u>-</u>	<u>2,279,006</u>
Total	<u>7,417,755,375</u>		<u>54,520,502</u>	<u>48,838,133</u>	<u>5,682,369</u>
Discoveries:					
Current years taxes	<u>27,991,960</u>	0.7250	<u>386,096</u>	<u>386,096</u>	<u>-</u>
Total	<u>27,991,960</u>		<u>386,096</u>	<u>386,096</u>	<u>-</u>
Abatements	<u>(102,176,650)</u>		<u>(1,409,333)</u>	<u>(528,026)</u>	<u>(881,307)</u>
Total property valuation	<u>\$7,343,570,685</u>				
Net Levy			53,497,265	48,696,203	4,801,062
Uncollected taxes at June 30, 2013			<u>(1,288,218)</u>	<u>(588,928)</u>	<u>(699,290)</u>
Current Year's Taxes Collected			<u>\$ 52,209,047</u>	<u>\$ 48,107,275</u>	<u>\$ 4,101,772</u>
Current Levy Collection Percentage			<u>97.59%</u>	<u>98.79%</u>	<u>85.43%</u>

HARNETT COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
COMBINED WATER AND SEWER DISTRICTS OPERATING FUND
JUNE 30, 2013**

Assets:	Northwest	Southwest	Bunlevel/Riverside	East Central	Water and Sewer	Operating Fund	Totals
	Fund	Fund	Fund	Fund	Fund	Fund	Totals
Current assets:							
Cash and cash investments	\$ 8,228,066	\$ 4,360,209	\$ 88,150	\$ 941,702	\$ 21,500,043		
Accounts receivable, net	2,309,639	1,223,922	24,744	264,338	6,035,116		
Prepaid items	55,518	29,420	595	6,364	145,070		
Inventory	209,462	110,998	2,244	23,973	547,326		
Restricted assets:							
Cash and investments, restricted	2,255,498	1,195,231	24,164	147,341	5,893,645		
Total current assets	13,058,183	6,919,779	139,897	1,494,509	34,121,200		
Non-current assets:							
Land and construction in progress	59,501,834	31,531,152	637,464	6,809,983	155,479,055		
Other capital assets, net	67,292,794	35,659,730	720,931	7,701,658	175,836,933		
Investment in district bonds	1,001,244	4,069,182	82,267	878,847	20,065,000		
Total non-current assets	134,473,504	71,260,064	1,440,662	15,390,487	351,380,988		
Total assets	147,531,687	78,179,844	1,580,559	16,884,996	385,502,188		
Deferred outflow	115,166	61,028	1,234	13,181	300,929		
Liabilities and Net Position:							
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	1,024,986	165,519	10,981	117,310	2,678,301		
Accrued interest	287,931	46,496	3,085	32,954	752,367		
Prepaid fees	37,209	6,009	399	4,259	97,227		
Customer deposits	650,921	105,114	6,974	74,498	1,700,866		
Compensated absences - current	161,310	26,049	1,728	18,462	421,504		
Current portion of long-term debt	1,765,827	285,153	18,918	202,099	4,614,128		
Total current liabilities	3,928,183	634,339	42,084	449,580	10,264,393		
Non-current liabilities:							
Compensated absences - non-current	52,361	8,455	561	5,993	136,819		
Non-current portion of long-term debt	34,517,632	5,574,052	369,800	3,950,542	90,195,015		
Other post-employment benefits	365,276	58,987	3,913	41,806	954,476		
Total non-current liabilities	34,935,271	5,641,494	374,274	3,998,340	91,286,310		
Total liabilities	38,863,454	6,275,833	416,358	4,447,921	101,550,703		
Net Position:							
Net investment in capital assets	91,998,978	14,856,381	985,617	10,529,279	240,394,508		
Restricted for capital projects	16,784,421	2,087,636	179,817	1,920,976	43,857,906		
Unrestricted	108,783,399	17,566,799	1,165,435	12,450,256	284,252,414		
Total net position	108,783,399	17,566,799	1,165,435	12,450,256	284,252,414		

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - COMBINED WATER AND SEWER DISTRICTS OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Northeast Metro Water and Sewer Fund	Buies Creek/Coats Water and Sewer Fund	South Central Water and Sewer Fund	West Central Water and Sewer Fund	Northwest Water and Sewer Fund	Southwest Water and Sewer Fund	Bunlevel/Riverside Water and Sewer Fund	Southeast Water and Sewer Fund	East Central Water and Sewer Fund	Water and Sewer Operating Fund Totals
Operating Revenues:										
Charges for services	\$ 9,477,827	\$ 1,235,808	\$ 4,514,784	\$ 1,178,846	\$ 1,530,519	\$ 5,022,480	\$ 101,539	\$ 619,142	\$ 1,084,737	\$ 24,765,682
Water and sewer taps	126,583	16,505	60,298	15,744	20,441	1,356	1,356	8,269	14,487	330,763
Johnston County	1,417	185	675	176	229	751	15	93	162	3,703
Other operating revenues	2,155,674	281,077	1,026,860	268,122	348,107	1,142,333	23,095	140,820	246,717	5,632,805
Total operating revenues	11,761,501	1,533,574	5,602,617	1,462,889	1,899,296	6,232,643	126,005	768,324	1,346,103	30,732,953
Operating Expenses:										
Water distribution and sewage treatment	6,330,452	825,423	3,015,525	787,378	1,022,268	3,354,627	67,820	413,539	724,520	16,541,552
Depreciation	2,292,368	298,900	1,091,974	285,123	370,181	1,214,769	24,559	149,750	262,361	5,989,986
Total operating expenses	8,622,820	1,124,324	4,107,499	1,072,501	1,392,449	4,569,396	92,379	563,288	986,881	22,531,538
Operating income (loss)	3,138,682	409,251	1,495,118	390,387	506,847	1,663,247	33,626	205,035	359,222	8,201,414
Non-Operating Revenues (Expenses):										
Loss on sale of asset	(83,098)	(10,835)	(39,584)	(10,336)	(13,419)	(44,035)	(890)	(5,428)	(9,511)	(217,135)
Interest earned on investments	2,117	276	1,008	263	342	1,122	23	138	242	5,531
Interest and fees	(2,138,972)	(278,899)	(1,018,904)	(266,044)	(345,410)	(1,133,482)	(22,916)	(139,729)	(244,805)	(5,589,160)
Total non-operating revenues (expenses)	(2,219,952)	(289,458)	(1,057,479)	(276,116)	(358,487)	(1,176,395)	(23,783)	(145,019)	(254,073)	(5,800,764)
Income (loss) before capital contributions and transfers	918,729	119,792	437,639	114,271	148,360	486,852	9,843	60,016	105,149	2,400,651
Capital contributions	5,633,342	734,528	2,683,455	700,672	909,696	2,985,215	60,352	368,000	644,736	14,719,996
Income (loss) before transfers	6,552,072	854,320	3,121,094	814,943	1,058,056	3,472,067	70,195	428,016	749,884	17,120,646
Transfers:										
Transfers out	(153,080)	(19,960)	(72,920)	(19,040)	(24,720)	(81,120)	(1,640)	(10,000)	(17,520)	(400,000)
Total transfers	(153,080)	(19,960)	(72,920)	(19,040)	(24,720)	(81,120)	(1,640)	(10,000)	(17,520)	(400,000)
Change in net position	6,398,992	834,360	3,048,174	795,903	1,033,336	3,390,947	68,555	418,016	732,364	16,720,647
Net Position:										
Beginning of year - July 1	102,384,407	13,349,835	48,771,041	12,734,512	16,533,463	54,255,442	1,096,880	6,688,294	11,717,891	267,531,767
End of year - June 30	\$ 108,783,399	\$ 14,184,195	\$ 51,819,215	\$ 13,530,415	\$ 17,566,799	\$ 57,646,390	\$ 1,165,435	\$ 7,106,310	\$ 12,450,256	\$ 284,252,414

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.

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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>	177
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Harnett County, North Carolina
Net Position by Component
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 30,644,658	\$ 32,281,393	\$ 39,542,666	\$ 35,262,755	\$ 37,271,906	\$ 63,157,501	\$ 36,370,124	\$ 36,054,811	\$ 37,298,229	\$ 62,464,192
Restricted								14,023,136	10,537,181	10,997,970
Unrestricted	(35,601,131)	(30,123,489)	(29,422,525)	(17,756,613)	(30,362,560)	(82,235,980)	(77,060,014)	(89,050,481)	(81,052,839)	(105,671,907)
Total governmental activities net position	\$ (4,956,473)	\$ 2,157,904	\$ 10,120,141	\$ 17,506,142	\$ 6,909,346	\$ (19,078,479)	\$ (40,689,890)	\$ (38,972,534)	\$ (33,217,429)	\$ (32,209,745)
Business-type activities										
Net investment in capital assets	\$ 60,379,951	\$ 63,266,357	\$ 76,151,245	\$ 99,508,987	\$ 111,540,080	\$ 150,839,435	\$ 179,931,416	\$ 229,078,137	\$ 250,808,927	\$ 243,042,418
Restricted										
Unrestricted	3,105,605	3,877,325	2,736,125	7,577,237	10,348,070	5,174,536	14,168,332	14,966,901	18,408,236	42,092,691
Total business-type activities net position	\$ 63,485,556	\$ 67,143,682	\$ 78,887,370	\$ 107,086,224	\$ 121,888,150	\$ 156,013,971	\$ 194,099,748	\$ 244,045,038	\$ 269,217,163	\$ 285,135,109
Primary Government										
Net investment in capital assets	\$ 91,024,609	\$ 95,547,750	\$ 115,693,911	\$ 134,771,742	\$ 148,811,986	\$ 213,996,936	\$ 216,301,540	\$ 265,132,948	\$ 288,107,156	\$ 305,506,610
Restricted								14,023,136	10,537,181	10,997,970
Unrestricted	(32,495,526)	(26,246,164)	(26,686,400)	(10,179,376)	(20,014,490)	(77,061,444)	(62,891,682)	(74,083,580)	(62,644,603)	(63,579,216)
Total primary government net position	\$ 58,529,083	\$ 69,301,586	\$ 89,007,511	\$ 124,592,366	\$ 128,797,496	\$ 136,935,492	\$ 153,409,858	\$ 205,072,504	\$ 235,999,734	\$ 252,925,364

