

**HARNETT COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

HARNETT COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION

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December 8, 2017

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, 2017. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin, Starnes & Associates, CPA’s, P.A. and that firm’s unmodified opinion is included in the Financial Section of this report.

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

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

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

HARNETT COUNTY GOVERNMENT PROFILE

The County, formed in 1855, is located in the south central portion of North Carolina. It lies partially in the Coastal Plain and partially in the Piedmont section. Harnett County is the 23rd largest county in the State based on the US Census Bureau's population estimate for 2015 of 128,140. The county seat, the Town of Lillington, has a population of 3,476 while the City of Dunn, the largest municipality located in the County, has a population of 9,723. These two municipalities comprise approximately 10.30% of the total County population.

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

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

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

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

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

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

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

LOCAL ECONOMY

Harnett County is located in the center of North Carolina, on the Cape Fear River. The County's close proximity to the metropolitan areas of Raleigh, Durham, Chapel Hill and Research Triangle Park (RTP), as well as Fayetteville and Fort Bragg, enhances the profitability for business and industry. The State of North Carolina is divided into seven metropolitan statistical areas (MSA's) and Harnett County is located in two of the seven – Cumberland and Wake County. Harnett County is part of the Research Triangle Regional Partnership, an eleven-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.

Agriculture continues to be a key part of Harnett County's economy. Harnett County has a long history in agriculture and as a leader in areas such as poultry production and forestry. The industry has grown by 10% from 2007 to 2012, and a new face of farming has cropped up, from newer family-owned farms pursuing organic and sustainable practices, to those that have shifted from tobacco to other crops, including sweet potatoes, strawberries and greenhouse vegetables. In 2012, the market value of products sold from Harnett County farms exceeded \$190 million. The Harnett County Center of the North Carolina Cooperative Extension partners with communities to deliver education and technology that enrich the farming network.

Campbell University, located in Buies Creek, is one of the largest private institutions of higher education in North Carolina and is home to more than 7,000 students representing all 50 states and more than 40 countries. Campbell maintains campuses in Harnett County, Research Triangle Park, Raleigh, Camp Lejeune and Fort Bragg. The University is known for its high quality education with a low student-teacher ratio. It offers more than 100 undergraduate tracks and majors as well as professional and graduate programs in law, pharmacy and health sciences, business, education, divinity, engineering, nursing and medicine. In 2013, Campbell opened the School of Osteopathic Medicine, the first of its kind in North Carolina and the state's first new medical school in 35 years. Additional health science programs have also been introduced, including the Physician Assistant Program, Master of Public Health and a Doctor of Physical Therapy degree program. Partnering with Harnett Health System for student clinicals and rotations, these programs will provide Harnett County the opportunity to attract and retain the brightest and best healthcare professionals. Additionally, in the Fall of 2016, Campbell began offering Mechanical and Chemical Engineering degrees.

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 Laser and Photonics Technology program whose graduates are highly recruited all over the United States. The Central Carolina Small Business Center operates three centers in Chatham, Harnett and Lee counties. The centers are divergent in geographic location and service niche and respond to business needs by providing counseling and other valuable services to budding entrepreneurs. They also assist companies with 25 or fewer employees that are already in business, but want to become more successful. The College has a new health science building in Lillington to expand the health sciences and curriculum offered to students, as well as a campus in Dunn that offers numerous programs including Culinary Arts. Through partnerships with Central Harnett Hospital, the Campbell University School of Osteopathic Medicine and a variety of companies requiring health care employees, the students will gain valuable internship experience and grow in their skill sets from hands on experience.

The County continues its efforts to broaden the tax base. The County's major economic development volunteer non-profit partner has been restructured and renamed, Harnett County Properties Corporation (HCPC). HCPC works to stimulate, encourage and

promote the economic development of Harnett County by providing services and aid of nature and kind calculated to encourage and facilitate the locating, establishing, building, operating and maintaining of new, existing and additional businesses and industries in the County. Additionally, Harnett County Economic Development added staff and moved to a new location. An expansion of sales tax revenue allowed Harnett County to hire two additional economic developers, adding capacity to assist the department in accomplishing the goals set out in the Economic Development Strategic Plan, which was completed and adopted in 2015. Growth in the County's local economy included the following:

- The 227-acre Western Harnett Industrial Park will be the site of a new Benhaven Elementary School. Also in the Park, Central Carolina Community College will expand in-demand technical skill program offerings in a second building and add University Transfer classes targeting the transitioning military.
- The Harnett County Department of Public Utilities (HCDPU) completed its expansion of the Harnett County Regional Water Treatment Plant, taking the plant's capacity from 24 to 42 million gallons a day (MGD) and making it the largest surface water treatment plant on the Cape Fear River—larger than plants in Fayetteville and Wilmington.
- Harnett County Parks & Recreation opened a new park and community center on the Old Boone Trail School property on Old U.S. 421. The park incorporated the former school's media center, gymnasium and ball fields, and features a picnic shelter, small outdoor basketball court and a walking trail. The community center houses a satellite location of the Harnett County Public Library with nearly 1,000 books as well as newspaper and magazine subscriptions. The site serves as a pickup and drop-off location for reserved books, and offers programs in fitness, arts and crafts, story time, and movies. The idea for the park came about after citizens in the Boone Trail community asked county officials to help them preserve portions of the abandoned school. Local citizens assisted the effort by selling old high school uniforms from the school with proceeds going toward the park.
- The Cape Fear River Park in Erwin continues to attract visitors from across the region to the Cape Fear River. The park is part of the more than 100-mile-long Cape Fear Paddle Trail that ends in Wilmington and features walking trails, river overlooks, restrooms, a shelter and space for outdoor education, and a canoe/kayak access.
- The Economic Development team continues to conduct marketing and sales in the Brightwater Science and Technology Campus as well as the Brightwater Business Park. Harnett Health System opened Central Harnett Hospital in Brightwater Science and Technology Park in 2013 and continues to expand much needed healthcare services. Central Carolina Community College continues to grow its healthcare offerings in their Health Sciences Building also located in the Park. The site continues to be a popular venue for community events and meetings. The balance of the park is marketed to commercial as well as industrial prospects by NAI Carolantic, a renowned commercial real estate firm.

- The 19-acre Brightwater Business Park includes First Choice Community Health Center in its 32,000 square foot facility and East Carolina University's (ECU) nearly 10,000-square-foot facility, which is used to train 4th year dental students.
- Rooms To Go, America's largest independent retailer of home furnishing, opened a 1.45 million-square-foot regional distribution center and retail store along I-95 in Dunn in October 2015. The facilities sales and operations have exceeded expectations with daily sales and distribution of more than 4,000 pieces of furniture.
- Dupree Farms in Angier invested \$2 million and was awarded \$136,000 in grant funds from North Carolina Rural Infrastructure Authority to assist with a water line infrastructure project to expand sweet potato processing operations and add 25 new jobs.
- Boon Edam completed \$1 million building improvements to its manufacturing facility in Lillington. In response to the growing need for security entrances around the world, Boon Edam continues to grow and has added 35 new employees.
- Walmart, the largest retailer in the world, completed construction of a new 190,000 square foot Supercenter on Highway 87. The new store has spurred the growth of another 42,000 square feet of retail space in the same plot of land.
- The City of Dunn continues to invest in its downtown development, building on its \$2.6 million revitalization program, creating the Downtown Development Association and hiring a Downtown Developer to focus on strengthening the mix of businesses downtown while preserving the historical characteristics of the buildings. One such project is the Organic Butcher Shop, receiving a \$25,000 building reuse grant and investing \$173,000 in renovations.
- The I-95 corridor and close proximity to I-40 and other major transportation routes provide a competitive advantage to Harnett County's rapidly growing transportation and distribution industry sector. Efforts are ongoing to identify, develop, and market sites in this area to promote this evolving industry sector.

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 \$31,903,037 or 26.66% of total general fund expenditures and transfers out.

The County's investment in economic development efforts of the past few years continue to result in new investments in the County by new and existing industry. The County's continued aggressive approach to economic development is illustrated in current projects as the County responds to the needs associated with being among the fastest growing counties in the state. These efforts place Harnett County in the forefront of economic development efforts in North Carolina and have prepared our County for investment in a growing economy. Over the next 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 is the newly restructured Harnett County Properties Corporation (formerly Harnett Forward Together Committee).

Highway 87, a four-lane highway continues to see strong growth from the major presence at Fort Bragg as thousands of new residents have chosen homes along the corridor. The United States Army Forces Command Headquarters and the United States Army Reserve Command began operation at Fort Bragg in October, 2011. These headquarters continue to aid in luring defense related companies into the area so they can have strong relationships with the entities who contract for all defense services and support those in uniform. Additional public/private efforts will be required to meet the need not only in western Harnett County but in other areas with access to Fort Bragg and Raleigh.

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

During the fiscal year, the County began one project:

- Essential Family ESFRLP 2016 project deliverables are home rehabilitation of five homes whose owners meet a certain age, income and needs.
- Benhaven This project consists of the design, construction and equipping of an Elementary School to house 881 students in the western portion of the county.
- Government Complex Park This project will be to construct Phase I for the Government Park Complex. The features will include soccer fields, walking trail, cone/kayak water access, baseball fields, observation deck, board walk, access roads, etc.
- Airport Terminal This project will be to upgrade or replace the existing Terminal Building at the Harnett Regional Jetport, which was originally constructed in the early 1980s.

- Dupree Farms - This project consists of the construction of approximately 4,000 linear feet of 6 inch pvc water line to serve the water capacity needs of the Dupree Farms Produce, LLC located in Harnett County.
- Western Harnett Industrial Park (WHIP) Transmission Line - This project consists of construction of approximately 7,320 linear feet of 16 inch ductile iron water line to serve the water capacity need of the new Benhaven Elementary School located in the Western Harnett I Industrial Park off HWY 87 in Harnett County.
- South Central Transmission - This project consists of the construction of approximately 7,500 linear feet of 12 inch ductile iron water line to correct hydraulic deficiencies in the South Central Area of Harnett County.
- North Harnett Wastewater Upgrade - This project consists of the construction of a sludge dewatering system for both alum and waste water sludge at the facility. It also consists of the addition of rotating disc filters and aeration basin anoxic zone mixers for improved treatment capability. These improvements are part of an increase in permitted treatment capacity at the plant from 5.6 MGD to 7.5 MGD.

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

FINANCIAL INFORMATION

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

accrual basis to recognize receivables and payables. The County's Enterprise funds are reported on the full accrual basis in the financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

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

The legal level of control over expenditures is at the department level for the General Fund, Special Revenue funds, and Enterprise funds. The balances in the Capital Reserve Funds will be appropriated when transferred to the General Fund or their respective capital project funds. The County Manager is authorized by the budget ordinance to transfer amounts between line item expenditures within a department without limitation with an official report on such transfers at the next regular meeting of the board of commissioners. These changes should not result in changes in recurring obligations such as salaries. The manager may not transfer amounts between departments of the same fund or transfer amounts between funds or from any contingency appropriation within a fund. All other transfers, as well as any revisions that alter the total expenditures of any fund, require prior approval by the board of commissioners. County management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

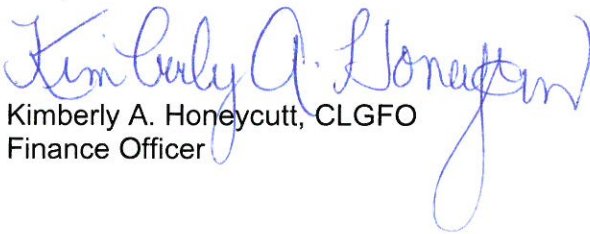
AWARDS AND ACKNOWLEDGMENTS

Harnett County intends to submit this report to the Government Finance Officers Association ("GFOA") for its Certificate of Achievement for Excellence in Financial Reporting Program. This program recognizes governmental units that publish easily read and efficiently organized Comprehensive Annual Financial Reports that conform to program standards. A Certificate of Achievement is the highest form of recognition awarded in the field of government financial reporting. The Government Finance Officers

Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Harnett County for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the twenty-third 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

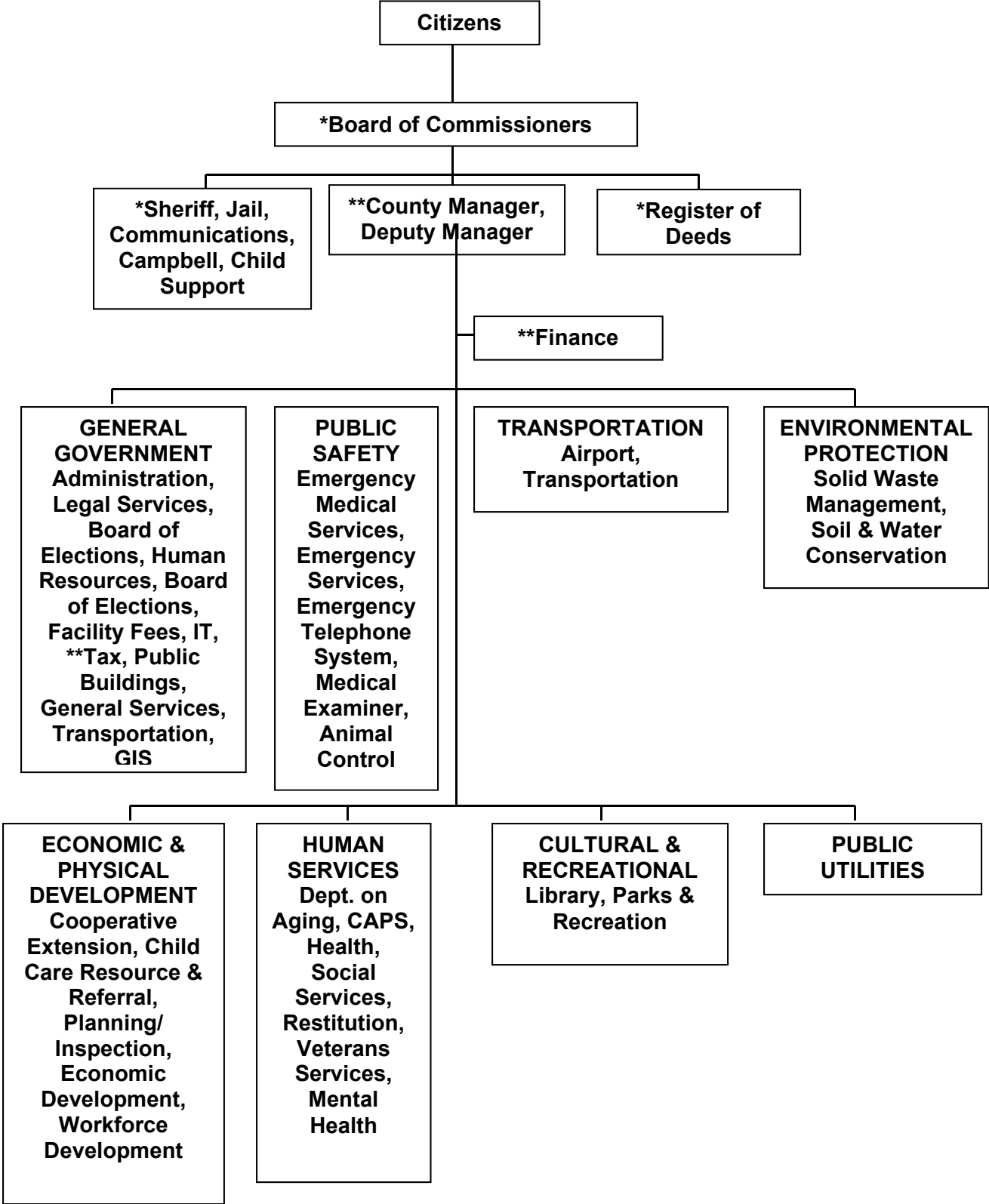
**Harnett County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