Note: Harnett County implemented GASB Statement 34 in Fiscal Year 2003. In the future, up to nine (9) prior years will be presented with the current year to illustrate the County's financial performance over time.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses									
Governmental Activities									
General Government	\$ 11,922,720	\$ 11,780,292	\$ 11,819,168	\$ 26,813,716	\$ 28,913,861	\$ 47,059,620	\$ 14,978,146	\$ 11,217,967	\$ 11,810,197
Public Safety	20,528,975	23,948,439	23,195,858	25,374,027	28,144,340	28,952,326	30,533,501	32,138,970	34,473,682
Environmental Protection	115,279	121,443	129,917	139,421	202,232	193,652	165,460	124,255	135,892
Transportation	244,706	216,201	639,875	407,741	639,194	637,306	657,369	646,939	344,069
Economic & physical development	3,876,732	4,678,094	4,958,192	5,382,775	6,568,721	6,388,625	6,019,831	6,321,309	5,989,164
Human Services	26,148,326	27,257,065	29,108,185	30,964,992	27,738,723	25,401,052	25,417,133	25,235,971	26,073,115
Cultural & Recreational	1,025,861	1,188,384	1,233,206	1,570,301	1,621,761	1,678,221	1,616,686	621,129	1,458,094
Education	18,325,234	16,948,707	18,006,432	19,928,849	30,006,235	22,701,055	22,239,671	24,115,765	30,159,562
Debt Service:									
Interest and fees	3,280,078	2,838,662	3,204,761	4,730,870	4,822,044	5,975,587	5,969,986	6,494,891	5,279,472
Total governmental activities expenses	85,467,911	88,977,287	92,295,594	115,312,692	128,657,111	138,987,444	107,597,783	106,917,196	115,703,247
Business type activities									
Water and Sewer	11,415,915	13,185,106	15,117,851	16,667,249	18,490,660	20,517,601	35,319,763	23,446,803	28,120,698
Solid Waste	3,267,650	3,473,564	3,743,693	4,116,940	4,204,938	4,006,639	4,286,203	4,188,342	4,586,311
Total business-type activities	14,683,565	16,658,670	18,861,544	20,784,189	22,695,598	24,524,240	39,585,966	27,635,145	32,707,009
Total primary government expenses	\$ 100,151,476	\$ 105,635,957	\$ 111,157,138	\$ 136,096,881	\$ 151,352,709	\$ 163,511,684	\$ 147,183,749	\$ 134,552,341	\$ 148,410,256

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues									
Governmental Activities:									
Charges for services:									
General government	\$ 1,778,886	\$ 1,953,538	\$ 2,078,794	\$ 1,930,159	\$ 1,705,350	\$ 13,647,609	\$ 3,202,817	\$ 4,198,163	\$ 6,153,062
Public Safety	4,015,181	5,208,884	4,972,808	6,165,054	6,445,392	5,931,375	8,361,070	8,949,860	9,212,633
Transportation	288,595	235,955	246,468	284,936	242,893	277,983	328,194	335,486	292,655
Economic and physical development	-	-	-	-	2,652	2,638	22,128	16,013	4,148
Human services	3,835,695	3,872,519	4,021,385	3,951,818	4,189,982	4,290,177	3,812,310	3,463,527	3,424,015
Cultural and recreational	643,499	528,604	497,961	25,653	46,505	54,582	45,862	52,284	41,158
Education	-	-	-	558,955	439,948	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-
General government	7,110	43,573	5,138	116,303	286,678	1,574,076	999,908	904,224	1,175,405
Public Safety	859,297	883,364	676,900	685,126	1,565,755	1,890,581	1,904,951	1,628,139	1,899,606
Environment protection	179,368	192,253	316,873	-	35,320	23,665	15,502	8,962	-
Transportation	1,556,337	1,187,832	2,427,366	529,786	1,165,357	754,113	594,844	382,897	811,311
Economic and physical development	1,053,503	1,141,569	1,184,349	1,863,797	736,305	665,288	704,113	528,743	89,601
Human services	13,894,073	13,928,078	14,980,951	15,092,951	14,393,776	15,086,688	15,099,811	15,120,209	15,822,833
Cultural and recreational	9,421	3,881	67,500	675,919	182,360	180,991	196,413	149,410	161,039
Education	3,347,915	3,699,754	838,329	2,730,886	3,502,441	3,162,910	2,316,672	1,935,247	1,502,404
Capital grants and contributions	-	-	-	-	-	-	-	-	-
General government	24,390	-	-	-	-	-	159,603	-	-
Public Safety	7,061	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	398,782	103,114	78,395	730,636
Human services	11,000	2,200	19,656	-	-	-	-	-	-
Cultural and recreational	-	-	-	15,000	-	282,472	3,414	28,486	-
Total governmental activities programs revenues	\$ 31,491,331	\$ 32,882,004	\$ 32,334,478	\$ 34,606,343	\$ 34,948,804	\$ 48,223,842	\$ 37,870,726	\$ 37,780,045	\$ 41,320,506
Business-type activities:									
Charges for services:									
Water and Sewer	13,726,990	15,822,667	19,837,949	21,950,390	21,374,697	24,860,413	28,170,863	30,165,366	30,813,418
Solid Waste	3,237,580	3,235,539	3,373,255	3,343,756	3,594,796	3,839,876	3,960,942	3,963,611	4,791,264
Operating grants and contributions - water & sewer	24,934	411,375	-	511,300	-	-	-	-	-
Capital grants and contributions - water & sewer	3,010,914	8,773,746	21,431,292	9,638,451	31,384,786	34,097,559	60,951,973	18,746,953	14,719,996
Total business-type activities program revenues	\$ 20,000,418	\$ 28,243,327	\$ 44,642,496	\$ 35,443,897	\$ 56,354,279	\$ 62,797,848	\$ 93,083,778	\$ 52,875,930	\$ 50,324,678
Total primary government program revenues	\$ 51,491,749	\$ 61,125,331	\$ 76,976,974	\$ 70,050,240	\$ 91,303,083	\$ 111,021,690	\$ 130,954,504	\$ 90,655,975	\$ 91,645,184
Net (expense)/revenue	\$ (53,976,580)	\$ (56,095,283)	\$ (59,961,116)	\$ (80,706,349)	\$ (93,708,307)	\$ (90,763,602)	\$ (69,727,057)	\$ (69,137,151)	\$ (74,382,741)
Governmental activities	5,316,853	11,584,657	25,760,952	14,659,708	33,658,681	38,273,608	53,497,811	25,240,785	17,617,669
Business-type activities	\$ (48,659,727)	\$ (44,510,626)	\$ (34,180,164)	\$ (66,046,641)	\$ (60,049,626)	\$ (52,489,994)	\$ (16,229,246)	\$ (43,896,366)	\$ (56,765,072)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position									
Governmental activities									
Ad valorem taxes	\$ 38,052,769	\$ 40,420,076	\$ 42,322,460	\$ 44,199,461	\$ 46,969,567	\$ 56,560,748	\$ 56,372,131	\$ 58,298,100	\$ 60,032,767
Local option sales tax	16,963,204	18,124,258	20,068,211	20,757,236	16,508,236	12,367,175	12,288,772	13,914,555	14,238,193
Other taxes	833,032	927,666	1,083,171	1,087,668	994,293	1,844,610	1,899,527	2,004,883	2,069,801
Unrestricted grants and contributions	86,153	1,462,300	668,085	144,532	234,713	70,413	125,845	347,202	45,956
Investment earnings	527,522	901,167	1,485,912	1,516,019	451,055	91,358	33,012	15,492	18,991
Miscellaneous	2,744,092	1,940,896	1,500,079	2,050,793	2,149,503	-	-	-	-
Gain on sale of capital asset	-	129,507	-	38,318	13,850	-	-	-	-
Transfers	1,884,185	151,650	219,199	315,526	439,265	72,819	475,001	312,024	400,000
Total governmental activities	61,090,957	64,057,520	67,347,117	70,109,553	67,720,482	71,007,123	71,194,288	74,892,256	76,805,708
Business-type activities:									
Other taxes	95,571	101,665	107,930	114,575	160,785	210,121	264,145	236,713	227,228
Investment earnings	66,286	162,363	240,284	243,356	46,845	25,173	12,585	6,651	5,961
Miscellaneous	62,401	57,179	2,288,887	38,891	695,733	-	-	-	-
Gain on sale of capital asset	1,200	(10,526)	-	60,923	3,042	-	-	-	-
Transfers	(1,884,185)	(151,650)	(219,199)	(315,526)	(439,265)	(72,819)	(475,001)	(312,024)	(400,000)
Total business-type activities	(1,658,727)	159,031	2,417,902	142,219	467,140	162,475	(198,271)	(68,660)	(166,811)
Total primary government	\$ 59,432,230	\$ 64,216,551	\$ 69,765,019	\$ 70,251,772	\$ 68,187,622	\$ 71,169,598	\$ 70,996,017	\$ 74,823,596	\$ 76,638,897
Change in Net Position									
Governmental activities	\$ 7,114,377	\$ 7,962,237	\$ 7,386,001	\$ (10,596,796)	\$ (25,987,825)	\$ (19,756,479)	\$ 1,467,231	\$ 5,755,105	\$ 2,422,967
Business-type activities	3,658,126	11,743,688	28,198,854	14,801,927	34,125,821	38,436,083	53,299,540	25,172,125	17,450,868
Total primary government	\$ 10,772,503	\$ 19,705,925	\$ 35,584,855	\$ 4,205,131	\$ 8,137,996	\$ 18,679,604	\$ 54,766,771	\$ 30,927,230	\$ 19,873,825

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

Fiscal Year	Governmental Activities						Business-Type Activities		Total
	Ad Valorem	Sales Tax	Excise Stamp - Real Property	Occupancy Tax	Cable Franchise License	Solid Waste	Total		
2004	\$ 36,538,896	\$ 15,568,684	\$ 325,996	\$ 304,954	\$ 165,788	\$ 90,198	\$ 52,994,516		
2005	38,052,769	16,963,204	358,956	289,062	185,014	95,571	55,944,576		
2006	40,420,076	18,124,258	478,806	270,406	178,454	101,665	59,573,665		
2007	42,322,460	20,068,211	568,195	332,359	183,153	107,930	63,582,308		
2008	44,199,461	20,757,236	453,552	393,721	215,603	114,575	66,134,148		
2009	46,969,567	16,508,236	354,955	362,717	236,621	178,188	64,610,284		
2010	56,560,748	12,367,175	380,883	372,187	222,418	210,121	70,113,532		
2011	56,372,131	12,288,772	373,065	394,058	246,233	224,153	69,898,412		
2012	58,043,532	14,890,150	380,640	417,602	232,046	236,713	74,200,683		
2013	59,841,912	15,297,445	401,847	412,486	196,216	227,227	76,377,133		

Note: Harnett County implemented GASB Statement 34 in Fiscal Year 2003. In the future, up to nine (9) prior years will be presented with the current year to illustrate the County's financial performance over time.

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

	2005	2006	2007 ¹	2008	2009 ²	2010 ³	2011	2012	2013 ⁴
General Fund									
Reserved	\$ 7,247,012	\$ 8,951,368	\$ 9,590,857	\$ 11,334,321	\$ 9,113,259	\$ 7,586,459	\$ -	\$ -	\$ -
Unreserved	11,131,214	9,845,746	13,269,357	13,642,598	9,327,602	8,858,325	-	-	-
Non Spendable	-	-	-	-	-	-	52,271	748,224	451,088
Restricted	-	-	-	-	-	-	7,347,530	8,789,704	9,433,149
Committed	-	-	-	-	-	-	-	574,133	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	11,279,350	13,212,441	17,959,942
Total General Fund	\$ 18,378,226	\$ 18,797,114	\$ 22,860,214	\$ 24,976,919	\$ 18,440,861	\$ 16,444,784	\$ 18,679,151	\$ 23,324,502	\$ 27,844,179
All other governmental funds									
Reserved	\$ 5,425,700	\$ 7,316,481	\$ 5,416,089	\$ 2,704,804	\$ 1,001,871	\$ 524,215	\$ -	\$ -	\$ -
Unreserved, undesignated reported in major governmental funds	-	-	39,782,095	20,237,681	2,870,399	-	-	-	-
Unreserved, reported in nonmajor: Special Revenue	635,578	689,250	731,401	412,406	975,147	718,299	-	-	-
Non Spendable	-	-	-	-	-	-	-	2,612	1,742
Restricted	-	-	-	-	-	-	6,700,404	2,212,333	23,331,386
Committed	-	-	-	-	-	-	198,652	103,168	471,969
Assigned	-	-	-	-	-	-	143,764	60,662	76,734
Unassigned	-	-	-	-	-	-	(974,816)	(470,924)	(444,222)
Capital Projects	5,226,273	2,432,420	2,189,267	7,617,069	28,479,842	10,366,092	-	-	-
Total all other governmental funds	\$ 11,287,551	\$ 10,438,151	\$ 48,118,852	\$ 30,971,960	\$ 33,327,259	\$ 11,608,606	\$ 6,068,004	\$ 1,907,851	\$ 23,437,609

¹ The increase in Fund Balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Law Enforcement Expansion and Overhills Elementary Capital Project Funds.

² The increase in Fund Balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Boone Trail Elementary School Capital Project Fund.

³ The decrease in Fund Balance for all other governmental funds is due to the closing spend-down of escrow funds for several school construction projects.

⁴ The increase in Fund Balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Highlands Middle School Capital Project.

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

	Fiscal Year									
	2004	2005	2006	2007 ¹	2008	2009	2010	2011	2012	2013
Revenues										
Ad valorem taxes	\$ 37,166,836	\$ 38,643,943	\$ 40,885,746	\$ 42,360,197	\$ 44,672,744	\$ 47,060,009	\$ 55,407,612	\$ 56,437,182	\$ 58,043,532	\$ 60,420,690
Other taxes and licenses	16,365,422	17,796,236	19,051,924	21,153,147	21,820,112	17,462,529	14,211,785	14,188,299	15,919,438	16,307,994
Unrestricted Intergovernmental	108,341	86,153	55,149	111,481	121,282	97,470	70,413	125,845	347,202	45,956
Restricted Intergovernmental	17,446,097	19,477,727	19,999,156	18,967,365	21,690,372	21,767,468	22,869,284	21,615,025	20,580,505	21,951,104
Permits and fees	2,794,494	2,919,326	3,181,855	3,349,808	4,136,968	3,296,521	3,153,029	3,382,005	3,621,752	3,995,260
Sales and services	6,514,859	7,622,530	8,617,645	8,530,503	8,759,607	9,211,309	7,648,967	9,997,003	9,481,257	9,256,221
Investment earnings	778,059	537,600	1,023,817	1,557,886	2,286,039	470,083	91,358	33,012	15,492	18,991
Contributions	832,530	1,471,748	2,490,499	2,037,782	23,250	164,885	-	-	-	-
Other general revenues	2,194,379	2,793,179	2,128,850	1,608,189	2,414,723	2,102,532	1,951,479	1,912,834	2,113,609	3,437,772
Total revenues	84,201,017	91,348,442	97,434,641	99,676,358	105,925,097	101,632,806	105,403,927	107,691,205	110,122,787	115,433,988
Expenditures										
General government	11,813,870	14,937,119	15,594,781	14,087,333	40,976,358	33,588,824	31,822,046	14,869,728	10,214,297	12,004,474
Public safety	18,664,858	20,408,243	23,729,857	22,661,865	25,171,203	27,471,931	29,385,473	29,294,016	31,218,622	33,503,772
Environmental protection	122,573	164,991	118,113	129,917	136,095	192,134	184,147	163,285	118,166	123,598
Transportation	78,693	89,613	90,547	176,958	132,091	314,378	149,435	149,839	160,068	368,313
Economic and physical development	3,062,306	5,012,225	5,350,214	6,779,269	6,130,542	6,556,510	6,214,196	5,931,886	6,270,644	5,873,572
Human services	23,237,455	26,446,717	27,276,463	29,265,249	30,893,900	27,167,825	24,911,594	25,078,828	24,622,510	25,488,823
Cultural and recreational	985,871	1,058,245	1,227,703	1,206,477	1,563,968	1,556,175	1,589,485	1,549,773	1,354,884	1,367,760
Education	24,034,612	18,335,754	16,948,707	18,006,432	19,928,849	30,006,235	22,701,055	22,239,671	24,115,765	30,159,562
Debt Service										
Principal	8,850,213	5,124,959	5,710,097	11,349,847	7,218,631	8,001,520	7,721,489	6,666,065	7,176,838	6,424,014
Interest and fees	3,695,964	3,246,717	3,153,151	2,991,234	4,622,327	4,911,009	4,562,224	6,032,825	5,139,600	5,062,698
Debt issuance cost	-	-	-	-	588	803,900	-	-	-	-
Total primary government expenses	94,546,415	94,824,583	99,199,633	106,654,581	136,774,522	140,570,441	129,241,144	111,975,916	110,391,394	120,376,586
Excess of revenues over (under) expenditures	(10,345,398)	(3,476,141)	(1,764,992)	(6,978,223)	(30,849,425)	(38,937,635)	(23,837,217)	(4,284,711)	(268,607)	(4,942,598)