**HARNETT COUNTY
ORGANIZATIONAL CHART**



* Elected Positions
** Appointed Positions

HARNETT COUNTY, NORTH CAROLINA

Board of County Commissioners



Barbara McKoy



Abe Elmore



Gordon Springle
Chairman



Joe Miller
Vice-Chairman



Howard Penny

County Officers

Joseph D. Jeffries, *County Manager*

Paula K. Stewart, *Deputy County Manager*

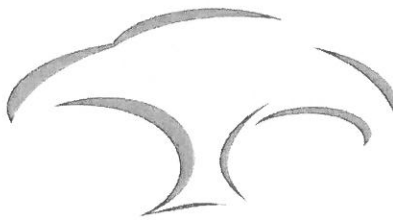
Kimberly A. Honeycutt CLGFO, *Finance Officer*

Allen L. Coats CLGFO, *Deputy Finance Officer*

Wayne A. Coats
Sheriff

Kimberly S. Hargrove
Register of Deeds

Dwight Snow
County Attorney



Harnett
C O U N T Y
NORTH CAROLINA

James Currin
Chairman
Board of Elections

Bain Buzzard & McRae
Public Utilities Attorney

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harnett County's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017, on our consideration of Harnett County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harnett County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harnett County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 8, 2017

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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, 2017. 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.

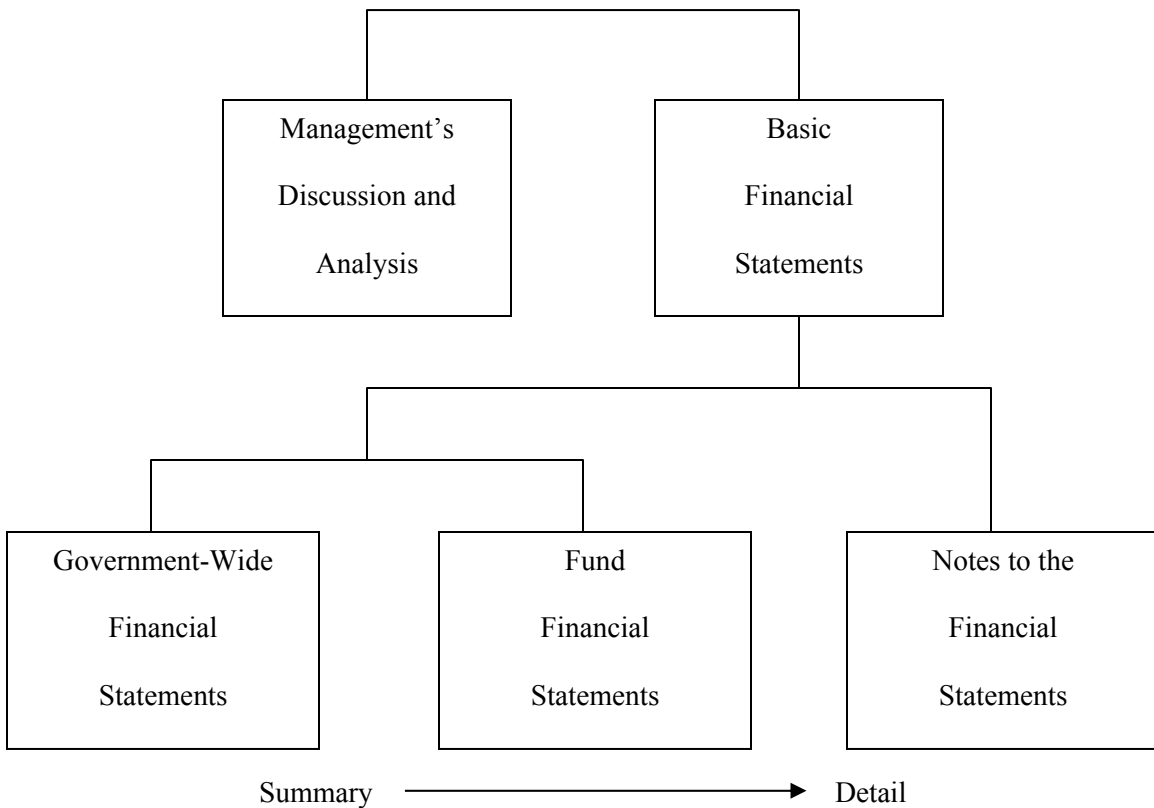
Financial Highlights

- 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 \$339,093,837 (net position).
- The government's total net position increased by \$23,998,421. 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 \$126.6 million in long-term debt associated with assets belonging to the Harnett County Board of Education and the Central Carolina Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a corresponding lower net position amount.
- As of the close of the current fiscal year, Harnett County's governmental funds reported combined ending fund balances of \$83,570,413, an increase of \$34,731,630 in comparison with the prior year. Approximately 38% of this total amount, or \$31,928,767, 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 \$32,547,008, or 27.16%, of total General Fund expenditures for the fiscal year.
- Harnett County's long-term obligations increased by \$12,259,175 (5.65%) during the current fiscal year. This increase was due to the issuance of debt for the Benhaven Elementary School in the current fiscal year.
- Harnett County has Aa2/AA- General Obligation Bond Ratings and Aa3/A+ Limited Obligation Bond and Certificate of Participation Ratings from Moody's Investors Services and Standard and Poor's, respectively. Additionally, while the County no longer has public Revenue Bond debt outstanding, Moody's Investors Service maintains a Revenue Bond rating of Aa3.

Overview of the Financial Statements

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

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Harnett County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well

the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balances. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements directly follow the basic financial statements of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Harnett County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found directly following the notes to the financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$339,093,837 as of June 30, 2017. The County's net position increased by \$23,998,421 for the fiscal year ended June 30, 2017.

The largest portion totaling \$330,044,908 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 \$14,322,814 (4.22%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(5,273,885) is unrestricted.

Harnett County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets						
Cash and cash equivalents	\$ 54,857,947	\$ 42,609,236	\$ 49,756,016	\$ 42,554,499	\$ 104,613,963	\$ 85,163,735
Taxes receivable, net	477,730	565,695	-	-	477,730	565,695
Accounts receivable, net	12,096,005	9,321,831	4,430,350	5,075,077	16,526,355	14,396,908
Due from other governments	8,852,364	10,784,218	125,724	74,439	8,978,088	10,858,657
Internal balance	(1,039,360)	(714,632)	1,039,360	714,632	-	-
Inventories	14,899	19,916	588,671	578,834	603,570	598,750
Prepaid items	240,600	1,575,381	-	33,502	240,600	1,608,883
Restricted assets:						
Cash and cash equivalents	32,198,503	3,926,321	2,046,805	1,975,446	34,245,308	5,901,767
Net pension asset	227,037	288,855	-	-	227,037	288,855
Capital assets:						
Land and construction						
in progress	12,570,397	16,952,109	80,130,489	80,846,209	92,700,886	97,798,318
Other capital assets, net	82,728,146	78,943,424	257,386,200	260,405,600	340,114,346	339,349,024
Total assets	203,224,268	164,272,354	395,503,615	392,258,238	598,727,883	556,530,592
Deferred Outflows of Resources	18,066,104	11,366,941	2,942,876	1,801,094	21,008,980	13,168,035
Liabilities						
Accounts payable	4,903,980	4,552,949	1,343,583	2,459,619	6,247,563	7,012,568
Customer deposits	-	-	2,046,805	1,975,446	2,046,805	1,975,446
Unearned revenue	-	-	153,615	189,525	153,615	189,525
Current portion of						
compensated absences	2,272,576	1,663,556	619,960	369,398	2,892,536	2,032,954
Claims payable - current	929,301	1,031,843	-	-	929,301	1,031,843
Long-term liabilities:						
Non-current portion of						
compensated absences	757,525	554,519	206,653	123,133	964,178	677,652
Claims payable - non-current	1,644,064	1,807,846	-	-	1,644,064	1,807,846
Due in less than one year	14,133,502	13,796,151	3,707,051	4,405,999	17,840,553	18,202,150
Due in more than one year	184,718,354	155,094,079	62,060,665	63,194,290	246,779,019	218,288,369
Total liabilities	209,359,302	178,500,943	70,138,332	72,717,410	279,497,634	251,218,353
Deferred Inflows of Resources	1,052,229	1,755,070	93,163	228,032	1,145,392	1,983,102
Net Position						
Net investment in capital assets	51,770,803	56,107,016	278,274,105	278,517,784	330,044,908	334,624,800
Restricted for:						
Stabilization for State statute	11,366,994	13,589,324	-	-	11,366,994	13,589,324
Register of Deeds	466,062	166,172	-	-	466,062	166,172
General government	35,192	8,987	-	-	35,192	8,987
Education	441,191	9,333	-	-	441,191	9,333
Public safety	2,013,375	1,860,222	-	-	2,013,375	1,860,222
Unrestricted	(55,214,776)	(76,357,772)	49,940,891	42,596,106	(5,273,885)	(33,761,666)
Total net position	\$ 10,878,841	\$ (4,616,718)	\$ 328,214,996	\$ 321,113,890	\$ 339,093,837	\$ 316,497,172

As with many counties in the State of North Carolina, the County's unrestricted net position is low or negative due primarily to the portion of the County's outstanding debt incurred for the County Board of Education (the "school system") and the Central Carolina Community College (CCCC). Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems capital funding by using a mixture of County funds. The assets funded by the County, however, are owned and utilized by the school systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$126.6 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 diligence in the collection of current year property taxes by achieving a collection percentage of 99.46% for real and personal property.
- An increase in sales tax revenue due to the continued recovery of the local economy and legislation which expanded the sales tax base.
- An increase in cash and cash equivalents as a result of the issuance of \$29.5 general obligation bonds issued to fund school construction.
- Continued low cost of debt due to the County's bond rating.

Harnett County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 20,636,171	\$ 20,285,567	\$ 41,971,847	\$ 40,058,106	\$ 62,608,018	\$ 60,343,673
Operating grants and contributions	21,588,997	23,851,134	75,793	268,549	21,664,790	24,119,683
Capital grants and contributions	22,252	73,827	2,218,064	6,430,392	2,240,316	6,504,219
General revenues:						
Property taxes	70,197,361	68,369,184	-	-	70,197,361	68,369,184
Local option sales tax	20,518,531	19,279,814	-	-	20,518,531	19,279,814
Other taxes and licenses	8,538,405	4,778,883	282,599	268,129	8,821,004	5,047,012
Unrestricted intergovernmental	120,415	41,665	-	-	120,415	41,665
Investment earnings	280,826	102,503	2,548	3,491	283,374	105,994
Total revenues	141,902,958	136,782,577	44,550,851	47,028,667	186,453,809	183,811,244
Expenses:						
General government	14,655,806	8,411,583	-	-	14,655,806	8,411,583
Public safety	40,417,079	37,715,350	-	-	40,417,079	37,715,350
Transportation	999,651	927,620	-	-	999,651	927,620
Environmental protection	181,452	182,736	-	-	181,452	182,736
Economic and physical development	4,033,214	3,170,938	-	-	4,033,214	3,170,938
Human services	29,721,428	28,109,695	-	-	29,721,428	28,109,695
Cultural and recreation	2,236,204	1,667,895	-	-	2,236,204	1,667,895
Education	27,934,947	27,328,710	-	-	27,934,947	27,328,710
Interest on long-term debt	4,825,862	5,368,931	-	-	4,825,862	5,368,931
Landfill	-	-	5,338,278	4,741,515	5,338,278	4,741,515
Water and sewer	-	-	32,111,467	31,176,432	32,111,467	31,176,432
Total expenses	125,005,643	112,883,458	37,449,745	35,917,947	162,455,388	148,801,405
Change in net position	16,897,315	23,899,119	7,101,106	11,110,720	23,998,421	35,009,839
Net position, July 1	(4,616,718)	(28,515,837)	321,113,890	310,003,170	316,497,172	281,487,333
Restatement	(1,401,756)	-	-	-	(1,401,756)	-
Net position, July 1	(6,018,474)	(28,515,837)	321,113,890	310,003,170	315,095,416	281,487,333
Net position, June 30	\$ 10,878,841	\$ (4,616,718)	\$ 328,214,996	\$ 321,113,890	\$ 339,093,837	\$ 316,497,172

Governmental Activities. Governmental activities increased the County's net position by \$16,897,315. Key elements of this increase are as follows:

- The most significant impact in the County's change in net position was for the Governmental Activities' Cash and Cash Equivalents which increased to \$54,857,947 or 28.7% over the prior year. One portion of this increase was the result of loan proceeds. On November 4, 2013, the citizens of Harnett County approved a \$100 million dollar bond authorization to be used for school construction. In May 2017, the County issued \$29.5 million for the construction of the Benhaven Elementary School in the western portion of the County.
- The second largest increase in the Governmental Activities Cash and Cash equivalents was due to the Article 44 sales tax revenue received from the expanded sales tax base. The collections recorded this year represented a full year of activity. Funds received under Article 44 are restricted for Education, Community College and Economic Development functions. As a result of this expansion, the County increased the Teacher's Supplement an additional \$1,000.
- Claims payable in more than one year increased due to the debt associated with the \$29.5 million bonds issued for the construction of the Benhaven Elementary School.
- An increase in sales tax revenue of increased 6.6% or \$1,268,415 to \$21,869,162 due to the continued recovery of the local economy and legislation which expanded the sales tax base.
- Expenses for Governmental Activities increased to \$125,005,643 or 10.74% over the prior year and was the result of the new school construction project for the Benhaven Elementary School, the implementation of a salary market study in April, 2017 and the purchase of vehicles for the Sheriff and EMS Departments.
- Property taxes increased \$1,828,177 or 2.7%. The County remains strong in its collection of taxes as evidenced by a collection rate of 99.46%

Business-Type Activities. Business-type activities increased Harnett County's net position by \$7,101,106. Key elements of this increase are as follows:

- Charges for services increased \$1,916,759, or 4.8%, due to an increase in residential water sales, services provided to Moore and Johnston County and sewer sales for Public Utilities. The average number of gallons of water treated by Public Utilities increased 3.5% from 15.3 to 15.8 mgd. The Solid Waste fund also saw an increase in revenue of \$311,292, or 18%, from landfill tipping fees and an increase of \$22,781 or 79% from recycled batteries and scrap metal.
- Capital Grants and Contributions decreased \$4,212,328, or 65.5%. The decrease in revenue reported in this category is due to the reduction in the activity associated with various Public Utilities projects which are closing. The most noted reduction was for the MGD Water Treatment Plant Expansion which recorded a decrease in project expenditures from \$10,745,763 to \$894,513 or 91.7%. The Public Utilities 42 MGD Water Treatment Plant Project consisted of the modification and additions to the existing Harnett Regional Water Treatment Plant to increase the treatment capacity to 42 MGD. It also consisted of modifications to the South Regional Booster Station. This project increased the County's water treatment capacity from 27 to 42 MGD and also increased the hydraulic ability to move water to Moore County and the southwestern area of the County.
- Water and sewer expenditures increased 3% from \$31,176,432 to 32,111,467. Expenditures associated with chemicals, utilities, and treatment costs for Public Utilities as well as the implementation of a salary market study in April 2017 contributed to the increase.