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

	Fiscal Year									
	2004	2005	2006	2007 ¹	2008	2009	2010	2011	2012	2013
Other financing sources (uses)										
Bonds and Capital lease issuance	\$ 24,181,348	\$ 3,853,795	\$ 1,182,830	\$ 48,502,824	\$ 15,503,712	\$ 35,290,378	\$ -	\$ 20,803,000	\$ 329,485	\$ 329,485
Long-term debt refunded	1,116,722	-	-	-	-	656,343	-	35,475	24,033,690	30,210,515
Bond premium	(20,610,463)	-	-	-	-	-	-	(20,035,000)	(23,921,394)	52,029
Payment to escrow agent	3,430,746	4,535,367	3,721,394	6,278,726	5,892,878	5,987,531	423,125	1,942,917	3,763,894	-
Transfers in	(2,952,145)	(4,043,482)	(3,569,744)	(6,059,526)	(5,577,352)	(5,548,266)	-	(1,767,916)	(3,451,870)	2,105,699
Transfers out										(1,705,699)
Total other financing sources (uses)	5,166,208	4,345,680	1,334,480	48,722,024	15,819,238	36,385,986	423,125	978,476	753,805	30,992,033
Net change in fund balances	\$ (5,179,190)	\$ 869,539	\$ (430,512)	\$ 41,743,801	\$ (15,030,187)	\$ (2,551,649)	\$ (23,414,092)	\$ (3,306,235)	\$ 485,198	\$ 26,049,435
Debt service as a percentage of noncapital expenditures	13.67%	9.45%	9.61%	14.11%	9.90%	9.72%	9.74%	11.41%	11.28%	9.64%

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

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

Fiscal Year	Ad Valorem	Sales Tax	Excise Stamp Real Property	Occupancy Tax	Cable TV Franchise	Total
2004	\$ 37,166,836	\$ 15,568,684	\$ 325,996	\$ 304,954	\$ 165,788	\$ 53,532,258
2005	38,643,943	16,963,204	358,956	289,062	185,014	56,440,179
2006	40,885,746	18,124,258	478,806	270,406	178,454	59,937,670
2007	42,322,460	20,068,211	568,195	332,359	183,153	63,474,378
2008	44,199,461	20,757,236	453,552	393,721	215,603	66,019,573
2009	42,551,822	15,337,117	354,955	362,717	236,621	58,843,232
2010	55,407,612	13,236,297	380,883	372,187	222,418	69,619,397
2011	50,879,784	12,288,772	373,065	394,058	246,233	64,181,912
2012	52,129,522	13,914,555	380,640	417,602	232,046	67,074,365
2013	54,273,480	14,238,193	401,847	412,486	196,216	69,522,222

¹ Includes Ad Valorem Tax and Other Taxes and Licenses

Harnett County, North Carolina
Assessed Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Real Property	Personal Property			Less: Tax Exempt Real Property ²	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ³	Assessed Value as a Percentage of Actual Value ⁴
		Public Service ¹	Motor Vehicle	Other					
2004	\$ 3,716,832,164	\$ 137,807,959	\$ 584,923,607	\$ 291,344,948	\$ 157,961,660	\$ 0.735	\$ 4,572,947,018	100.00%	
2005	3,816,647,064	137,920,639	609,445,287	295,595,827	163,501,820	0.735	4,915,884,804	95.53%	
2006	4,006,628,671	145,951,703	642,219,418	302,141,650	168,412,260	0.735	5,451,309,791	90.41%	
2007	4,241,454,829	151,673,422	668,654,872	293,367,960	183,046,260	0.735	5,720,722,069	90.41%	
2008	4,503,516,327	134,215,587	707,344,504	322,188,401	183,256,810	0.735	6,689,446,217	81.98%	
2009	4,524,717,546	141,054,893	771,747,421	348,654,007	193,386,250	0.735	6,822,136,639	81.98%	
2010	5,986,060,609	172,744,103	734,279,327	347,311,298	273,541,730	0.725	6,979,416,557	99.82%	
2011	5,852,387,598	167,779,881	751,193,380	405,703,786	277,184,360	0.725	6,929,337,574	97.62%	
2012	6,294,392,739	170,024,073	704,442,062	279,752,647	269,398,320	0.725	7,112,446,518	99.07%	
2013	6,204,361,066	173,078,000	861,658,847	354,881,029	278,506,820	0.725	7,897,738,100	104.00%	

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

² Exempt real estate only, does not include Elderly Exemption or Deferred. Exempt properties are not reported in the year-to-year levy; therefore, annual scrolls were not maintained. The information presented was compiled from reports prepared for the Department of Revenue.

³ Estimated actual taxable value reflects an increase in real and exempt property. Estimated Actual Taxable Value was computed by using Real Estate Assessment Sales Ratio Study Percentages from the North Carolina Department of Revenue.

⁴ Estimated actual values and the ratio of total assessed value to total estimated actual value has been adjusted to reflect updated sales assessment ratio percentages from the North Carolina Department of Revenue.

⁵ Denotes the year in which a revaluation was effective January 1st and reflected in the following fiscal year.

Source: Harnett County Tax Department

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. Assessed valuations are established by the Board of Commissioners at 100% of market value as of the year of the revaluation. The last revaluation was effective January 1, 2009 and reflected in the 2010 fiscal year.

**Harnett County, North Carolina
Property Tax Rates - Direct and Overlapping ¹ Governments**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Harnett County	0.760	0.735	0.735	0.735	0.735	0.735	0.725	0.725	0.725	0.725
Municipalities: (1)										
City of Dunn	0.460	0.460	0.460	0.520	0.520	0.480	0.480	0.480	0.480	0.500
Aversboro School Dist	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020
Averasboro Fire Dist	0.040	0.040	0.040	0.040	0.040	0.070	0.070	0.070	0.070	0.070
Downtown Revitalization Combined Rate	1.240	1.215	1.215	1.275	1.275	1.235	1.225	1.225	1.225	1.245
Benson Town Tax, Satellite Properties	-	-	-	0.530	0.530	0.530	0.530	0.530	0.530	0.530
Combined Rate	0.760	0.735	0.735	1.265	1.265	1.265	1.255	1.255	1.255	1.255
Broadway Town Tax, Satellite Properties	0.490	0.490	0.470	0.440	0.440	0.440	0.440	0.440	0.440	0.440
Combined Rate	1.250	1.225	1.205	1.175	1.175	1.175	1.165	1.165	1.165	1.165
Town of Lillington Combined Rate	0.560	0.560	0.560	0.560	0.560	0.560	0.520	0.520	0.520	0.520
Combined Rate	1.320	1.295	1.295	1.295	1.295	1.295	1.245	1.245	1.245	1.245
Town of Coats Combined Rate	0.690	0.640	0.640	0.620	0.620	0.620	0.550	0.550	0.590	0.590
Combined Rate	1.450	1.375	1.375	1.355	1.355	1.355	1.275	1.275	1.315	1.315
Town of Angier Combined Rate	0.440	0.460	0.500	0.530	0.530	0.530	0.530	0.530	0.530	0.530
Combined Rate	1.200	1.195	1.235	1.265	1.265	1.265	1.255	1.255	1.255	1.255
Town of Erwin Combined Rate	0.550	0.550	0.550	0.550	0.550	0.550	0.500	0.550	0.480	0.480
Combined Rate	1.310	1.285	1.285	1.285	1.285	1.285	1.225	1.275	1.205	1.205
Fire Tax Districts: (2)										
Anderson Creek Combined Rate	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Combined Rate	0.870	0.845	0.845	0.845	0.845	0.845	0.835	0.835	0.835	0.835
Angier/Black River Combined Rate	0.063	0.063	0.063	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Combined Rate	0.823	0.798	0.798	0.805	0.805	0.805	0.795	0.795	0.795	0.795
Benhaven	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.080	0.090

Harnett County, North Carolina
 Property Tax Rates - Direct and Overlapping ¹ Governments

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Combined Rate	0.830	0.805	0.805	0.805	0.805	0.805	0.795	0.795	0.805	0.815
Benson Banner * Combined Rate	-	-	-	-	-	-	-	-	0.070	0.070
Boone Trail Emerg Ser Combined Rate	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Buies Creek Combined Rate	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Bunnlevel Rural FD Combined Rate	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	-
Crains Creek Combined Rate	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Coats-Grove Combined Rate	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.090
Cypress Creek Combined Rate	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Erwin Fire Dist Combined Rate	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Flat Branch Combined Rate	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Flatwoods Combined Rate	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.120
Godwin Falcon* Combined Rate	-	-	-	-	-	-	-	-	0.100	0.100
Northern Harnett Combined Rate	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080

**Harnett County, North Carolina
Property Tax Rates - Direct and Overlapping ¹ Governments**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Spout Springs Combined Rate	0.100 0.860	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.835	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825
Summerville Combined Rate	0.070 0.830	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	- 0.725
Summerville Bunnlevel Combined Rate	-	-	-	-	-	-	-	-	0.080 0.805	0.080 0.805
West Area Fire Dist* Combined Rate	-	-	-	-	-	-	-	-	0.100 0.825	0.100 0.825

**Harnett County, North Carolina
Principal Property Taxpayers
Ten Year Comparison
(Unaudited)**

Taxpayer	2013			2004		
	2012 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2003 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Progress Energy ¹	\$ 65,693,544	1	0.92%	\$ 55,136,769	1	1.21%
South River EMC	33,217,381	2	0.47%	24,620,378	4	0.54%
Delhaize America (Food Lion, Inc.)	27,449,380	3	0.39%	26,077,110	3	0.57%
Carolina Telephone	25,662,609	4	0.36%	24,139,311	5	0.53%
Food Lion Stores, Distribution	22,895,353	5	0.32%	10,548,472	7	0.23%
Central EMC	16,780,286	6	0.24%	-		
Oldcastle APG South INC	13,643,568	7	0.19%	-		
Wal Mart Real Estate	12,318,880	8	0.18%	11,547,660	6	0.25%
Wincor	11,643,090	9	0.17%	-		
CSX Transportation	9,358,840	10	0.13%	-		
Morganite	-			26,239,585	2	0.57%
Alltel Carolina, Inc.	-			9,182,724	9	0.20%
James P. Godwin & Wife	-			10,128,484	8	0.22%
Harnett Crossing Partner	-			8,819,580	10	0.19%
Total	\$ 238,662,931		3.37%	\$ 206,440,073		4.51%

¹ Progress Energy, Inc. merged with, and became a wholly-owned subsidiary of Duke Energy Corporation on July 2, 2012

Source: Harnett County Tax Department

Harnett County, North Carolina
Property Tax Levies and Collections - General Fund
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Total Net Tax Levy	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected		Total Tax Collections	Percent of Total Tax Collections To Net Levy
2004	\$ 33,715,256	\$ 31,986,355	94.87%	\$ 1,588,030	\$ 33,574,385	99.58%
2005	35,232,094	33,778,940	95.88%	1,326,351	35,105,291	99.64%
2006	36,286,597	35,106,194	96.75%	1,075,435	36,181,629	99.71%
2007	38,222,571	36,939,726	96.64%	1,172,954	38,112,680	99.71%
2008	40,179,862	38,935,459	96.90%	1,123,408	40,058,867	99.70%
2009	41,990,253	40,791,833	97.15%	1,076,457	41,868,290	99.71%
2010	49,571,730	48,325,314	97.49%	1,054,016	49,379,330	99.61%
2011	50,653,906	49,457,451	97.64%	905,850	50,363,301	99.43%
2012	52,116,730	50,733,856	97.35%	1,210,282	51,944,138	99.67%
2013	53,497,265	52,209,047	97.59%	1,286,059	53,495,106	100.00%

¹ Denotes the year in which a revaluation was effective on January 1st and reflected in the following fiscal year.

Source: Harnett County Tax Department

Harnett County, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities						Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Capitalized Leases	Installment Purchase	Capitalized Leases	Installment Purchase	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Special Obligation Bonds	State Bond Loan				
2004	\$ 925,583	\$ 73,341,011	\$ 290,306	\$ 10,864,283	\$ 18,543,900	\$ -	\$ -	\$ -	\$ 7,224,343	\$ 111,189,426	4.68%	\$ 1,109	
2005	1,017,824	70,585,320	215,776	10,902,366	17,940,300	-	-	-	6,687,299	107,348,885	4.24%	1,055	
2006	941,063	66,134,470	138,654	11,035,549	17,210,400	-	-	-	15,676,716	111,136,852	3.31%	1,070	
2007	736,726	101,683,332	70,963	11,503,883	16,452,000	15,265,909	-	-	19,358,452	165,071,265	7.60%	1,553	
2008	905,925	110,290,619	13,455	10,161,918	25,417,000	14,825,000	-	-	18,365,522	179,979,439	8.07%	1,635	
2009	725,620	137,910,547	-	9,070,001	24,591,000	40,825,000	-	-	18,039,119	231,161,287	N/A	2,063	
2010	498,504	131,923,791	-	7,920,748	23,805,000	39,895,000	-	-	16,752,075	220,795,118	N/A	1,907	
2011	299,773	126,224,456	-	6,858,851	23,013,000	13,350,000	-	-	15,465,030	185,211,110	N/A	1,615	
2012	437,297	120,798,269	-	5,758,367	35,297,000	12,805,000	-	-	25,551,602	200,647,535	N/A	1,653	
2013	215,511	145,136,042	-	4,756,014	34,056,000	12,240,000	20,065,000	1,750,000	24,046,232	242,264,799	N/A	1,995	

¹ Provided by the NC Department of Commerce. Latest information available is represented. Refer to the schedule on page P-18 for personal income and population data. For the fiscal years ending 2009 and forward, the Personal Income expressed as a total dollar amount for the County is no longer available.

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Harnett County, North Carolina
Direct and Overlapping Governmental Activities Debt
For Fiscal Year Ending June 30, 2013
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated share of Overlapping Debt</u>
Harnett County			
Debt repaid with property taxes	\$ 145,351,553	100%	\$ 145,351,553
Total direct debt			<u>145,351,553</u>
Municipality:			
Town of Angier	2,021,953	100%	2,021,953
Town of Coats	-	100%	-
City of Dunn	5,274,133	100%	5,274,133
Town of Erwin	-	100%	-
Town of Lillington	-	100%	-
Total overlapping debt			<u>7,296,086</u>
Total direct and overlapping debt			<u>\$ 152,647,639</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Harnett County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated by considering that the residents of the Towns are responsible for not only the debt of the Town, but the County as well.

Harnett County, North Carolina
Pledged Revenue Coverage - Water & Sewer
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Gross Revenues ¹	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2004	\$ 12,222,986	\$ 6,884,558	\$ 5,338,428	\$ -	\$ -	-	0.00%
2005	13,781,929	6,864,141	6,917,788	-	-	-	0.00%
2006	15,928,322	8,662,619	7,265,703	-	-	-	0.00%
2007	21,974,414	10,246,860	11,727,554	44,091	62,805	106,896	10970.99%
2008	25,918,628	11,521,717	14,396,911	440,909	662,069	1,102,978	1305.28%
2009	26,969,184	13,363,984	13,605,200	470,000	690,523	1,160,523	1172.33%
2010	24,828,390	13,539,225	11,289,165	969,040	2,518,252	3,487,292	323.72%
2011	28,042,836	14,181,242	13,861,594	985,000	2,465,993	3,450,993	401.67%
2012	30,130,929	13,615,380	16,515,549	545,000	614,560	1,159,560	1424.29%
2013	30,732,953	16,541,552	14,191,401	565,000	591,438	1,156,438	1227.16%

¹ Total operating revenues including interest

² Total operating expenses exclusive of depreciation and amortization

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Harnett County, North Carolina
Computation of Legal Debt Margin
Last ten fiscal years
(amounts expressed in thousands)
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 365,835	\$ 375,688	\$ 394,282	\$ 413,768	\$ 438,721	\$ 455,850	\$ 545,723	\$ 564,797	\$ 574,422	\$ 587,486
Total net debt applicable to limit	\$ 92,645	\$ 89,408	\$ 93,927	\$ 133,353	\$ 139,737	\$ 165,746	\$ 157,095	\$ 148,840	\$ 152,546	\$ 195,973
Legal debt margin	\$ 273,190	\$ 286,280	\$ 300,356	\$ 280,415	\$ 298,983	\$ 290,105	\$ 398,306	\$ 415,948	\$ 421,876	\$ 391,512
Total net debt applicable to the limit as a percentage of debt limit	25.33%	23.80%	23.82%	32.31%	31.85%	36.36%	28.29%	26.35%	26.56%	33.36%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	\$7,343,570,685
Debt limit (8% of total assessed value)	587,485,655
Debt applicable to limit:	
Certificates of participation	101,400,000
Installment purchase	48,492,055
Revolving loan	22,255,289
General obligation bond	34,056,000
State bond loans	1,790,943
Revenue bonds	12,240,000
Limited obligation bond	20,065,000
Special obligation bond	1,750,000
Obligation under capital lease	220,155
Subtotal	242,269,442
Authorized and unissued debt	-
Total Gross Debt	242,269,442
Less: Statutory deductions	
Bonds issued and outstanding for water and sewer purposes	34,056,000
Revenue bonds	12,240,000
	46,296,000
Total amount of debt applicable to debt limit	195,973,442
Legal debt margin	\$391,512,213

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

Fiscal Year Ended June 30	Population ¹	Personal Income ²	Per Capita Income ²	Median Age ¹	School Enrollment ³	Unemployment Rate ⁴
2004	100,271	\$ 2,372,311,589	\$ 23,659	33.19	17,525	5.9%
2005	101,737	2,530,097,453	24,869	33.42	17,892	5.6%
2006	103,884	3,348,596,856	32,234	33.58	18,274	5.2%
2007	106,283	2,170,298,860	20,420	34	18,876	5.1%
2008	110,098	2,231,025,872	20,264	35	18,968	6.6%
2009	112,030	N/A	19,968	35	18,518	11.8%
2010	115,761	N/A	28,015	35	18,764	10.8%
2011	114,678	N/A	18,725	34	19,011	11.8%
2012	121,417	N/A	18,884	34	19,378	11.2%
2013	122,355	N/A	18,884	34	20,065	10.5%

Sources:

1. NC State Demographics
2. NC Department of Commerce. Latest figures available are reflected. For the fiscal years ending 2009 and forward, the Personal Income expressed as a total dollar amount for the County is no longer available.
3. Harnett County Board of Education
4. NC Employment Security Commission