- Landfill expenditures increased 12.6% from \$4,741,515 to \$5,338,278. Expenditures associated with equipment maintenance, landfill operations and the implementation of a salary market study in April 2017 contributed to the increase.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Harnett County. At the end of the current fiscal year, the County's fund balance available in the General Fund was \$32,547,008, while total fund balance reached \$41,847,828, an increase of 5.42%. The increase in the County's fund balance can be contributed to many areas. The tax collection percentage of the County continues to remain a strong point of its strengthening fund balance. For 2017, the County's Tax Collection Rate was 99.46%. The County currently ranks 11th in the state in tax collections. The revenue from the receipt of sales tax increased 6.6%. This increase was due to an increase in sales within the County as well as the change to the sales tax base. Most importantly, this increase can also be contributed to the financial policies which the Board has adopted. The Board, as well as senior management, continue to monitor the County's activities and financial position for ways to improve not only the financial position of the County, but provide services in a more efficient manner. The County's improved financial condition has made it possible to invest idle funds. This activity increased investment earnings for the General Fund from \$97,737 to \$247,493, an increase of 153% over the prior fiscal year. Monthly financial reports are provided to the Board and can be found on the County's homepage under *Open Government*. The County also continuously monitors debt for opportunities to pay down or refinance for savings opportunities. The County currently has an available fund balance of 27.16% of General Fund expenditures and transfers to other funds, while total fund balance represents 34.92% of that same amount.

At June 30, 2017, the governmental funds of Harnett County reported a combined fund balance of \$83,570,413, a 71.11% increase over last year. The primary reason for this increase was due to the increases in the General Fund for various activities, additional restricted funds for Article 46 and Article 44 Local Option Sales Tax, the funding of Capital Funds for the Sheriff, Emergency and Governmental Departments, and the issuance of general obligation bonds for the Benhaven Elementary School project.

Proprietary Funds. Harnett County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Landfill Fund at the end of the fiscal year amounted to \$247,542, and those for the Water and Sewer Fund equaled \$48,653,989. The total growth in net position for both funds was \$800,150 and \$5,976,228, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of Harnett County's business-type activities.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased appropriations by \$5,711,293. Following are the main components of this increase:

- \$1,534,293 for Public Safety expenditures due to the purchase of capital for the Sheriff and EMS Departments.
- \$2,722,333 for Human Services expenditures due to the purchase of vehicles and software which will enhance the efficiency of the Social Services Department. Social Services led the increase in this category as the result of restricted revenues for Day Care Subsidies, Day Care Smart Start and State Foster Care.
- \$471,955 for Cultural and Recreation expenditures. The County expended capital toward the opening of the Boone Trail Community Center and Library. A partnership between the Harnett County Parks & Recreation Department and Harnett County Public Library initiated the renovation of the old Boone Trail School campus which offers recreation and cultural resources and events to the citizens of that community.
- The remaining budget adjustments were for various amounts and across all functional areas of the County and were to fund a market study adjustment that was implemented in April, 2017.

Capital Asset and Debt Administration

Capital Assets. Harnett County's capital assets for its governmental and business-type activities as of June 30, 2017, totals \$432,815,232 (net of accumulated depreciation). These assets include buildings, land, construction in progress, buildings, land improvements, furniture, computer hardware, computer software, fixtures, machinery and equipment, park facilities, vehicles and plant distribution, and collection systems.

Major capital asset transactions during the year include:

- Purchased software for the Tax and Social Services Departments.
- Purchased vehicles for the Sheriff, Emergency Services, Animal Service, Planning and Social Services Departments.
- Addition of construction in progress on water and sewer plant facilities and airport construction projects
- Addition of several contributed water lines

**Harnett County's Capital Assets
(net of depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 6,745,454	\$ 6,745,454	\$ 2,530,526	\$ 2,551,109	\$ 9,275,980	\$ 9,296,563
Plant, distribution, and collection systems	-	-	237,058,463	242,620,545	237,058,463	242,620,545
Buildings	68,416,245	70,134,973	17,157,359	15,686,516	85,573,604	85,821,489
Land improvements	9,825,444	5,652,059	-	-	9,825,444	5,652,059
Furniture, fixtures, and equipment	763,758	493,965	2,439,357	1,329,389	3,203,115	1,823,354
Computer software	906,662	399,368	-	-	906,662	399,368
Vehicles	2,816,037	2,263,059	731,021	769,150	3,547,058	3,032,209
Construction in progress	5,824,943	10,206,655	77,599,963	78,295,100	83,424,906	88,501,755
Total	<u>\$ 95,298,543</u>	<u>\$ 95,895,533</u>	<u>\$ 337,516,689</u>	<u>\$ 341,251,809</u>	<u>\$ 432,815,232</u>	<u>\$ 437,147,342</u>

Additional information on Harnett County's capital assets can be found in Note 2 beginning on page 45 of this report.

Long-Term Debt. As of June 30, 2017, Harnett County had total debt outstanding of \$229,301,798. Of this amount, \$42,095,000 represents general obligation bonds issued by the County's governmental funds and water and sewer districts to fund the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

At June 30, 2017, the County's outstanding debt consisted of:

Harnett County's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Installment purchase	\$ 118,994,621	\$ 130,613,196	\$ 1,923,554	\$ 2,140,437	\$ 120,918,175	\$ 132,753,633
General obligation bonds	29,500,000	-	12,595,000	12,805,000	42,095,000	12,805,000
Capitalized leases	21,516,887	23,558,839	180,836	333,175	21,697,723	23,892,014
Limited obligation bonds	-	-	17,340,000	18,095,000	17,340,000	18,095,000
Special obligation bonds	-	-	1,102,000	1,270,000	1,102,000	1,270,000
Revenue bonds	-	-	10,418,000	11,218,000	10,418,000	11,218,000
State bond loan	-	-	15,730,900	17,008,976	15,730,900	17,008,976
Total	<u>\$ 170,011,508</u>	<u>\$ 154,172,035</u>	<u>\$ 59,290,290</u>	<u>\$ 62,870,588</u>	<u>\$ 229,301,798</u>	<u>\$ 217,042,623</u>

Harnett County's total debt increased by \$12,259,175 (5.65%) during the past fiscal year, primarily due to the issuance of general obligation bonds for the Benhaven Elementary School in the current year.

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

- General Obligation: Moody's – Aa2
Standard & Poor's - AA-
- Revenue: Moody's – Aa3
- COPS/LOBS: Moody's – Aa3
Standard & Poor's - A+

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Harnett County is approximately \$392,394,708.

Additional information on Harnett County's long-term debt can be found in Note 2 beginning on page 49 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Harnett County for the fiscal year ending June 30, 2017, was 4.7 percent, which is a decrease from a rate of 5.4 percent a year ago. Compared to the State average of 4.2 percent for the same period, the County is above the State average.
- The County has an eight year revaluation cycle for residential real property. In the most recent revaluation at January 1, 2009 that was effective for fiscal year 2010, the total assessed value of property in the County continued to increase. From fiscal year 2016 through fiscal year 2017, the total assessed value increased from \$8,150,875,200 to \$8,371,133,125, an increase of 2.70%
- Total sales tax collections continued to increase during the fiscal year ended June 30, 2017 to \$20,518,531 from \$19,279,814 in the year ended June 30, 2016, an increase of 6.40% over last year's collections.
- Harnett County's population continues to grow. The North Carolina Office of State Budget & Management's population estimate for Harnett County increased 2,064 from an estimated 128,783 in 2016 to 130,847 in 2017

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities. Collections from property taxes, sales tax and revenues from sales and services are expected to lead the increase in revenue projections, and the County will use these increases to finance programs currently in place. Harnett County continually evaluates property on a yearly basis. The County's continued aggressive tax collection effort provides an analysis of future income.

Expenditures in the General Fund have been budgeted at \$133,345,324 and include amounts appropriated for interfund transfers and debt service. The budget increased \$5,352,376 over the fiscal year ended 2017 budget due to the full year implementation of the Springsted Salary Study, an increase in the Teacher Retention Bonus and transfers to the Capital Reserve Fund for capital purchases. The County has adopted a five-year capital plan for the General Fund. This pro-active plan addresses upcoming capital needs and the transfer of funds to meet these needs. The 2017-2018 budget contains an increase in forecast estimates for sales tax and growth. Departments have been asked to continue to find ways to improve efficiency while managing expenses. Harnett County has been identified by the US Census Bureau as the number one micro area in the country, having gained more new residents in the past 15 months ending July 2011 than any other micro area in the nation. The County is currently the fifth fastest growing County in North Carolina. The County stands poised in terms of job creation and service expansion as evidenced by the Highway 421 medical corridor and its pending and ongoing construction. The Board of Commissioners understands this growth and the potential impact it has upon the County. The 2018 Budget contains no appropriation from fund balance.

Business-Type Activities. The flat rate residential water and sewer rates for the 2017-2018 fiscal year increased remained unchanged over the prior year while bulk rate water and sewer rates and reconnect fees increased. The rates for household solid waste and recycling fee remained unchanged. The landfill tipping fee increased for construction and demolition debris as well as the addition of new fees for surcharges and citations. A new Landfill fee for 2017-2018 was added as the County will begin selling screened mulch. Expenditures for public utilities and solid waste for the fiscal year have been budgeted at \$38,208,212 and \$5,677,448 respectively. These budgeted expenditures will cover personnel, supplies, and operating costs associated with the increasing demand for utility and landfill services due to growth.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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

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HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 54,857,947	\$ 49,756,016	\$ 104,613,963
Taxes receivable, net	477,730	-	477,730
Accounts receivable, net	12,096,005	4,430,350	16,526,355
Due from other governments	8,852,364	125,724	8,978,088
Internal balance	(1,039,360)	1,039,360	-
Inventories	14,899	588,671	603,570
Prepaid items	240,600	-	240,600
Restricted assets:			
Cash and cash equivalents	32,198,503	2,046,805	34,245,308
Total current assets	107,698,688	57,986,926	165,685,614
Non-current assets:			
Net pension asset	227,037	-	227,037
Capital assets:			
Land and construction in progress	12,570,397	80,130,489	92,700,886
Other capital assets, net	82,728,146	257,386,200	340,114,346
Total non-current assets	95,525,580	337,516,689	433,042,269
Total assets	203,224,268	395,503,615	598,727,883
Deferred Outflows of Resources:			
Contributions to pension plan in current fiscal year	2,626,603	425,612	3,052,215
Pension deferrals	7,098,632	1,240,813	8,339,445
Charge on refunding	8,340,869	1,276,451	9,617,320
Total deferred outflows of resources	18,066,104	2,942,876	21,008,980
Liabilities:			
Current liabilities:			
Accounts payable	4,903,980	1,343,583	6,247,563
Customer deposits payable from restricted assets	-	2,046,805	2,046,805
Unearned revenues	-	153,615	153,615
Current portion of compensated absences	2,272,576	619,960	2,892,536
Claims payable current	929,301	-	929,301
Total current liabilities	8,105,857	4,163,963	12,269,820
Long-term liabilities:			
Non-current portion of compensated absences	757,525	206,653	964,178
Claims payable, non-current	1,644,064	-	1,644,064
Due within one year	14,133,502	3,707,051	17,840,553
Total pension liability - LEOSSA	2,442,174	-	2,442,174
Net pension liability - LGERS	10,958,666	1,933,883	12,892,549
Due in more than one year	171,317,514	60,126,782	231,444,296
Total liabilities	209,359,302	70,138,332	279,497,634
Deferred Inflows of Resources:			
Pension deferrals	585,337	93,163	678,500
Prepaid taxes	466,892	-	466,892
Total deferred inflows of resources	1,052,229	93,163	1,145,392
Net Position:			
Net investment in capital assets	51,770,803	278,274,105	330,044,908
Restricted for:			
Stabilization by State statute	11,366,994	-	11,366,994
Register of Deeds' pension plan	299,077	-	299,077
Register of Deeds	166,985	-	166,985
General government	35,192	-	35,192
Education	441,191	-	441,191
Public safety	2,013,375	-	2,013,375
Unrestricted	(55,214,776)	49,940,891	(5,273,885)
Total net position	\$ 10,878,841	\$ 328,214,996	\$ 339,093,837