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

Employer	Employment Type	2013		2004	
		Employment Range	Employment Range	Employment Range	Employment Range
Harnett County Public Schools	Education and Health Services	1,000 +	1,000 +	1,000 +	1,000 +
Campbell University	Education and Health Services	1,000 +	1,000 +	1,000 +	1,000 +
Food Lion	Trade, Transportation, and Utilities	1,000 +	1,000 +	1,000 +	1,000 +
County of Harnett	Public Administration	500 - 999	500 - 999	500 - 999	500 - 999
Morganite	Manufacturing	0	0	500 - 999	500 - 999
Betsy Johnson Memorial Hospital	Education & Health Services	500 - 999	500 - 999	250 - 499	250 - 499
NC Dept of Public Safety	Public Administration	250 - 499	250 - 499	250 - 499	250 - 499
Carlie C's Operation Center, Inc.	Trade, Transportation, and Utilities	250 - 499	250 - 499	250 - 499	250 - 499
Wal-Mart Associates, Inc.	Trade, Transportation, and Utilities	250 - 499	250 - 499	250 - 499	250 - 499
Edwards Brothers, Inc.	Information	100 - 249	100 - 249	250 - 499	250 - 499
Central Carolina Community College	Education and Health Services	100 - 249	100 - 249	100 - 249	100 - 249

Source: NC Employment Security Commission (Please note presentation of data was changed by the source)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	106	103	110	106	108	111	111	99	99	101
Public Safety	194	196	233	240	258	255	267.5	277.5	278.5	286.5
Environmental Protection	2	2	2	2	3	3	3	3	2	2
Economic and Physical Development	48	50	53	46	55	55	54.5	43	43	37
Human Services	229	234	248	244	251	248	247.5	259.5	259.5	259.5
Cultural & Recreation	13	14	16	15	14	15	17	12	12	13
Water and Wastewater	63	62	69	100	103	103	91	95	95	100
Solid Waste	11	11	11	15	15	15	13	13	13	13
Total	666	672	742	768	807	805	804.5	802	802	812

Source: Harnett County Finance Office

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fire										
Number of calls answered	4,300	4,628	4,975	5,277	4,719	5,426	5,641	6,110	6,234	6,507
Sheriff										
Number of law violations:										
Arrests	7,019	7,372	8,566	5,082	5,734	8,166	9,348	10,656	10,869	10,000
Traffic violations	1,433	1,535	2,035	2,900	2,492	2,274	2,333	2,394	2,442	5,423
Inspections										
Number of permits issued	2,228	2,850	2,638	2,543	2,359	2,413	2,900	3,085	3,156	2,329
Culture and Recreation										
Circulation	341,655	337,527	373,052	393,693	399,271	413,756	405,757	411,437	365,817	344,394
Utilities										
Water System:										
Daily average treatment in gallons	7,500,000	7,500,000	8,200,209	8,742,905	9,870,257	9,938,972	10,998,199	13,293,948	13,107,763	13,270,531
Sewer System:										
Daily average treatment in gallons	1,230,000	1,280,000	1,585,653	1,645,865	2,352,271	2,501,383	2,824,172	3,266,397	3,203,849	5,500,974

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fire										
Number of Stations	18	15	18	19	19	19	19	19	19	19
Sheriff										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	98	98	104	107	152	139	156	138	156	176
Culture and Recreation										
Number of libraries	6	6	6	6	6	6	6	6	6	6
Library collections	184,297	185,891	191,865	196,551	202,357	208,873	213,446	219,849	217,323	237,630
Number of Parks	3	3	5	5	5	5	5	5	5	6
Park acreage	55	55	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,101
Number of Ball Fields	6	6	6	6	6	6	6	6	6	6
Number of tennis courts	12	12	12	12	12	12	12	12	12	12
Number of playground areas	0	0	0	0	0	0	0	1	1	1
Number of soccer fields	2	2	2	2	2	2	2	2	2	2
Number of County owned senior centers	1	1	1	1	1	1	1	1	1	1
Utilities										
Water System:										
Miles of water main	1,489	1,514	1,568	1,851	1,863	1,869	2,132	2,132	2,200	2,221
Number of service connections	31,268	30,318	35,522	37,794	37,891	38,214	40,575	41,241	42,001	42,274
Number of fire hydrants	3,500	3,500	3,715	5,931	5,939	5,943	5,961	4,548	4,548	4,571

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sewer System:										
Miles of sanitary sewer	146	146	200	312	318	322	322	326	326	341
Number of treatment plants	4	4	4	3	3	4	4	4	4	3
Number of service connections	4,515	4,765	7,080	7,811	8,295	8,669	9,523	10,072	10,421	10,920
Maximum daily capacity of treatment plant in gallons	1,800,000	1,800,000	4,000,000	6,400,000	6,400,000	12,250,000	12,100,000	12,100,000	12,100,000	20,600,000
Facilities and services not included in primary government:										
Education:										
Number of schools	26	26	26	26	26	26	27	27	27	27
Number of teachers	1,130	1,166	1,198	1,251	1,271	1,218	1,247	1,230	1,181	1,335
Number of students	17,525	17,892	18,274	18,876	18,968	18,518	18,764	19,011	19,378	19,868
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	2	2	1	1	1	1	1	1	1	2
Number of patient beds	180	173	101	101	101	101	101	101	101	151

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

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COMPLIANCE SECTION

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act.

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act.

Schedule of Findings, Responses, and Questioned Costs

Summary Schedule of Prior Years' Audit Findings

Schedule of Expenditures of Federal and State Awards

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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 of the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 25, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies, 2013-001 and 2013-002 described in the accompanying Schedule of Findings, Responses, and Questioned Costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harnett County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2013-001 and 2013-002.

Harnett County's Responses to Findings

Harnett County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 25, 2013

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

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

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Harnett County
Lillington, North Carolina

Report On Compliance for Each Major Federal Program

We have audited the compliance of Harnett County with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Harnett County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Harnett County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harnett County's compliance with those requirements and performing, such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Harnett County's compliance with those requirements.

Opinion On Each Major Federal Program

In our opinion, Harnett County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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 a 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harnett County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 25, 2013

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

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

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Harnett County
Lillington, North Carolina

Report On Compliance for Each Major State Program

We have audited the compliance of Harnett County 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, 2013. Harnett County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Harnett County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*; issued by the Comptroller of the United States; applicable sections of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Harnett County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of Harnett County's compliance.

Opinion On Each Major State Program

In our opinion, Harnett County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

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, we considered Harnett County's internal control over compliance with the requirements that could have a direct and material effect on a 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 applicable sections of OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harnett County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on our requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 25, 2013

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?

 X Yes No

- Significant deficiencies identified that are considered to be material weaknesses?

 Yes X None reported

Non-compliance material to financial statements noted?

 X Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified?

 Yes X No

- Significant deficiencies identified that are not considered to be material weaknesses?

 Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

 Yes X No

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditors' Results (continued):

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.720, 93.775, 93.777, 93.778
Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557

Dollar threshold used to distinguish between Type A and Type B Programs: \$2,979,173

Auditee qualified as low-risk auditee? _____ Yes X No

State Awards

Internal control over major State programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are considered to be material weaknesses? _____ Yes X No

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

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

Identification of major State programs:

- Medicaid Cluster
- Fostercare and Adoption Cluster
- Special Assistance for Adults
- Child Welfare Services-Adoption Subsidy
- Public School Building Capital Fund
- South Central Waste-Water

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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

Finding 2013-001 Excess of Expenditures Over Appropriations and Deficit Fund Balance

Criteria: North Carolina General Statutes preclude units from having funds that operate in a deficit. And that the County have policies and procedures in place to monitor budgetary compliance throughout the year. Management should have a control system in place to reduce the likelihood that violations of General Statutes occur and go undetected.

Condition: In the current year, there were violations of the General Statutes regarding deficit fund equity – Taxiway & Apron, Law Enforcement Fund, WIA Youth Program, and Workers Comp – and expenditures exceeding appropriations.

Effect: The County was in violation of North Carolina General Statutes.

Cause: The County adopted a balanced budget however revenues were insufficient to cover the cost of operations. The County also expended more than had been budgeted in the budget ordinance for several departments of the General Fund and in the Water Sewer Fund Budget amendments had not been made for these items.

Recommendation: The County should reevaluate the cost of providing services and adjust charges to insure that revenues cover all related cost.

Contact Person: Kimberly Honeycutt, Finance Officer

Views of Responsible Officials and Planned Corrective Actions: We agree with the findings. The expenditures exceeded account line budget but overall Fund expenditures did not exceed budget.

We agree with the findings for the Water and Sewer Fund. The expenditures exceeding appropriations occurred due to year end payable transactions and adjustments. We will closely monitor and review these transactions to project budgetary adjustments before the close of the year.

We agree with the findings for the Worker's Compensation Fund. The deficits are due to the potential liability that has been recorded due to several claims but not expended. In FY 2013 we implemented the new rate structure for billing classes and implemented a 1.51328 modification factor to recover deficit amounts in retained earnings, at the end of FY 2013 net position had increased \$990,099 recovering a portion of this deficit. We will continue to monitor this fund. The County will transfer sufficient funds to cover any claims presented for payment.

We agree there are funds in Special Revenues and Capital Projects that have a deficit fund balance. These deficits are caused by a timing difference in the expenditures and the reimbursements from the Federal/State agencies.

Proposed Completion Date: Immediate

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

3. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2013-002 Social Services Trust Fund Findings and Violations

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting and to ensure compliance with other Administrative Codes (DSS and SSA).

Condition: There were inactive trustee accounts with balances in the current year.

Effect: The County was in violation of the Administrative Codes (DSS and SSA).

Cause: Inadequate internal controls over DSS trust funds

Recommendation: The County should review the Trust Fund detail on a regular basis to ensure that proper accounting for trust funds is occurring. Care should be taken to ensure inactive trust fund accounts balances are being returned timely.

Contact Person: Kimberly Honeycutt, Finance Officer

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding. Steps are being taken to ensure that the County's Department of Social Services trust fund accounts do not go negative.

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

None

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

None

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

2012-01 – Corrected

2013-02 – Repeated as 2013-001

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
FEDERAL AWARD EXPENDITURES				
<u>U.S. Department of Agriculture</u>				
Division of National Institute of Food & Agriculture				
Better Care Training	10.500		\$ 3,640	\$ -
<u>Total of Better Care Training</u>			<u>3,640</u>	<u>-</u>
Passed-Through the N.C. Department of Health and Human Services:				
Division of Social Services:				
Administration:				
State Administrative Matching Grant for the				
Supplemental Nutrition Assistance Program	10.561		960,703	-
<u>Total Supplemental Nutrition Assistance Program Cluster</u>			<u>960,703</u>	<u>-</u>
Division of Public Health:				
Administration:				
Special Supplemental Food Program				
for Women, Infants, and Children	10.557		571,741	-
Direct Benefit Payment:				
Special Supplemental Food Program				
for Women, Infants, and Children	10.557		2,728,301	-
<u>Total of Public Health</u>			<u>3,300,042</u>	<u>-</u>
<u>Total U.S. Department of Agriculture</u>			<u>4,264,385</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Program:				
Housing Assistance Payments Program:				
Housing Voucher Cluster	14.871	043-1-99-010-D-389	1,046,411	-
<u>Total U.S. Department of Housing and Urban Development</u>			<u>1,046,411</u>	<u>-</u>
<u>U.S. Department of Justice Office of Justice Programs</u>				
Division Bureau of Justice Assistance:				
Edward Byrne Justice Grant				
State Criminal Alien Assistance Program (SCAAP)	16.783	211-DJ-BX-2947 & 2077 & 0190	16,550	-
State Criminal Alien Assistance Program (SCAAP)	16.606	AP-BX-0201	14,237	-
Division Bureau of Alcohol, Tobacco, Firearms & Explosives				
Drug Enforcement Agency				
	16.012	09.G09GA0004A	12,902	-
<u>Total U.S. Department of Justice Office of Justice Programs</u>			<u>43,689</u>	<u>-</u>
<u>U.S. Department of Army</u>				
Contracting Center of Excellence				
Mission and Installation Contracting Command				
NTA/Cameron Hill	12.106	W91WAW-08-1-0003	2,632,197	-
<u>Total U.S. Department of Army</u>			<u>2,632,197</u>	<u>-</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Grant I.D.</u> <u>Number</u>	<u>Expenditures</u>	
			<u>Federal</u>	<u>State</u>
<u>U.S. Department of Commerce Community Assistance</u>				
Community Development & Planning Division				
CDBG-State Administered CDBG Cluster				
2011 Scattered Site Housing	14.228	11-C-2314	23,571	-
<u>U.S. Department of Commerce Economic Development</u>			<u>23,571</u>	<u>-</u>
<u>U.S. Department of Labor</u>				
Department of Labor/Employment and Training				
Passed-through Central Carolina Community				
College Welfare Investment Act Cluster	17.258/17.278/17.259	13-2040-02	663,861	-
<u>Total U.S. Department of Labor</u>			<u>663,861</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Division of Aging and Adult Services				
Passed-Through Mid-Carolina Council of Governments:				
Special Programs for the Aging Title III Cluster:				
Nutrition Services	93.045		304,426	-
Nutrition Services Incentive Program	93.053		41,915	-
Home and Community Care Block Grant	93.044	20.701	225,997	-
Total Aging Cluster			<u>572,338</u>	<u>-</u>
Special Programs for the Aging:				
Family Caregiver Support Program	93.052	17-701	18,045	-
Medical Transportation General	93.633	16-701-250	8,890	9,631
Medical Transportation	93.633	16-701-33	50,280	54,470
Passed-Through Corporation for National Service:				
National Senior Service	94.002	12SRSNC009	33,622	-
<u>Total Division of Aging and Adult Services</u>			<u>683,175</u>	<u>64,101</u>
Division of Administration for Children & Families				
Passed-Through the N.C. Department of Health & Human Services:				
Child Care Development Fund Cluster:				
Division of Social Services				
Child Care Development Fund - Administration	93.596		195,097	-
Division of Child Development				
Child Care and Development Fund - Discretionary	93.575	FY13-26859-003 RL13	1,108,985	-
Child Care and Development Fund - Mandatory	93.596		380,961	-
Child Care and Development Fund - Match	93.596		1,142,234	480,038
<u>Total Child Care Development Fund Cluster</u>			<u>2,827,278</u>	<u>480,038</u>
Temporary Assistance for Needy Families	93.558		488,617	-
Foster Care Title IV-E	93.658		11,727	5,740
Social Services Block Grant	93.667		9,712	-
State Appropriations		N/A	-	272,196
Smart Start		N/A	-	29,444
TANF - Maintenance of Effort		N/A	-	122,220
Smart Start/TANF-Maintenance of Effort		N/A	-	168,704
<u>Total Subsidized Child Care Cluster</u>			<u>3,337,334</u>	<u>1,078,342</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
Division of Social Services				
Foster Care and Adoption Cluster:				
Title IV-E Foster Care - Administration	93.658		265,445	148,714
Title IV-E Adoption Subsidy - Administration	93.659		15,104	-
Direct Benefit Payments:				
Title IV-E Foster Care	93.658		279,273	73,680
Title IV-E Adoption Subsidy	93.659		924,018	246,564
Total Foster Care and Adoption Cluster			<u>1,483,840</u>	<u>468,958</u>
Division of Social Services				
Temporary Assistance for Needy Families Cluster				
Administration:				
Temporary Assistance for Needy Families("TANF")	93.558	G1202NCTANF & G1302NCTANF	1,152,305	-
Temporary Assistance for Needy Families	93.558		10,033	-
Direct Benefit Payments:				
Temporary Assistance for Needy Families ("TANF")	93.558	G1202NCTANF & G1302NCTANF	451,838	2,019
Total TANF Cluster			<u>1,614,176</u>	<u>2,019</u>
Direct Benefit Payments:				
Aid to Families with Dependent Children ("AFDC")	93.560		(908)	(145)
Low Income Energy Assistance-Direct Benefit	93.568	G12B1NCLIEA & G13B1NCLIEA	292,082	-
Crisis Intervention Program	93.568	G12B1NCLIEA & G13B1NCLIEA	661,285	-
Administration:				
Promoting Safe & Stable Families	93.556	G1211NCFPCV	4,020	-
Child Support Enforcement	93.563		947,887	27
Refugee Assistance	93.566		320	-
Low Income Energy Assistance	93.568	G12B1NCLIEA & G13B1NCLIEA	84,026	-
Child Welfare Services - Permanency Planning	93.645	G1101NC1400 & G1201NC1400	49,589	2,884
SSBG - Adult Day Care	93.667	G1201NCSOSR & G1301NCSOSR	3,152	-
SSBG - In Home Services	93.667	G1201NCSOSR & G1301NCSOSR	36,135	-
SSBG - Adult Protective Services	93.667	G1201NCSOSR & G1301NCSOSR	7,232	-
SSBG - Other Services	93.667	G1201NCSOSR & G1301NCSOSR	288,947	-
TANF to SSBG	93.667	G1201NCSOSR & G1301NCSOSR	65,049	-
CPS TANF to SSBG	93.667	G1201NCSOSR & G1301NCSOSR	155,002	-
Chafee Foster Care Independence Program	93.674	G1101NC1420 & G1201NC1420	48,766	4,903
Total Division of Social Services			<u>4,256,760</u>	<u>9,688</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
Centers for Medicare and Medicaid Services Passed-Through the N.C. Department of Health and Human Services: Division of Medical Assistance: Direct Benefit Payments: Medical Assistance Program	93.778		81,203,713	44,889,242
Division of Social Services Administration: Medical Assistance Program	93.778	1205NC5ADM & 1305NC5ADM	1,412,799	53,929
Adolescent Parenting Program	93.778	26196	64,037	-
Total Medicaid Cluster			82,680,550	44,943,171
State Children's Insurance Program- NC Health Choice	93.767		48,668	4,273
Total for Centers for Medicare and Medicaid Services			82,729,218	44,947,444
Division of Public Health Immunization Cluster Immunization Action Plan	93.268		34,669	-
Total Immunization Cluster			34,669	-
Division of Public Health Family Planning Title X	93.217		46,993	-
Maternal and Child Health Services Block Grant: Women's Preventive Health (Family Planning)	93.994		22,799	17,102
Child Health (HHS-MCH Block Grant)	93.994		71,310	53,489
Child Health - CFPT (Child Fatality Prevention Team)	93.994		1,282	-
Maternal Health (HMHC)	93.994		6,458	4,844
Care Coordination for Children/CSC	93.994		14,303	10,729
Healthy Communities	93.991		9,640	9,045
Bioterrorism Preparedness and Response	93.069		53,901	-
Capacity Building Mini Grants (Diabetes)	93.283		2,500	-
Local Asthma Efforts	93.070		1,116	-
Total Division of Public Health			264,972	95,208
Total U.S. Department of Health and Human Services			92,755,299	46,663,742
<u>U.S. Department of Justice</u> Passed-through to N.C. Department of Public Safety Governor's Crime Commission Harnett United Pal-2012PSN	16.609	2011-GP-BX-0018	8,754	-
JAG Program Cluster Life Is Fragile Enough-2012	16.738	2012-DJ-BX-0640	27,331	-
Total U.S. Department of Justice			36,086	-