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 14,655,806	\$ 8,004,787	\$ 1,510,115	\$ 22,252
Public safety	40,417,079	8,525,597	579,565	-
Transportation	999,651	2,943	660,431	-
Environmental protection	181,452	2,400	22,915	-
Economic and physical development	4,033,214	24,814	34,825	-
Human services	29,721,428	4,023,634	18,612,304	-
Cultural and recreational	2,236,204	51,996	168,442	-
Education	27,934,947	-	400	-
Interest on long-term debt	4,825,862	-	-	-
Total governmental activities	<u>125,005,643</u>	<u>20,636,171</u>	<u>21,588,997</u>	<u>22,252</u>
Business-Type Activities:				
Water and sewer	32,111,467	36,144,401	-	2,218,064
Solid waste	5,338,278	5,827,446	75,793	-
Total business-type activities	<u>37,449,745</u>	<u>41,971,847</u>	<u>75,793</u>	<u>2,218,064</u>
Total primary government	<u>\$ 162,455,388</u>	<u>\$ 62,608,018</u>	<u>\$ 21,664,790</u>	<u>\$ 2,240,316</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, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (5,118,652)	\$ -	\$ (5,118,652)
Public safety	(31,311,917)	-	(31,311,917)
Transportation	(336,277)	-	(336,277)
Environmental protection	(156,137)	-	(156,137)
Economic and physical development	(3,973,575)	-	(3,973,575)
Human services	(7,085,490)	-	(7,085,490)
Cultural and recreational	(2,015,766)	-	(2,015,766)
Education	(27,934,547)	-	(27,934,547)
Interest on long-term debt	(4,825,862)	-	(4,825,862)
Total governmental activities	<u>(82,758,223)</u>	<u>-</u>	<u>(82,758,223)</u>
Business-Type Activities:			
Water and sewer	-	6,250,998	6,250,998
Solid waste	-	564,961	564,961
Total business-type activities	<u>-</u>	<u>6,815,959</u>	<u>6,815,959</u>
Total primary government	<u>(82,758,223)</u>	<u>6,815,959</u>	<u>(75,942,264)</u>
General Revenues:			
Ad valorem taxes	70,197,361	-	70,197,361
Local option sales tax	20,518,531	-	20,518,531
Other taxes and licenses	8,538,405	282,599	8,821,004
Unrestricted intergovernmental revenues	120,415	-	120,415
Interest earned on investments, unrestricted	280,826	2,548	283,374
Total general revenues	<u>99,655,538</u>	<u>285,147</u>	<u>99,940,685</u>
Change in net position	<u>16,897,315</u>	<u>7,101,106</u>	<u>23,998,421</u>
Net Position:			
Beginning of year - July 1	(4,616,718)	321,113,890	316,497,172
Restatement	(1,401,756)	-	(1,401,756)
Beginning of year - restated	<u>(6,018,474)</u>	<u>321,113,890</u>	<u>315,095,416</u>
End of year - June 30	<u>\$ 10,878,841</u>	<u>\$ 328,214,996</u>	<u>\$ 339,093,837</u>

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

HARNETT COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Benhaven Elementary School	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and investments	\$ 36,150,136	\$ 454,690	\$ 7,527,372	\$ 44,132,198
Taxes receivable, net	384,652	-	93,078	477,730
Accounts receivable, net	9,784,005	-	2,298,419	12,082,424
Due from other funds	215,797	-	-	215,797
Due from other governments	8,852,364	-	-	8,852,364
Inventories	14,899	-	-	14,899
Prepaid items	217,346	-	4,212	221,558
Restricted assets:				
Restricted cash and cash equivalents	-	30,470,773	1,727,730	32,198,503
Total assets	<u>\$ 55,619,199</u>	<u>\$ 30,925,463</u>	<u>\$ 11,650,811</u>	<u>\$ 98,195,473</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,136,236	-	\$ 544,814	\$ 3,681,050
Due to other funds	-	-	215,797	215,797
Total liabilities	<u>3,136,236</u>	<u>-</u>	<u>760,611</u>	<u>3,896,847</u>
Deferred Inflows of Resources:				
Prepaid taxes	466,892	-	-	466,892
Unavailable revenue	9,783,591	-	-	9,783,591
Property tax receivable	384,652	-	93,078	477,730
Total deferred inflows of resources	<u>10,635,135</u>	<u>-</u>	<u>93,078</u>	<u>10,728,213</u>
Fund Balances:				
Non-spendable:				
Inventories	14,899	-	-	14,899
Prepaid items	217,346	-	4,212	221,558
Restricted:				
Restricted for stabilization for State statute	9,068,575	-	2,298,419	11,366,994
Restricted for Register of Deeds	-	-	166,985	166,985
Restricted for general government	-	-	1,491,830	1,491,830
Restricted for education	-	30,925,463	257,593	31,183,056
Restricted for public safety	-	-	2,013,375	2,013,375
Committed	-	-	181,634	181,634
Assigned	-	-	5,001,315	5,001,315
Unassigned	32,547,008	-	(618,241)	31,928,767
Total fund balances	<u>41,847,828</u>	<u>30,925,463</u>	<u>10,797,122</u>	<u>83,570,413</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 55,619,199</u>	<u>\$ 30,925,463</u>	<u>\$ 11,650,811</u>	<u>\$ 98,195,473</u>

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

HARNETT COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Total Governmental Funds
	<u> </u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - modified accrual	\$ 83,570,413
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	95,298,543
Net pension asset	227,037
Net pension liability	(10,958,666)
Benefit payments for LEOSA are deferred outflows of resources on the Statement of Net Position.	204,750
Contributions to pension plans in the current fiscal year and pension related deferrals are deferred outflows of resources on the Statement of Net Position.	2,626,603
Pension related deferrals	6,308,545
Deferred outflow related to bond refunding not available to pay for current-period expenditures and, therefore, are deferred in the funds.	8,340,869
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	(173,754,104)
Compensated absences	(3,030,101)
Accrued interest payable	(391,923)
Other post-employment benefits	(11,696,912)
Total pension liability	(2,442,174)
Consolidation of Internal Service Fund	6,314,640
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>10,261,321</u>
Net position of governmental activities (Exhibit A)	<u>\$ 10,878,841</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, 2017

	<u>General</u>	<u>Benhaven Elementary School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 62,973,475	\$ -	\$ 7,311,851	\$ 70,285,326
Other taxes and licenses	21,778,254	-	7,278,682	29,056,936
Unrestricted intergovernmental revenues	120,415	-	-	120,415
Restricted intergovernmental revenues	21,695,126	-	1,178,633	22,873,759
Permits and fees	2,338,308	-	1,207,563	3,545,871
Sales and services	7,525,480	-	79,300	7,604,780
Investment earnings	248,007	19,351	13,468	280,826
Other general revenues	3,639,506	-	-	3,639,506
Total revenues	<u>120,318,571</u>	<u>19,351</u>	<u>17,069,497</u>	<u>137,407,419</u>
Expenditures:				
Current:				
General government	12,827,389	-	942,221	13,769,610
Public safety	29,886,464	-	9,754,304	39,640,768
Transportation	436,495	-	-	436,495
Environmental protection	181,452	-	-	181,452
Economic and physical development	3,763,405	-	101,475	3,864,880
Human services	29,235,907	-	-	29,235,907
Cultural and recreation	2,131,641	-	-	2,131,641
Education	23,716,169	1,123,557	3,095,221	27,934,947
Debt service:				
Principal repayments	13,660,527	-	-	13,660,527
Interest and fees	3,849,231	-	-	3,849,231
Total expenditures	<u>119,688,680</u>	<u>1,123,557</u>	<u>13,893,221</u>	<u>134,705,458</u>
Revenues over (under) expenditures	<u>629,891</u>	<u>(1,104,206)</u>	<u>3,176,276</u>	<u>2,701,961</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	29,500,000	-	29,500,000
Premium issued	-	2,529,669	-	2,529,669
Transfers to other funds	(161,234)	-	(2,053,728)	(2,214,962)
Transfers from other funds	1,682,565	-	532,397	2,214,962
Total other financing sources (uses)	<u>1,521,331</u>	<u>32,029,669</u>	<u>(1,521,331)</u>	<u>32,029,669</u>
Net change in fund balances	2,151,222	30,925,463	1,654,945	34,731,630
Fund Balances:				
Beginning of year - July 1	<u>39,696,606</u>	<u>-</u>	<u>9,142,177</u>	<u>48,838,783</u>
End of year - June 30	<u>\$ 41,847,828</u>	<u>\$ 30,925,463</u>	<u>\$ 10,797,122</u>	<u>\$ 83,570,413</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, 2017

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) \$ 34,731,630

Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes	(87,965)
Ambulance/other miscellaneous revenues	2,745,802

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.	(2,204,108)
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Change in deferred outflow - pension	7,216,426
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Change in deferred inflows - pension	768,118
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Change in net pension liability	(8,707,754)
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Benefit payments for LEOSA are deferred outflows of resources on the Statement of Net Position.	204,750
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Expenses related to accrued interest and prepaid tax penalties that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(49,868)
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Deferred charge related to refunded debt that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(926,763)
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Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	3,341,886
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Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,938,876)
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Principal repayments and refunding of debt are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	13,660,527
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Consolidation of Internal Service Fund	2,173,179
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Premium from the issuance of debt and the issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, proceeds from the issuance of debt are not a revenue, rather they are an increase in liabilities.	<u>(32,029,669)</u>
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Change in net position of governmental activities (Exhibit B)	<u>\$ 16,897,315</u>
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The accompanying notes are an integral part of the financial statements.

HARNETT COUNTY, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Over/Under</u>
Revenues:				
Ad valorem taxes	\$ 61,495,385	\$ 61,495,385	\$ 62,973,475	\$ 1,478,090
Other taxes and licenses	20,258,522	22,432,522	21,778,254	(654,268)
Unrestricted intergovernmental revenues	45,000	45,000	120,415	75,415
Restricted intergovernmental revenues	19,555,352	21,624,667	21,695,126	70,459
Permits and fees	2,763,902	2,774,352	2,338,308	(436,044)
Sales and services	9,326,332	9,336,373	7,525,480	(1,810,893)
Investment earnings	30,830	30,830	248,007	217,177
Other general revenues	3,887,736	4,504,973	3,639,506	(865,467)
Total revenues	<u>117,363,059</u>	<u>122,244,102</u>	<u>120,318,571</u>	<u>(1,925,531)</u>
Expenditures:				
General government	14,796,430	15,439,612	12,827,389	2,612,223
Public safety	30,061,149	31,595,442	29,886,464	1,708,978
Transportation	428,308	506,990	436,495	70,495
Environmental protection	185,799	198,199	181,452	16,747
Economic and physical development	4,144,165	4,330,107	3,763,405	566,702
Human services	29,268,192	31,990,525	29,235,907	2,754,618
Cultural and recreation	1,907,444	2,379,399	2,131,641	247,758
Education	23,531,983	23,722,105	23,716,169	5,936
Debt service:				
Principal repayments	13,312,149	13,664,149	13,660,527	3,622
Interest and fees	4,329,615	3,849,999	3,849,231	768
Total expenditures	<u>121,965,234</u>	<u>127,676,527</u>	<u>119,688,680</u>	<u>7,987,847</u>
Revenues over (under) expenditures	<u>(4,602,175)</u>	<u>(5,432,425)</u>	<u>629,891</u>	<u>6,062,316</u>
Other Financing Sources (Uses):				
Transfers to other funds	(66,667)	(261,283)	(161,234)	100,049
Transfers from other funds	2,518,388	646,756	1,682,565	1,035,809
Long-term debt issued	1,682,000	1,682,000	-	(1,682,000)
Appropriated fund balance	468,454	3,364,952	-	(3,364,952)
Total other financing sources (uses)	<u>4,602,175</u>	<u>5,432,425</u>	<u>1,521,331</u>	<u>(3,911,094)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,151,222</u>	<u>\$ 2,151,222</u>
Fund Balance:				
Beginning of year - July 1			<u>39,696,606</u>	
End of year - June 30			<u>\$ 41,847,828</u>	

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Enterprise Funds		Total	Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund		
Assets:				
Current assets:				
Cash and cash investments	\$ 47,728,803	\$ 2,027,213	\$ 49,756,016	\$ 10,725,749
Accounts receivable, net	4,307,100	123,250	4,430,350	13,581
Restricted intergovernmental receivables	-	125,724	125,724	-
Prepaid items	-	-	-	19,042
Inventory	588,671	-	588,671	-
Restricted assets:				
Cash and investments, restricted	2,046,805	-	2,046,805	-
Total current assets	<u>54,671,379</u>	<u>2,276,187</u>	<u>56,947,566</u>	<u>10,758,372</u>
Non-current assets:				
Land and construction in progress	78,806,906	1,323,583	80,130,489	-
Other capital assets, net	251,877,790	5,508,410	257,386,200	-
Total non-current assets	<u>330,684,696</u>	<u>6,831,993</u>	<u>337,516,689</u>	<u>-</u>
Total assets	<u>385,356,075</u>	<u>9,108,180</u>	<u>394,464,255</u>	<u>10,758,372</u>
Deferred Outflows of Resources:				
Contributions to pension plan in current fiscal year	368,864	56,748	425,612	-
Pension deferrals	1,075,372	165,441	1,240,813	-
Charge on refunding	1,276,451	-	1,276,451	-
Total deferred outflows of resources	<u>2,720,687</u>	<u>222,189</u>	<u>2,942,876</u>	<u>-</u>
Liabilities and Net Assets:				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	517,174	325,445	842,619	831,007
Claims payable	-	-	-	929,301
Accrued interest	489,398	11,566	500,964	-
Prepaid fees	107,604	46,011	153,615	-
Customer deposits payable from restricted assets	2,046,805	-	2,046,805	-
Compensated absences, current	547,413	72,547	619,960	-
Current portion of long-term debt	3,228,527	478,524	3,707,051	-
Total current liabilities	<u>6,936,921</u>	<u>934,093</u>	<u>7,871,014</u>	<u>1,760,308</u>
Non-current liabilities:				
Compensated absences, non-current	182,471	24,182	206,653	-
Claims payable	-	-	-	1,644,064
Non-current portion of long-term debt	54,466,976	3,645,097	58,112,073	-
Other post-employment benefits	1,813,987	200,722	2,014,709	-
Net pension liability	1,676,032	257,851	1,933,883	-
Total non-current liabilities	<u>58,139,466</u>	<u>4,127,852</u>	<u>62,267,318</u>	<u>1,644,064</u>
Total liabilities	<u>65,076,387</u>	<u>5,061,945</u>	<u>70,138,332</u>	<u>3,404,372</u>
Deferred Inflows of Resources:				
Pension deferrals	80,742	12,421	93,163	-
Net Position:				
Net investment in capital assets	274,265,644	4,008,461	278,274,105	-
Unrestricted	48,653,989	247,542	48,901,531	7,354,000
Total net position	<u>\$ 322,919,633</u>	<u>\$ 4,256,003</u>	<u>327,175,636</u>	<u>\$ 7,354,000</u>
Adjustment to reflect consolidation of internal service funds			1,039,360	
Net position			<u>\$ 328,214,996</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, 2017

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Operating Revenues:				
Charges for services	\$ 32,971,570	\$ 5,726,081	\$ 38,697,651	\$ -
Water and sewer taps	293,954	-	293,954	-
Johnson County	3,703	-	3,703	-
County contributions	-	-	-	14,136,171
Other operating revenues	2,600,404	51,407	2,651,811	-
Total operating revenues	<u>35,869,631</u>	<u>5,777,488</u>	<u>41,647,119</u>	<u>14,136,171</u>
Operating Expenses:				
Water distribution and sewage treatment	20,843,978	-	20,843,978	-
Solid waste	-	4,684,887	4,684,887	-
Benefits and premiums	-	-	-	11,638,264
Depreciation	9,488,101	584,770	10,072,871	-
Total operating expenses	<u>30,332,079</u>	<u>5,269,657</u>	<u>35,601,736</u>	<u>11,638,264</u>
Operating income (loss)	<u>5,537,552</u>	<u>507,831</u>	<u>6,045,383</u>	<u>2,497,907</u>
Non-Operating Revenues (Expenses):				
Miscellaneous	-	75,793	75,793	-
Solid waste disposal tax	-	282,599	282,599	-
Interest earned on investments	-	2,548	2,548	-
Interest and fees	(1,779,388)	(68,621)	(1,848,009)	-
Total non-operating revenues (expenses)	<u>(1,779,388)</u>	<u>292,319</u>	<u>(1,487,069)</u>	<u>-</u>
Income (loss) before capital contributions	3,758,164	800,150	4,558,314	2,497,907
Capital contributions	<u>2,218,064</u>	<u>-</u>	<u>2,218,064</u>	<u>-</u>
Change in net position	5,976,228	800,150	6,776,378	2,497,907
Net Position:				
Beginning of year - July 1	<u>316,943,405</u>	<u>3,455,853</u>		<u>4,856,093</u>
End of year - June 30	<u>\$ 322,919,633</u>	<u>\$ 4,256,003</u>		<u>\$ 7,354,000</u>
Adjustment to reflect consolidation of internal service funds			<u>324,728</u>	
Change in net position			<u>\$ 7,101,106</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, 2017

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 35,904,195	\$ 5,744,665	\$ 41,648,860	\$ 14,305,569
Cash paid for goods and services	(13,848,692)	(3,556,620)	(17,405,312)	(11,853,163)
Cash paid to employees for services	(7,937,785)	(1,027,035)	(8,964,820)	-
Other revenues	-	358,392	358,392	-
Customer deposits received	71,359	-	71,359	-
Net cash provided (used) by operating activities	<u>14,189,077</u>	<u>1,519,402</u>	<u>15,708,479</u>	<u>2,452,406</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,485,679)	(820,738)	(3,306,417)	-
Principal paid on long-term debt	(3,113,936)	(466,362)	(3,580,298)	-
Interest and fees	(1,779,388)	(68,621)	(1,848,009)	-
Capital contributions	296,573	-	296,573	-
Net cash provided (used) for capital and related financing activities	<u>(7,082,430)</u>	<u>(1,355,721)</u>	<u>(8,438,151)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	-	2,548	2,548	-
Net increase (decrease) in cash and cash equivalents	7,106,647	166,229	7,272,876	2,452,406
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>42,668,961</u>	<u>1,860,984</u>	<u>44,529,945</u>	<u>8,273,343</u>
End of year - June 30	<u>\$ 49,775,608</u>	<u>\$ 2,027,213</u>	<u>\$ 51,802,821</u>	<u>\$ 10,725,749</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 5,537,552	\$ 507,831	\$ 6,045,383	\$ 2,497,907
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	9,488,101	584,770	10,072,871	-
Other revenues	-	358,392	358,392	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(22,538)	(14,928)	(37,466)	156,117
(Increase) decrease in deferred outflow	159,557	-	159,557	-
Increase (decrease) in accounts payable and accrued liabilities	(2,121,606)	(36,595)	(2,158,201)	(185,357)
Increase (decrease) in prepaid items	33,502	-	33,502	(16,261)
Increase (decrease) in unearned revenues	(18,016)	(17,894)	(35,910)	-
(Increase) decrease in inventory	(9,837)	-	(9,837)	-
Increase (decrease) in customer deposits	71,359	-	71,359	-
Increase deferred outflows - pension	(1,127,828)	(173,512)	(1,301,340)	-
Increase in net pension liability	1,322,320	203,434	1,525,754	-
Decrease deferred inflows - pension	(116,886)	(17,983)	(134,869)	-
Increase (decrease) in accrued vacation pay	729,884	96,729	826,613	-
Increase (decrease) in OPEB payable	263,513	29,158	292,671	-
Net cash provided (used) by operating activities	<u>\$ 14,189,077</u>	<u>\$ 1,519,402</u>	<u>\$ 15,708,479</u>	<u>\$ 2,452,406</u>
Non-Cash Transactions:				
Contributed capital from developers	<u>\$ 3,051,917</u>	<u>\$ -</u>	<u>\$ 3,051,917</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, 2017

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ <u>279,003</u>
Liabilities:	
Accounts payable	\$ <u>279,003</u>

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. Summary of Significant Accounting Policies

The accounting principles of Harnett County (the ‘County’) and its component units conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners is one of the 100 counties established in North Carolina under North Carolina General Statutes (“G.S.”) 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the basic financial statements. The blended component units, although they are legally separate entities, are in substance, part of the County’s operations.

Blended Component Units

Harnett Water and Sewer Districts

Harnett County Water and Sewer Districts (the “Districts”) exist to provide and maintain a water system for the County residents within the Districts. Under State law G.S. 162A-89J, the County’s Board of Commissioners also serves as the governing board for the Districts. Therefore, the Districts are reported as enterprise funds in the County’s financial statements.

The County has the following nine water and sewer districts, which are accounted for as enterprise funds:

Northeast Metro Water and Sewer District	Southwest Water and Sewer District
Bunnlevel/Riverside Water and Sewer District	South Central Water and Sewer District
Southeast Water and Sewer District	West Central Water and Sewer District
East Central Water and Sewer District	Northwest Water and Sewer District
Riverside Water and Sewer District	

The County entered into an agreement during fiscal year 1998, with each District and which will encompass additional Districts as they are created, that transferred all assets, liabilities (excluding bond indebtedness, loans, and installment notes, along with accrued interest payable), operational rights, and responsibilities to the County. In consideration for this agreement, along with related accrued interest payables, the County agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The County maintains the Districts' assets, provides water and sewer operations and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County's financial statements reflect the assets and debts in the Harnett County Public Utilities Fund. The Board of Commissioners sits as the Board of each District. No separate financial statements are issued by these Districts as they have no operations, only certain outstanding debt that is paid on their behalf by the County pursuant to the agreement noted above.

Other Component Unit

Harnett County Industrial Facility and Pollution Control Financing Authority

Harnett County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member Board of Commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements. The Statement of New Position and the Statement of Activities display information about the primary government (the County). These statements include financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues included (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds, if any, are aggregated and reported as nonmajor funds.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. The General Fund is the County's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Benhaven Elementary School. It accounts for the construction of the new Benhaven Elementary School.

The County reports the following nonmajor governmental funds:

Special Revenue Funds. The special revenue funds account for the proceeds of special revenue sources that are legally restricted to the expenditure for special purposes. All of these funds are following special revenue funds: Article 44 *524; Article 46 Sales Tax; Special Districts; Emergency Telephone System; Emergency Radio System; Automation Enhancement & Preservation; Emergency Response Planning; Sheriff's Execution; Wings over Harnett; WIA Youth Program; Asset Forfeiture; Law Enforcement; Veterans Park, Veterans Court, and Electronics Management.

Capital Project Funds. The capital project funds account for financial resources to be used for the acquisition or construction of major capital facilities. The County reports the following capital project funds: Highland Middle School; Jetport Runway; Taxiway and Apron Rehabilitation; Runway 5 Approach Clearance; Airport Capital Reserve; Airport Drainage Outfall; Radio Upgrade; Jetport terminal; Sherriff Training Facility; Article 46 School Capital Project; QSCB 2012 Capital Project; and QSCB 2016 Capital Project.

The County reports all enterprise funds as major. Harnett County maintains one enterprise fund to account for the operations of the water and sewer districts. The County maintains nine additional funds to account for the debt service for each district. The County maintains a separate enterprise fund for the operations of the landfill. The County's enterprise funds consist of the following:

Harnett County Public Utilities Fund. The Harnett County Public Utilities Fund is used to account for the operations of the nine water and sewer districts, which provide water and sewer to the residents of the County.

Individual Water and Sewer Funds. The individual water and sewer funds are used to account for the debt service for each of the water and sewer districts. These funds are consolidated with the Public Utilities Fund for reporting. These funds are the Northeast Metro Water and Sewer District, the South Central Water and Sewer District, the West Central Water and Sewer District, the Northwest Water and Sewer District, the Southwest Water and Sewer District, the Bunnlevel/Riverside Water and Sewer District, the Southeast Water and Sewer District, the East Central Water and Sewer District, and Riverside Water and Sewer District.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Dupree Farms, WHIP Transmission Line, South Central Transmission Line Project; North Harnett WW Upgrade Project; Fort Bragg Water & Wastewater Project; South Central Wastewater 1B-2 Project; Brightwater Infrastructure Project; Campbell Osteopathic; MGD Water Treatment Plant Extension; and West Central Transmission Project.

Solid Waste Management Fund. The Solid Waste Management Fund is used to account for the operations of the Harnett County Landfill.

Agency Funds. The agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets held by the County as an agent on behalf of others. The County maintains five agency funds: the Social Services Trust Fund, which account for monies deposited with the Department of Social Services for the benefit of certain individuals; the 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 Fund, 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 Fund, which accounts for the collection and payment of fines and forfeitures to the Board of Education.

Internal Service Funds. The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, on a cost-reimbursement basis. Harnett County has six internal services funds: the Workers' Compensation Fund, the Group Insurance Fund, the Employee Clinic Fund, the Medical Insurance Fund, the Dental Insurance Fund and the Unemployment Insurance Fund. The Workers' Compensation Fund is used to account for the County's decision to finance workers' compensation insurance coverage internally rather than through a private insurance carrier. The Employee Clinic Fund is used to account for operations at the clinic that is exclusively for employees of Harnett County. The Medical Insurance Fund is used to account for the claims and payments for self-insured health insurance within the County. The Dental Insurance Fund is used to account for dental insurance premiums and payments for employees of the County. The Unemployment Insurance Fund is used to account for the funds set aside for unemployment claims processed by the North Carolina Department of Commerce, Division of Employment Security. The Group Insurance Fund is used to account for liabilities that have been incurred from prior years when the County was previously fully insured.

Internal services funds are accounted for in the governmental activities in the government-wide financial statements and the individual fund data is provided in the Internal Service Fund section of the report.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the current financial resources measurement focus and the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported under the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because they amount is not susceptible to accrual. As June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year to which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because, generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. Formal budgetary accounting is employed as a management control for all fund of the County. Annual budget ordinances are adopted each fiscal year, and amended as required, for the General Fund, all special revenues funds and for the enterprise funds. All annual appropriation lapse at the fiscal year-end. Project ordinances are adopted for the capital project funds. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions.

The Workers' Compensation Fund, Employee Clinic Fund, Self-Insurance Fund, Dental Insurance Fund, Unemployment Insurance Fund, and Group Insurance Fund (internal services funds) operate under financial plans that were adopted by the governing board at the time the County's budget ordinance was approved.

The legal level of control over expenditures is at the department level for the General Fund, special revenues funds, and enterprise funds. The balances in the capital reserve funds will be appropriated when transferred to the General Fund or their respective capital project funds. The County Manager is authorized by the budget ordinance to transfer amounts between line item expenditures within a department without limitation with an official report on such transfers at the next regular meeting of the Board of Commissioners. These changes should not result in changes in recurring obligations, such as salaries.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The Manager may not transfer amounts between departments of the same fund or transfer amounts between funds or from any contingency appropriation within a fund. All other transfers, as well as any revisions that alter the total expenditures of any fund, require prior approval by the Board of Commissioners. During the year, a significant number of amendments to the original budget were necessary.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- March 20 Each department head submits to the budget officer the budget requests and revenue estimates for their department for the budget year.
- May 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- June 19 The budget ordinance shall be adopted by the governing board.

E. Assets, Liabilities, and Fund Equity

Deposits and Investments

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

State law G.S. 159-30(c) authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust ("NCCMT"). The County's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Government Portfolio, an SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Unexpended bond proceeds for the capital project funds are shown as restricted cash. Such amounts are included in cash and investments and are described in the footnotes. Customer deposits held by the County before any services are supplied are restricted to the services for which the deposit was collected.

Governmental Activities:

Benhaven Elementary School Capital Project Fund:	
Benhaven Elementary School	
Capital outlays - unexpended bond proceeds	\$ 30,470,773
QSCB 2016 Project Fund:	
Capital outlays - unexpended bond proceeds	271,092
Radio Upgrade Project Fund:	
Capital outlays - unexpended bond proceeds	<u>1,456,638</u>
Total governmental activities	<u>32,198,503</u>

Business-Type Activities:

Water and Sewer Fund:	
Customer deposits	<u>2,046,805</u>
Total business-type activities	<u>2,046,805</u>
Total restricted cash	<u>\$ 34,245,308</u>

Ad Valorem Taxes Receivable

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

These taxes are based on the assessed values as of January 1, 2016 as allowed by State law; the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance for Doubtful Accounts

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Inventory and Prepaid Items

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

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The minimum capitalization threshold is \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The County does not own any infrastructure assets.

The County holds title to certain Harnett County Board of Education properties that have not been included in the capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and Board of Education of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Harnett County Board of Education. Capital assets of the County are depreciated on a straight-line basis under the following estimated useful lives:

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has three items that meet the criterion for this category – contributions made to the pension plans in the current fiscal year, pension related deferrals, and charge on debt refunding.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criteria for this category – prepaid taxes, other receivables, pension related deferrals and property tax receivable.

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

In the fund financial statements for the governmental fund types, the face amount of debt issued is reported as an other financing source.

Compensated Absences

The vacation policy of the County provides that vacation leave may be accumulated without any applicable maximum until December 31st of each calendar year. On December 31st, all vacation leave exceeding 240 hours per employee is transferred to sick leave. For the government-wide financial statements and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Because the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Prepays – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources.

Inventory – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

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

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

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

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended debt proceeds of \$32,198,503 and Register of Deeds' Pension Plan of \$299,077 for a net difference of \$31,899,426 at June 30, 2017.

Committed Fund Balance. This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of County's governing body (highest level of decision making authority, the County Commissioners) that can, by adoption of an ordinance, commit fund balance. Any changes or removal of specific purpose restrictions requires majority action by the governing body (the adoption of another ordinance).

Committed for Economic Development – portion of fund balance that can only be used for economic development. This includes the Taxiway and Apron Rehab project.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Committed fund balance at June 30, 2017 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Economic development	\$ 181,634

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that the County intends to use for specific purposes. The County's governing body has the authority to assign fund balances.