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Grant I.D.</u> <u>Number</u>	<u>Expenditures</u>	
			<u>Federal</u>	<u>State</u>
<u>U.S. Department of Transportation</u>				
Passed-through the N.C. Department of Transportation				
Public Transportation Division				
Planning-Program-Evaluation				
Highway Safety Cluster -Governor's Highway Safety Program	20.602	PT-13-03-04-11 & K8-13-02-22/K2-13-7-11	72,783	-
Division of Aviation				
Airport SWPPP&SPCC 2011	20.108	36237.25.12.3	226	
Airport Runway, Taxi & Apron Rehabilitation & Strengthen	20.108	36237.25.12.1	124,876	
Airport Overlay Zoning	20.108	36237.25.11.1	124,080	-
Community Transportation TDP	20.509	36233.50.3.1 & 36233.5.14.3, 11-CT-040 & 12-CT-040	169,398	42,350
Community Transportation Admin	20.509	36233.50.3.1 & 36233.5.14.3, 11-CT-040 & 12-CT-040	243,364	60,841
<u>Total U.S. Department of Transportation</u>			<u>734,729</u>	<u>103,191</u>
<u>N.C. Dept. of Crime Control and Public Safety</u>				
Division of Emergency Management				
DP6 Generator Switch	97.067	2011-SS-001119	210,751	
State & Local Assistance Emergency Services	97.042	EMPG-2012-37085	24,484	24,484
2011 Homeland Security Exercise	97.067	2011-SS-001119-S01-1161	1,000	-
<u>Total N.C. Dept. of Crime Control and Public Safety</u>			<u>236,235</u>	<u>24,484</u>
<u>N.C. State Board of Elections</u>				
Help America Vote Act				
	90.401	13-2040-02	7,472	-
	39.011		-	-
<u>Total N.C. State Board of Elections</u>			<u>7,472</u>	<u>-</u>
<u>US Department of HUD</u>				
Pass thru N.C. Housing Finance Agency				
Single Family SFR 10	14.239	SFR10-2010-0020	194,147	-
<u>US Department of HUD</u>			<u>194,147</u>	<u>-</u>
<u>N.C. Department of Insurance</u>				
Division of Seniors Health Insurance Information Program				
Medicare Counseling (SHIIP)	93.779	UNKNOWN	5,035	-
<u>Total N.C. Department of Insurance</u>			<u>5,035</u>	<u>-</u>
TOTAL FEDERAL/STATE AWARD EXPENDITURES			102,643,114	46,791,416

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
STATE AWARD EXPENDITURES				
<u>N.C. Department of Administration</u>				
Division of Veterans Affairs				
Veteran Affairs		N/A	\$ -	1,452
<u>Total N.C. Department of Administration</u>			-	<u>1,452</u>
<u>N.C. Department of Correction</u>				
Division of Community Correction				
Harnett Criminal Justice Alliance		RFP42011577	-	53,298
<u>Total N.C. Department of Correction</u>			-	<u>53,298</u>
<u>N.C. Department of Agriculture & Consumer Services</u>				
Division of Structural Pest & Pesticides				
Pesticide Recycling		G40100005413PET	-	1,672
<u>N.C. Department of Agriculture & Consumer Services</u>			-	<u>1,672</u>
<u>N.C. Department of Environment & Natural Resources</u>				
Division of Parks & Recreation				
Anderson Creek Phase I		PARTF 2011-661 DENR#3629	-	50,591
Abandoned MFG Home Removal		4489	-	29,500
<u>N.C. Department of Environment & Natural Resources</u>			-	<u>80,091</u>
<u>N.C. Department of Cultural Resources</u>				
State Aid to Public Libraries		4531	-	161,039
<u>Total N.C. Department of Cultural Resources</u>			-	<u>161,039</u>
<u>N.C. Department of Health and Human Services</u>				
Division of Public Health:				
General Health/State Aid		N/A	-	112,743
Tuberculosis Control		N/A	-	31,226
TB Medical Services		N/A	-	2,743
Environmental Health		N/A	-	4,000
Food and Lodging		N/A	-	8,938
Communicable Disease		N/A	-	4,001
Women's Health Service Fund		N/A	-	5,541
AIDS - State (HIV/STD - State)		N/A		500
HIV/STD Prevention		N/A		40,000
School Nurse Funding Initiative		N/A		150,000
<u>Total Division of Public Health</u>				<u>359,692</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
Division of Aging and Adult Services:				
Direct Benefit Payment:				
Special Assistance to Adults		N/A		911,465
Administration:				
Adult Day Care		N/A		8,288
<u>Total Division of Aging and Adult Services</u>				<u>919,753</u>
Division of Social Services				
Direct Benefit Payment:				
Child Welfare Services - Adoption Subsidy		N/A		424,645
Foster Care At-Risk Maximization		N/A		723
Progress Energy's Neighborhood Fund		N/A	-	5,497
Smart Start		N/A	-	52,000
Social Services Block Grant - State		N/A	-	30,854
State Foster Care Benefits Program		N/A	-	196,097
<u>Total Division of Social Services</u>			-	<u>709,816</u>
<u>Total N.C. Department of Health and Human Services</u>			-	<u>1,989,261</u>
<u>N.C. Division of Child Development</u>				
N.C. Partnership for Children, Inc.				
Parents As Teachers		12-13-202	-	226,185
CCR&R Smart Start		12-13-202	-	17,921
<u>Total N.C. Division of Child Development</u>			-	<u>244,106</u>
<u>N.C. Department of Public Safety</u>				
Division of Juvenile Justice				
CBA-Juvenile Restitution		543-10591	-	118,000
CBA-JCPC ADM		543-11433	-	3,500
Court Psychologist		543-10545	-	4,732
Hillcrest Youth Shelter		543-10534		35,454
Re-Entry-Healthy Choice		543-10619	-	33,623
Re-Entry Family Enrichment		543-11549		44,349
Dunn Pals		543-10647	-	10,000
Teen Court at Risk Youth		543-11764		38,728
<u>N.C. Department of Public Safety</u>			-	<u>288,386</u>
<u>N.C. Department of Transportation</u>				
Passed-Through the N.C. Department of Transportation				
Division of Aviation				
Airport Land Acquisition & Runway Safety		36244.35.4.1 DOT-8		2,393
Bright Water Infr' Structure		WBS:43482 ID# 3021		200,000
Division of Engineering				
Rural Operating Assistance Program (ROAP):				
Work First Transportation Grant		DOT-16CL		31,479
Rural General Public Program (RGP)		3622821.1.1	-	111,502
Elderly and Disabled Transportation				
Assistance Program (EDTAP)		DOT-16CL	-	76,506
<u>Total N.C. Department of Transportation</u>			-	<u>421,880</u>
<u>N.C. Department of Public Instruction:</u>				
Public School Building Capital Fund - Lottery Proceeds			-	<u>3,161,611</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Grant I.D.</u> <u>Number</u>	<u>Expenditures</u>	
			<u>Federal</u>	<u>State</u>
<u>U.S. Department of Agriculture & Rural Development</u>				
Division of Water Quality				
South Central Waste Water 1-B1		N/A	-	1,103,599
South Central Waste Water 1-C1		N/A	-	20,959
South Central Waste Water 1-C2		N/A	-	207,029
<u>U.S. Department of Agriculture & Rural Development</u>			-	<u>1,331,587</u>
<u>N.C. Golden Leaf Foundation</u>				
Bright Water Inf Structure		File#FY2009-004	-	70,000
<u>N.C. Golden Leaf Foundation</u>			-	<u>70,000</u>
TOTAL STATE AWARD EXPENDITURES			-	<u>7,804,382</u>
TOTAL AWARD EXPENDITURES			<u>\$ 102,643,114</u>	<u>\$ 54,595,797</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:**Basis of Presentation**

The Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of Harnett County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are considered federal awards to the County and are included on this schedule.

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

Loans Outstanding:

Harnett County had the following loan balances outstanding at June 30, 2013. Draws on these loans that occurred during the fiscal year are included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant I.D.</u> <u>Number</u>	<u>Outstanding</u>	
North Carolina Department of Environmental Natural Resources				
Erwin Wastewater Revolving Loan	66.458	E-SRF-T-10-0268	\$ 952,753	PU0604
<u>U.S. Department of Agriculture Rural Development</u>				
South Central Waste Water Phase 1-B1	10.760	Loan 12	15,055	PU0703
South Central Waste Water Phase 1-B2	10.760	Loan 14	1,255,987	PU0703
South Central Waste Water Phase 1-C1	10.760	Loan 17	1,268,520	PU0703
South Central Waste Water Phase 1-C2	10.760	Loan 19	451,757	PU0703
Total			<u>\$ 3,944,073</u>	

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