Assigned for Public Safety – portion of fund balance budgeted by the governing body for the Emergency Response Planning Fund.

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

Assigned fund balance at June 30, 2017 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Public safety	\$ 76,741
Education Special Revenue Fund	4,924,574
Total	\$ 5,001,315

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

Harnett County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted funds balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County Board has approved a fund balance policy, which strives to maintain a fund balance of 15%.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 41,847,828
Less:	
Prepays	217,346
Inventory	14,899
Stabilization by State statute	9,068,575
Total available fund balance	<u>\$ 32,547,008</u>

Reclassifications

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

F. Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are: allowance for doubtful accounts, depreciation lives, other post-employment benefits, and law enforcement officers' pension obligations.

G. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Plan (RODSPF) (collectively, the "State-administered defined benefit pension plans"). For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the State-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the State-administered defined benefit pension plans. Investments are reported at fair value.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2. Detail Notes on All Funds

A. Deposits

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

The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2017, the County's deposits had a carrying amount of \$86,433,980 and a bank balance of \$87,749,988. Of the bank balance, \$1,304,180 was covered by federal depository insurance and \$86,445,808 was covered by collateral held under the Pooling Method.

At June 30, 2017, Harnett County has \$5,072 cash on hand.

B. Investments

At June 30, 2017, the County's investments of \$52,699,222 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's and a valuation measurement method of amortized cost with no maturity.

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

C. Property Tax Use-Value Assessment on Certain Lands

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

Year Levied	Tax	Interest	Total
2013	\$ 5,091,138	\$ 1,743,206	\$ 6,834,344
2014	5,193,616	1,311,388	6,505,004
2015	5,075,530	824,774	5,900,304
2016	<u>5,582,517</u>	<u>404,732</u>	<u>5,987,249</u>
Total	<u>\$ 20,942,801</u>	<u>\$ 4,284,100</u>	<u>\$ 25,226,901</u>

D. Allowance for Doubtful Accounts

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

Fund	Allowance for Doubtful Accounts
General	\$ 9,177,810
Nonmajor governmental	<u>92,533</u>
Governmental activities	<u>9,270,343</u>
Public utility	882,721
Solid waste	<u>155,160</u>
Business-type activities	<u>1,037,881</u>
Total	<u>\$ 10,308,224</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Due from Other Governments – Disaggregate Information

Due from other governments at the government-wide level at June 30, 2017:

<u>Governmental Activities</u>	
Local option sales tax	\$ 5,803,762
Other taxes and licenses	254,148
DSS receivable	1,436,154
Sales tax refund receivable	1,358,300
Total	<u>\$ 8,852,364</u>

<u>Business-Type Activities</u>	
Solid waste disposal tax	<u>\$ 125,724</u>

Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to pension plans in current fiscal year	\$ 3,052,215
Pension deferrals	8,339,445
Charge on refunding	9,617,320
Total	<u>\$ 21,008,980</u>

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

<u>Source</u>	<u>Amount</u>
Prepaid taxes not yet earned (General)	\$ 466,892
Accounts receivable (General)	9,783,591
Pension deferrals (Governmental)	678,500
Taxes receivable, net (General)	384,652
Taxes receivable, net (Other governmental funds)	93,078
Total	<u>\$ 11,406,713</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

E. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 6,745,454	\$ -	\$ -	\$ -	\$ 6,745,454
Construction in progress	10,206,655	495,601	-	(4,877,313)	5,824,943
Total non-depreciable capital assets	<u>16,952,109</u>	<u>495,601</u>	<u>-</u>	<u>(4,877,313)</u>	<u>12,570,397</u>
Depreciable Capital Assets:					
Buildings	87,605,262	-	(41,178)	-	87,564,084
Land improvements	13,486,705	-	(12,146)	4,877,313	18,351,872
Furniture	190,179	-	(27,168)	-	163,011
Equipment	4,909,998	550,317	(479,346)	-	4,980,969
Computer hardware	430,457	-	(85,392)	-	345,065
Computer software	3,256,370	978,721	(409,831)	-	3,825,260
Vehicles	8,468,565	1,317,247	(20,542)	-	9,765,270
Total depreciable capital assets	<u>118,347,536</u>	<u>2,846,285</u>	<u>(1,075,603)</u>	<u>4,877,313</u>	<u>124,995,531</u>
Less Accumulated Depreciation:					
Buildings	17,470,289	1,718,728	(41,178)	-	19,147,839
Land improvements	7,834,646	703,928	(12,146)	-	8,526,428
Furniture	114,313	-	(27,168)	-	87,145
Equipment	4,491,899	280,524	(479,346)	-	4,293,077
Computer hardware	430,457	-	(85,392)	-	345,065
Computer software	2,857,002	471,427	(409,831)	-	2,918,598
Vehicles	6,205,506	764,269	(20,542)	-	6,949,233
Total accumulated depreciation	<u>39,404,112</u>	<u>\$ 3,938,876</u>	<u>\$ (1,075,603)</u>	<u>\$ -</u>	<u>42,267,385</u>
Total depreciable capital assets, net	<u>78,943,424</u>				<u>82,728,146</u>
Governmental activities capital assets, net	<u>\$ 95,895,533</u>				<u>\$ 95,298,543</u>

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

<u>Depreciation Expense by Function</u>	
General government	\$ 1,188,618
Public safety	1,613,225
Transportation	563,156
Economic and physical development	80,070
Human services	380,742
Cultural and recreational	113,065
Total	<u>\$ 3,938,876</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Business-Type Capital Assets:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-Type Activities:					
Public Utilities:					
Non-Depreciable Capital Assets:					
Land	\$ 1,227,526	\$ -	\$ (20,583)	\$ -	\$ 1,206,943
Construction in progress	<u>76,516,018</u>	<u>1,186,424</u>	<u>-</u>	<u>(102,479)</u>	<u>77,599,963</u>
Total non-depreciable capital assets	<u>77,743,544</u>	<u>1,186,424</u>	<u>(20,583)</u>	<u>(102,479)</u>	<u>78,806,906</u>
Depreciable Capital Assets:					
Plant, distribution, and collection systems	316,538,343	3,051,917	-	102,479	319,692,739
Buildings and building improvements	14,723,013	51,428	-	-	14,774,441
Furniture, fixtures, and equipment	1,247,886	985,505	(299,248)	-	1,934,143
Vehicles	<u>1,510,428</u>	<u>262,322</u>	<u>-</u>	<u>-</u>	<u>1,772,750</u>
Total depreciable capital assets	<u>334,019,670</u>	<u>4,351,172</u>	<u>(299,248)</u>	<u>102,479</u>	<u>338,174,073</u>
Less Accumulated Depreciation:					
Plant, distribution, and collection systems	73,917,798	8,716,478	-	-	82,634,276
Buildings and building improvements	1,243,982	295,034	-	-	1,539,016
Furniture, fixtures, and equipment	885,703	237,014	(299,248)	-	823,469
Vehicles	<u>1,059,947</u>	<u>239,575</u>	<u>-</u>	<u>-</u>	<u>1,299,522</u>
Total accumulated depreciation	<u>77,107,430</u>	<u>\$ 9,488,101</u>	<u>\$ (299,248)</u>	<u>\$ -</u>	<u>86,296,283</u>
Total depreciable capital assets, net	<u>256,912,240</u>				<u>251,877,790</u>
Public utilities capital assets, net	<u>334,655,784</u>				<u>330,684,696</u>
Solid Waste Management:					
Non-Depreciable Capital Assets:					
Land	1,323,583	\$ -	\$ -	\$ -	1,323,583
Construction in progress	<u>1,779,082</u>	<u>-</u>	<u>-</u>	<u>(1,779,082)</u>	<u>-</u>
Total non-depreciable capital assets	<u>3,102,665</u>	<u>-</u>	<u>-</u>	<u>(1,779,082)</u>	<u>1,323,583</u>
Depreciable Capital Assets:					
Buildings and building improvements	3,003,989	-	-	1,779,082	4,783,071
Furniture, fixtures, and equipment	1,540,940	820,738	-	-	2,361,678
Vehicles	<u>414,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,255</u>
Total depreciable capital assets	<u>4,959,184</u>	<u>820,738</u>	<u>-</u>	<u>1,779,082</u>	<u>7,559,004</u>
Less Accumulated Depreciation:					
Buildings and building improvements	796,504	64,633	-	-	861,137
Furniture, fixtures, and equipment	573,734	459,261	-	-	1,032,995
Vehicles	<u>95,586</u>	<u>60,876</u>	<u>-</u>	<u>-</u>	<u>156,462</u>
Total accumulated depreciation	<u>1,465,824</u>	<u>\$ 584,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,050,594</u>
Total depreciable capital assets, net	<u>3,493,360</u>				<u>5,508,410</u>
Solid waste management capital assets, net	<u>6,596,025</u>				<u>6,831,993</u>
Business-type activities capital assets, net	<u>\$ 341,251,809</u>				<u>\$ 337,516,689</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

At June 30, 2017, construction in progress for the business-type activities consists of the following projects:

	Project Authorization	Expended To Date
42 MGD Water Plant Expansion	\$ 12,028,636	\$ 11,993,635
West Central Transmission	8,509,216	235,780
Fort Bragg Water & WW	55,437,367	55,289,466
Dupree Farms	175,940	102,479
WHIP Transmission Line	1,215,650	72,850
South Central Transmission	1,027,900	68,455
North Harnett WW Upgrade	5,773,752	-
South Central WW 1B-2	6,319,152	5,123,839
Brightwater Infrastructure	3,833,818	3,580,454
Campbell Osteopathic	1,437,841	1,235,485
Total	\$ 95,759,272	\$ 77,702,443

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2017 is composed of the following elements:

	Governmental	Business-Type		Total
		Water/Sewer	Solid Waste	Business-Type
Capital assets	\$ 95,298,543	\$ 330,684,696	\$ 6,831,993	\$ 337,516,689
Total debt	173,754,104	57,695,503	2,823,532	60,519,035
Capital related deferred charge on refunding	2,134,664	1,276,451	-	1,276,451
Debt not related to capital assets	126,635,062	-	-	-
Capital related unspent debt proceeds	1,456,638	-	-	-
Total capital debt	43,527,740	56,419,052	2,823,532	59,242,584
Net investment in capital assets	\$ 51,770,803	\$ 274,265,644	\$ 4,008,461	\$ 278,274,105

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

F. Payables

Payables at the government-wide level at June 30, 2017 were as follows:

	Accounts Payable Note Disclosure				
	Governmental Activities		Business-Type Activities		Total
	General	Nonmajor	Public	Solid	
Fund	Utilities		Waste		
Payables:					
Accounts and vouchers	\$ 1,496,244	\$ 530,714	\$ 244,582	\$ 287,308	\$ 2,558,848
Accrued payroll and related liabilities	1,639,992	14,100	272,592	38,137	1,964,821
Accrued interest payable	-	-	489,398	11,566	500,964
Total accounts payable and accrued liabilities	\$ 3,136,236	\$ 544,814	\$ 1,006,572	\$ 337,011	\$ 5,024,633

Adjustments to full-accrual include \$391,923 related to recording accrued interest on general long-term debt and accounts and vouchers related to the internal service funds of \$831,007. Finally, the fiduciary fund financial statements include \$279,003 in accounts payable and accrued liabilities recorded in agency funds. This amount is excluded from the foregoing schedule and represents amounts due to various other agencies, individuals, or governments.

G. Risk Management

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

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated an “A” area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through NFIP. The County is also eligible to and has purchased commercial flood insurance for another \$500,000 of coverage per structure.

In accordance with G.S. 159-29, the County’s employees that have access to \$100 or more at any given time of the County’s funds are performance bonded through a commercial surety bond. The Director of Finance and the Tax Collector are individually bonded for \$200,000. The Register of Deeds is bonded for \$10,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County is self-insured for workers’ compensation up to \$750,000 per loss. Excess coverage is through Safety National with limits in accordance with current North Carolina workers’ compensation statutes. Safety National also provides employers liability with limits of \$1,000,000.

The County uses a third party administrator to process workers’ compensation. At June 30, 2017, a liability for claims of \$2,573,365 included on the accompanying Statement of Net Position for governmental activities. An analysis for the County is presented below:

	June 30,	
	2017	2016
Liability as of beginning of the year	\$ 2,839,689	\$ 2,839,689
Current year claims and changes in estimates	927,002	1,035,712
Actual claim payments	(1,193,326)	(1,035,712)
Liability as of end of the year	\$ 2,573,365	\$ 2,839,689

H. Capital Lease Obligations

The County has entered into agreements to lease certain equipment. At June 30, 2017, the original cost of equipment under the leases is approximately \$28,539,637. Title passes to the County at the end of the lease term. These agreements are in substance lease purchases.

	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
				Governmental	Business-Type
Capitalized Lease Obligations:					
Motorola solutions radio lease	\$ 5,059,009	0.98%	December 2018	\$ 2,288,209	\$ -
Red Rock Science Center	21,910,705	6.84%	June 2038	19,011,003	-
EMS remount/sheriff vehicles	830,160	1.70%	September 2018	217,675	-
Solid waste equipment lease	739,763	1.70%	August 2018	-	180,836
Total	\$ 28,539,637			\$ 21,516,887	\$ 180,836

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

<u>Year Ending</u>	<u>Future Payments</u>
2018	\$ 2,303,095
2019	2,054,759
2020	841,177
2021	855,897
2022	870,875
2023-2027	4,588,386
2028-2032	5,004,170
2033-2037	5,457,632
2038	<u>1,149,494</u>
Total minimum lease payments	23,125,485
Less amount representing interest	<u>(1,427,762)</u>
Present value of the minimum lease payments	<u>\$ 21,697,723</u>

At June 30, 2017, the net book value of capital assets (cost and accumulated depreciation) associated with leases is \$22,091,982.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

I. Long-Term Obligations

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

	Issue Date	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
					Governmental	Business-Type
Governmental						
Installment Purchase Agreements:						
2015 Refinancing of						
Agriculture Center	August 2015	\$ 1,274,000	1.49%	June 2020	\$ 888,000	\$ -
2015 HFTC Land Acquisition	August 2015	4,664,000	2.42%	June 2025	3,590,000	-
COPS 2011 Refunding (2002)						
97% Construction of School Facilities	November 2011	24,033,690		December 2023	13,788,550	-
3% Public Utilities Projects		743,310	2.535%	December 2023	-	426,450
COPS 2007						
53% Jail Facility	May 2007	23,220,225	4%-5%	December 2027	1,478,619	-
42% Construction of School Facilities		18,279,775			1,164,025	-
5% Solid Waste Transfer Station		2,000,000			-	127,356
Partial Refunding of COPS 2000		4,765,000			-	-
2016 Refinancing of COPS 2009						
School Construction	April 2016	31,080,000	2.20%	June 2029	28,517,000	-
2010 Refinancing						
Angier Elementary School	November 2010	14,004,000	3.35%	June 2028	8,518,000	-
COPS 2015 Refunding (2007)						
53% Jail Facility	April 2015	16,279,246	2.52%	December 2027	15,902,940	-
42% Construction of School Facilities		12,815,593	2.52%	December 2027	12,519,313	-
5% Solid Waste Transfer Station		1,402,161	2.52%	December 2027	-	1,369,748
Qualified Zone Academy Bonds	May 2004	4,000,000	0.00%	May 2020	1,428,732	-
Qualified Zone Academy Bonds	October 2005	789,500	0.00%	October 2021	343,570	-
Qualified School						
Construction Bonds (Taxable)	November 2012	29,435,000	4.638%	November 2035	28,875,872	-
Qualified Zone Academy Bonds	May 2016	2,200,000	0.00%	May 2026	1,980,000	-
Total		<u>\$ 190,985,500</u>			<u>\$ 118,994,621</u>	<u>\$ 1,923,554</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

General obligation bonds for the governmental activities are as follows:

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

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.

Enterprise - General Obligation Bonds					Amount
Issue	Original	Interest	Final	Outstanding	
Date	Issue	Rate	Maturity	Business-Type	
General Obligation Bonds:					
South Central Water & Sewer 2013 Series A	January 2013	\$ 3,449,000	3.125%	June 2052	\$ 3,296,000
South Central Water & Sewer 2013 Series B	January 2013	3,937,000	3.125%	June 2052	3,765,000
South Central Water & Sewer 2013 Series C	January 2013	3,239,000	2.50%	June 2052	3,078,000
South Central Water & Sewer 2013 Series D	January 2013	2,586,000	2.50%	June 2052	2,456,000
South Central Refunding Series 2013	April 2013	10,395,000	2.5%-5.00%	June 2043	9,505,000
West Central Refunding Series 2013	April 2013	1,485,000	3.00%-5.00%	June 2028	1,200,000
Northwest Refunding Series 2013	April 2013	1,085,000	2.00%-5.00%	June 2028	660,000
Southwest Refunding Series 2013	April 2013	2,315,000	3.00%-5.00%	June 2028	1,845,000
Southeast Refunding Series 2013	April 2013	1,000,000	2.00%-5.00%	June 2033	830,000
East Central Refunding Series 2013	April 2013	2,765,000	2.00%-5.00%	June 2035	2,375,000
Riverside Refunding Series 2013	April 2013	1,020,000	2.00%-5.00%	June 2041	925,000
Total		\$ 33,276,000			\$ 29,935,000

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The Water Districts (a blended component unit of the County) issue GO debt (30-year), the proceeds of which are used to refund existing USDA District debt. The County then issues limited obligation bonds in an amount sufficient enough to purchase all the District's GO debt. Both the District and the County assign their rights to a third-party trustee that received the debt payments from the District and uses those funds to make the debt service payments on the LOBs.

Revenue Bond Loans:

	Issue Date	Original Issue	Interest Rate	Final Maturity	Amount Outstanding Business-Type
Enterprise System					
Revenue Bond Loans:					
Series 2015 (Tax Exempt)	April 2015	10,673,000	2.53%	May 2028	\$ 10,418,000
Total business-type activities revenue bond loans		\$ 23,908,000			\$ 10,418,000
State Bond Loans:					
Erwin WW Project Revolving Loan	February 2012	6,195,019	2.46%	May 2033	\$ 4,956,015
East Central Project Revolving Loan	February 2011	4,366,515	2.22%	May 2032	3,274,885
Harnett County Sanitary Sewer Revolving Loan	March 2005	15,000,000	2.21%	May 2027	7,500,000
Total business-type activities State bond loans		\$ 36,108,581			\$ 15,730,900
Special Obligation Bonds					
Enterprise Fund Special Obligation Bond Loan:					
Solid Waste Fund	January 2013	\$ 1,750,000	2.49%	February 2023	\$ 1,102,000
Total business-type activities special obligation bond loans		\$ 1,750,000			\$ 1,102,000
Limited Obligation Bonds					
Enterprise Fund Limited					
Public Utilities Fund Series 2013	April 2013	\$ 20,065,000	2.00%-5.00%	June 2043	\$ 17,340,000
Total business-type activities special obligation bond loans		\$ 20,065,000			\$ 17,340,000

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The following is a summary of changes in long-term obligations for the year ended June 30, 2017:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2017</u>	<u>Due in Less Than One Year</u>
Governmental Activities:					
Capitalized leases	\$ 23,558,839	\$ -	\$ 2,041,952	\$ 21,516,887	\$ 2,068,971
Installment purchase agreements	130,613,196	-	11,618,575	118,994,621	10,327,423
General obligations		29,500,000	-	29,500,000	1,475,000
Premium	1,526,643	2,529,669	313,716	3,742,596	262,108
Gross debt	<u>155,698,678</u>	<u>32,029,669</u>	<u>13,974,243</u>	<u>173,754,104</u>	<u>14,133,502</u>
Total debt	155,698,678	32,029,669	13,974,243	173,754,104	14,133,502
Other long-term liabilities:					
Compensated absences	2,218,075	3,085,586	2,273,560	3,030,101	2,272,576
Law Enforcement Officers'					
Special Separation Allowance	881,091	1,561,083	-	2,442,174	-
Net pension (LGERS)	2,312,730	8,645,936	-	10,958,666	-
Other post-employment benefits	9,997,731	2,030,059	330,878	11,696,912	-
Total	<u>\$ 171,108,305</u>	<u>\$ 47,352,333</u>	<u>\$ 16,578,681</u>	<u>\$ 201,881,957</u>	<u>\$ 16,406,078</u>

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2017</u>	<u>Due in Less Than One Year</u>
Water and Sewer Fund:					
Installment purchase agreements	\$ 497,311	\$ -	\$ 70,860	\$ 426,451	\$ 64,950
Limited obligation bonds	18,095,000	-	755,000	17,340,000	770,000
Premium	1,251,652	-	66,500	1,185,152	66,500
General obligations	12,805,000	-	210,000	12,595,000	216,000
Revenue bonds	11,218,000	-	800,000	10,418,000	833,000
State bond loans	17,008,976	-	1,278,076	15,730,900	1,278,077
Gross debt	<u>60,875,939</u>	<u>-</u>	<u>3,180,436</u>	<u>57,695,503</u>	<u>3,228,527</u>
Total debt	60,875,939	-	3,180,436	57,695,503	3,228,527
Other long-term liabilities:					
Compensated absences	437,562	837,974	545,652	729,884	547,413
Net pension (LGERS)	353,712	1,322,320	-	1,676,032	-
Other post-employment benefits	1,550,474	314,826	51,313	1,813,987	-
Total	<u>\$ 63,217,687</u>	<u>\$ 2,475,120</u>	<u>\$ 3,777,401</u>	<u>\$ 61,915,406</u>	<u>\$ 3,775,940</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2017</u>	<u>Due in Less Than One Year</u>
Solid Waste Fund:					
Capitalized leases	\$ 333,175	\$ -	\$ 152,339	\$ 180,836	\$ 154,795
Installment purchase agreements	1,643,126	-	146,023	1,497,103	146,529
Premium	47,793	-	4,200	43,593	4,200
Special obligation bonds	1,270,000	-	168,000	1,102,000	173,000
Gross debt	<u>3,294,094</u>	<u>-</u>	<u>470,562</u>	<u>2,823,532</u>	<u>478,524</u>
Total debt	3,294,094	-	470,562	2,823,532	478,524
Other long-term liabilities:					
Accrued landfill closure and post-closure care costs	1,300,089	-	-	1,300,089	-
Compensated absences	54,969	113,222	71,462	96,729	72,547
Net pension (LGERS)	54,417	203,434	-	257,851	-
Other post-employment benefits	171,564	34,836	5,678	200,722	-
Total	<u>\$ 4,875,133</u>	<u>\$ 351,492</u>	<u>\$ 547,702</u>	<u>\$ 4,678,923</u>	<u>\$ 551,071</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The following is a summary of the future maturities for the long-term obligations for the year ended June 30, 2017:

	<u>Insta llment Purchase</u>		<u>General Obligation Bonds</u>		<u>Capitalized Leases</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental Activities :								
2018	\$ 10,327,423	\$ 3,469,852	\$ 1,475,000	\$ 1,067,992	\$ 2,068,971	\$ 77,567	\$ -	\$ -
2019	10,242,813	3,220,281	1,475,000	1,117,313	1,963,992	64,675	-	-
2020	10,970,626	2,993,015	1,475,000	1,058,313	783,640	57,536	-	-
2021	9,664,359	2,769,449	1,475,000	999,313	797,354	58,543	-	-
2022	9,702,001	2,551,953	1,475,000	925,563	811,307	59,568	-	-
2023-2027	40,274,334	9,831,499	7,375,000	3,521,563	4,274,541	313,846	-	-
2028-2032	17,905,033	7,015,349	7,375,000	1,867,719	4,661,885	342,285	-	-
2033-2037	9,908,032	4,778,183	7,375,000	695,094	5,084,329	373,302	-	-
2038	-	-	-	-	1,070,868	78,625	-	-
Total governmental activities	<u>118,994,621</u>	<u>36,629,581</u>	<u>29,500,000</u>	<u>11,252,870</u>	<u>21,516,887</u>	<u>1,425,947</u>	<u>-</u>	<u>-</u>
	<u>Insta llment Purchase</u>		<u>General Obligation Bonds</u>		<u>Capitalized Leases</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Business-Type Activities :								
2018	211,479	46,810	216,000	-	154,795	1,761	833,000	263,575
2019	209,085	40,559	223,000	-	26,041	52	855,000	242,501
2020	205,560	35,325	228,000	-	-	-	875,000	220,869
2021	202,753	30,171	234,000	-	-	-	896,000	198,732
2022	199,242	25,097	242,000	-	-	-	922,000	176,063
2023-2027	773,227	59,007	1,314,000	-	-	-	4,968,000	518,599
2028-2032	122,208	1,540	1,514,000	-	-	-	1,069,000	27,046
2033-2037	-	-	1,740,000	-	-	-	-	-
2038-2042	-	-	2,003,000	-	-	-	-	-
2043-2047	-	-	2,306,000	-	-	-	-	-
2048-2052	-	-	2,575,000	-	-	-	-	-
Total business-type activities	<u>1,923,554</u>	<u>238,509</u>	<u>12,595,000</u>	<u>-</u>	<u>180,836</u>	<u>1,813</u>	<u>10,418,000</u>	<u>1,647,385</u>
Total government	<u>\$ 120,918,175</u>	<u>\$ 36,868,090</u>	<u>\$ 42,095,000</u>	<u>\$ 11,252,870</u>	<u>\$ 21,697,723</u>	<u>\$ 1,427,760</u>	<u>\$ 10,418,000</u>	<u>\$ 1,647,385</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>Limited Obligation Bonds</u>		<u>Special Obligation Bonds</u>		<u>State Bond Loan</u>		<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental Activities :								
2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,871,394	\$ 4,615,411
2019	-	-	-	-	-	-	13,681,805	4,402,269
2020	-	-	-	-	-	-	13,229,266	4,108,864
2021	-	-	-	-	-	-	11,936,713	3,827,305
2022	-	-	-	-	-	-	11,988,308	3,537,084
2023-2027	-	-	-	-	-	-	51,923,875	13,666,908
2028-2032	-	-	-	-	-	-	29,941,918	9,225,353
2033-2037	-	-	-	-	-	-	22,367,361	5,846,579
2038	-	-	-	-	-	-	1,070,868	78,625
Total governmental activities	-	-	-	-	-	-	170,011,508	49,308,398
Business-Type Activities :								
2018	770,000	666,250	173,000	27,440	1,278,077	359,748	3,636,351	1,365,584
2019	780,000	643,150	177,000	23,132	1,278,077	330,759	3,548,203	1,280,153
2020	805,000	611,950	181,000	18,725	1,278,077	301,770	3,572,637	1,188,639
2021	815,000	577,450	186,000	14,218	1,278,077	272,782	3,611,830	1,093,353
2022	840,000	537,950	190,000	9,587	1,278,077	243,793	3,671,319	992,490
2023-2027	4,560,000	2,096,500	195,000	4,856	6,390,384	784,133	18,200,611	3,463,095
2028-2032	3,220,000	1,290,388	-	-	2,640,384	224,790	8,565,592	1,543,764
2033-2037	2,560,000	803,463	-	-	309,747	7,604	4,609,747	811,067
2038-2042	2,485,000	364,131	-	-	-	-	4,488,000	364,131
2043-2047	505,000	18,306	-	-	-	-	2,811,000	18,306
2048-2052	-	-	-	-	-	-	2,575,000	-
Total business-type activities	17,340,000	7,609,538	1,102,000	97,958	15,730,900	2,525,379	59,290,290	12,120,582
Total government	\$ 17,340,000	\$ 7,609,538	\$ 1,102,000	\$ 97,958	\$ 15,730,900	\$ 2,525,379	\$ 229,301,798	\$ 61,428,980

The County is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the County may have outstanding to eight% of the appraised value of property subject to taxation. At June 30, 2017, such statutory limit for the County was \$669,690,650 providing a legal debt margin of approximately \$392,394,708.

As of June 30, 2017, the County was in compliance with covenants associated with its debt.

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

In prior years, the County has defeased various bonds issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed from the County's liabilities. As of June 30, 2017, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted to \$29,212,931.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$23,908,000 in enterprise system revenue bonds issued May 2007 and May 2015. Proceeds from the bonds provided financing for extensions, additions, and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the enterprise systems. The bonds are payable only from water and sewer customer net revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require less than 6% of net revenues. The total principal and interest remaining to be paid on the bonds is \$12,065,385. Principal and interest paid for the current year and total customer revenues were \$1,095,916 and \$35,872,649, respectively.

Revenue Bonds

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

\$10,673,000 Public Utilities Revenue Bonds, Series 2015, interest only payments of \$295,719 due semi-annually until May 2013, with semi-annual interest payments and annual principal due in amounts ranging from \$120,000 to \$1,069,000 through May 2028, interest rate is 2.53%	<u>\$ 10,418,000</u>
Total	<u>\$ 10,418,000</u>

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Section 6.6 of the Bond Order requires the rates and charges will produce (a) Revenues which together with 20% of the balance in the Surplus Account at the end of the preceding fiscal year at least equal in such fiscal year to the total of (i) the Operating Expenses budgeted for such fiscal year, as may be amended from time to time, plus (ii) 120% of the principal and interest requirements on the bonds to become due during that fiscal year plus (iii) 100% of the principal and interest requirements on general obligation indebtedness and subordinate indebtedness to become due in such fiscal year plus (iv) 100% of the principal and interest on other indebtedness to become due in such fiscal year plus (v) 100% of the amount required to reimburse the provider of a Qualified Reserve Fund substitute for any amounts owing hereunder and (b) revenues at least equal in such fiscal year to the total of (i) the operating expenses budgeted for such fiscal year, as may be amended from time to time, plus (ii) 100% of the principal and interest requirements on the bonds to become due during that fiscal year plus (iii) 100% of the principal and interest requirements on general obligation indebtedness and subordinate indebtedness to become due in such fiscal year plus (iv) 100% of the principal and interest requirements on other indebtedness to become due in such a fiscal year plus (v) 100% of the amount required to reimburse the provider of a Qualified Reserve Fund substitute for any amounts owing hereunder. The debt service coverage calculation for the year ended June 30, 2017 is as follows:

Operating revenues	\$ 35,869,631
Operations and maintenance expenses	(20,843,978)
Operating income before depreciation & amortization	<u>15,025,653</u>
Depreciation and amortization expense	(9,488,101)
Operating income	<u>5,537,552</u>
Non-operating revenues	-
Non-operating expenses	(1,779,388)
Net income	<u>\$ 3,758,164</u>

Determination of income available for debt service

Net income	\$ 3,758,164
Adjustments:	
Bond interest expense	1,779,388
Bond service expense	<u>3,113,936</u>
Income available for debt service	8,651,488
20% of unrestricted net assets	<u>9,730,798</u>
Income available for debt service plus 20% of unrestricted net assets	<u>\$ 18,382,286</u>

Debt service requirements and coverage

Parity debt service:	
Revenue bonds	<u>\$ 1,095,916</u>
Debt service coverage - parity indebtedness	16.773
Revenue bond covenant requirement	1.200
Other indebtedness:	
Installment purchases	\$ 82,569
GO bonds	2,030,086
Debt service coverage - sum of parity and system GO indebtedness	4.864
Revenue bond covenant requirement	1.000

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Pension Plan Obligations

A. Multiple-Employer Plans

Plan Description

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017 was 8.00% of compensation for law enforcement officers and 7.25% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,837,412 for the year ended June 30, 2017.

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

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

At June 30, 2017, the County reported a liability of \$12,892,549 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was 0.60747%, which was an increase of 0.001210% from its proportion measure as of June 30, 2015.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

For the year ended June 30, 2017, the County recognized pension expense of \$3,434,373. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 242,227	\$ 451,768
Changes of assumptions	883,024	-
Net difference between projected and actual earnings on pension plan investments	7,127,956	-
Changes in proportion and differences between County contributions and proportionate share of contributions	18,885	169,326
County contributions subsequent to the measurement date	<u>2,837,412</u>	<u>-</u>
Total	<u>\$ 11,109,504</u>	<u>\$ 621,094</u>

\$2,837,412 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
<u>June 30</u>	<u>Amount</u>
2018	\$ 1,142,499
2019	1,143,385
2020	3,337,502
2021	2,027,612
2022	-
Thereafter	<u>-</u>
Total	<u>\$ 7,650,998</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period ending January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	<u>\$ 30,600,032</u>	<u>\$ 12,892,549</u>	<u>\$ (1,898,058)</u>

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

B. Single-Employer Plan

Law Enforcement Officers’ Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the “Separation Allowance”), a single-employer, defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate used to measure the total pension liability is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

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

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and, at present, 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. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$125,866 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$2,442,174. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$211,367.

At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 52,040
County benefit payments and plan administrative expense made subsequent to the measurement date	204,750	-
Total	\$ 204,750	\$ 52,040

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

\$204,750 reported as deferred outflows of resources related to pensions resulting from County benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
<u>June 30</u>	<u>Total</u>
2018	\$ 9,691
2019	9,691
2020	9,691
2021	9,691
2022	9,691
Thereafter	<u>3,585</u>
Total	<u>\$ 52,040</u>

\$204,750 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.86%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	<u>\$2,662,348</u>	<u>\$2,442,174</u>	<u>\$2,242,118</u>

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	<u>2017</u>
Beginning balance	\$2,409,096
Service cost	136,917
Interest on the total pension liability	83,758
Changes of assumptions or other inputs	(61,731)
Benefit payments	<u>(125,866)</u>
Ending balance of the total pension liability	<u>\$2,442,174</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017 were \$377,904, which consisted of \$282,660 from the County and \$95,244 from the law enforcement officers. No amounts were forfeited.

D. Supplemental Retirement Income Plan

Plan Description. The County administers a supplemental retirement benefit plan for all of its full-time employees that are not involved with law enforcement, through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The County does match the employee's contribution up to 2%. All contributed amounts plus investment earnings allocated to the employee's accounts are fully vested immediately. The County established the plan and may amend it at its discretion. Contributions for the year ended June 30, 2017 were \$1,104,927, which consisted of \$464,514 from the County and \$640,413 from employee contributions. No amounts were forfeited.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

E. Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$10,053 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$227,037 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was 1.21436%, which was a decrease of 0.032100% from its proportion measured as of June 30, 2015.

HARNETT COUNTY, NORTH CAROLINA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

For the year ended June 30, 2017, the County recognized pension expense of \$21,087. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 243	\$ 2,939
Changes of assumptions	60,487	-
Net difference between projected and actual earnings on pension plan investments	388	-
Changes in proportion and differences between County contributions and proportionate share of contributions	6,235	2,427
County contributions subsequent to the measurement date	<u>10,053</u>	<u>-</u>
Total	<u>\$ 77,406</u>	<u>\$ 5,366</u>

\$10,053 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 25,399
2019	27,675
2020	11,454
2021	(2,541)
2022	-
Thereafter	<u>-</u>
Total	<u>\$ 61,987</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

	1% Decrease <u>(2.75%)</u>	Discount Rate <u>(3.75%)</u>	1% Increase <u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ (183,065)</u>	<u>\$ (227,037)</u>	<u>\$ (263,978)</u>

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

J. Other Post-Employment Benefits

Plan Description. At retirement, all employees have the option to purchase basic medical insurance at the County's group rate. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the "HCB Plan"). This plan provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System, have at least 15 years of creditable service with the County, and are actively employed with the County at the time of retirement. The County is fully insured for health insurance through Blue Cross Blue Shield. The entire cost for individual only coverage is paid by the County for those employees, until age 65, who retire with 30 years of service. Those employees who retire with less than 30 years of service with the County receive benefits on a prorated basis. A separate report is not issued for the plan. Shown below is the prorated basis:

30	100%
29	96%
28	94%
27	91%
26	88%
25	85%
24	83%
23	81%
22	79%
21	77%
20	75%
19	70%
18	65%
17	60%
16	55%
15	50%

Membership of the HCB Plan consisted of the following as of June 30, 2016, the date of the latest actuarial valuation:

Retirees members	133
General employees	633
Firefighters	58
Law enforcement members	<u>122</u>
Total	<u><u>946</u></u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the County made payments for post-retirement health benefit premiums of \$387,869. The current annual required contribution (ARC) rate is 6.35 percent of annual covered payroll.

Summary of Significant Accounting Policies

Post-employment expenditures are made from the operating budget which is maintained on the modified accrual basis of accounting. These expenditures are paid as they come due.

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

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

Annual required contribution	\$ 2,358,772
Interest on net pension obligation	468,790
Adjustment to annual required contribution	<u>(447,841)</u>
Annual OPEB cost	2,379,721
Contributions made	<u>387,869</u>
Increase in net OPEB obligation	1,991,852
Net OPEB obligation, beginning of year	<u>11,719,769</u>
Net OPEB obligation, end of year	<u><u>\$ 13,711,621</u></u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
2015	\$ 1,892,483	27.20%	\$10,156,903
2016	2,308,226	32.30%	11,719,769
2017	2,379,721	16.30%	13,711,621

Funding Status and Funding Progress. As of June 30, 2016, 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 \$26,715,054. The covered payroll (annual payroll of active employees covered by the plan) was \$37,145,779 and the ratio of the UAAL to the covered payroll was 71.9%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the profitability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5% annually. Both rates included a 3% inflation assumption. The actuarial value of the assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The UAAL is amortized as level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016 was 30 years.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

K. Other Employment Benefits

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

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

State and federal laws and regulations require the County to close, or in other words, place a final protective containment cover on each phase of the landfill at both the Dunn-Erwin Solid Waste Facility and the Anderson Creek Solid Waste Facility when each phase of the landfills stop accepting waste and to perform certain maintenance and monitoring functions at the site of the 30-years after closure. Although a majority of closure costs will be paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used and phases that have been closed as of each financial statement date. Post-closure care costs begin immediately upon each phase closure and per State and federal regulations; post-closure care must be maintained for a minimum of a 30-year timeframe after closure. No expenditures have been applied to the liability during the current fiscal year. The \$1,300,089 post-closure care liability at June 30, 2017 represents a cumulative amount reported to date based on the use of 100 percent of the total estimated capacity of the landfill. The County closed the Municipal Solid Waste (MSW) cell at Dunn-Erwin Solid Waste Landfill on January 1, 1998, with other phases being closed previous to that date at both Dunn-Erwin and the Anderson Creek Solid Waste Facilities. These amounts are based on what it would cost to perform all closure and post-closure care in 2017. Actual costs may be higher due to inflation, changes in technology, changes in regulations, or changes in landfill capacity.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

M. Commitment and Contingencies

The County had commitments under uncompleted construction contracts in the enterprise funds totaling \$18,056,829 and in the governmental funds totaling \$28,077,473 at June 30, 2017.

N. Arbitrage

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

O. Claims and Judgments

At June 30, 2017, the County was a defendant in various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

P. Federal and State-Assisted Programs

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Q. Interfund Balances and Activities

Transfers in (out) for the year ended June 30, 2017, are summarized below:

The Asset Forfeiture Fund to reimburse the fund for asset purchase	\$ 94,567
The Airport Capital Reserve Fund for the County's contribution to the fund	<u>66,667</u>
Total transfers out from the General Fund	<u>161,234</u>
From nonmajor governmental funds to:	
The General Fund from the Article 44 *524 expansion for education activity	1,655,899
The General Fund from various capital projects to close out funds	26,666
QSCB Capital Project fund from Highland Elementary project to track additional school renovations	<u>288,314</u>
Total transfer out from nonmajor governmental funds	<u>1,970,879</u>
From public utilities to the following funds:	
Dupree Farms project to fund startup cost	50,940
Northeast Metro Capital project	1,215,650
South Central Transmission project	1,027,900
North Harnett Wastewater Upgrade project	5,773,752
42 mgd Water Plant project	78,350
West Central Transmission project	3,525,781
South Central Wastewater 1B-2 project	<u>11,840</u>
Total transfers out from Public Utilities Fund	<u>11,684,213</u>
To Public Utilities Fund from the following funds:	
Dupree Farms to close fund	<u>45,034</u>
Total transfers to/from Public Utilities Fund	<u>11,639,179</u>
Total	<u><u>\$ 13,771,292</u></u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Interfund balances at June 30, 2017 consist of the following:

Due to the General Fund from:

Nonmajor Governmental Funds:

WIA Youth Program Fund	\$ 112,897
Veteran's Court Fund	<u>102,900</u>

Total due to the General Fund	<u>\$ 215,797</u>
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The balances above are advances from the General Fund. Grant funds have been requested to repay the General Fund. Capital project advances will be repaid from grant and project revenues. Advances to enterprise funds will be repaid from receipts.

The internal balance on Exhibit A is the result of the consolidation of the County's internal services funds.

The Water Districts (a blended component unit of the County) issue GO debt (30-year), the proceeds of which are used to refund existing USDA District debt. The County then issues limited obligation bonds in an amount sufficient enough to purchase all the District's GO debt. Both the District and the County assign their rights to a third-party trustee that received the debt payments from the District and uses those funds to make the debt service payments on the LOBs.

R. Joint Ventures

The County, in conjunction with seven other counties, participates in the Sandhills Center for Mental Health, Development Disabilities & Substance Abuse Services, an Area Authority/Local Management Entity. Harnett County appoints four members to the 26-member Board. The Authority is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility for the continued funding. The County contributed \$199,679 to the Authority during the fiscal year ended June 30, 2017. 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, 2017. Complete financial statements for the Sandhills Center can be obtained from their administrative offices at 1120 Seven Lakes Drive or P.O. Box 9, West End, North Carolina 27376.

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

The County has the basic responsibility for providing funding for the Harnett County facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's Harnett County facilities. The County contributed \$1,019,467 to the community college for operating

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

purposes during the fiscal year ended June 30, 2017. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2016. Complete financial statements for the community college may be obtained from the community college's administrative offices at 1105 Kelly Drive, Sanford, North Carolina 27330.

The County, in conjunction with the City of Dunn and the Dunn Area Chamber of Commerce, participates in the Averasboro 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 Averasboro Township in Harnett County. The Authority may spend these proceeds to develop, promote, and advertise travel and tourism in Averasboro Township, to sponsor tourist-oriented events and activities for Averasboro Township, to operate and maintain museums and historic sites throughout Averasboro Township, and to purchase, operate, and maintain a convention facility for Averasboro 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 \$575,679 to the Authority during the fiscal year ended June 30, 2017.

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, 2017. Complete financial statements for the Authority can be obtained from the Dunn Area Chamber of Commerce at 209 West Divine Street, Post Office Box 548, Dunn, North Carolina 28335.

S. Jointly Governed Organization

The County, in conjunction with two other counties and 20 municipalities, established the Mid-Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$30,964 to the Council during fiscal year ended June 30, 2017.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

T. Benefit Payments Issued by State

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

	<u>Federal</u>	<u>State</u>
Medicaid Assistance Programs - Medicaid Title XIX	\$ 92,620,322	\$ 48,942,004
State Children's Health Insurance Program	2,636,722	13,017
Temporary Assistance for Needy Families	385,857	-
Special Assistance to Adults	-	890,527
Low Income Home Energy Assistance	306,799	-
Child Welfare Services - Adoption Subsidy	-	335,346
Title IV-E Adoption Subsidy	713,539	179,191
Special Supplemental Food Program for Women, Infants and Children	<u>2,778,266</u>	<u>-</u>
Total	<u>\$ 99,441,505</u>	<u>\$ 50,360,085</u>

U. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ended June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$1,401,756.

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REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- **Schedule of Funding Progress for Other Post-Employment Benefits**
- **Schedule of Employer Contributions for Other Post-Employment Benefits**
- **Notes to the Required Schedules for Other Post-Employment Benefits**
- **Local Governmental Employees' Retirement System – Proportionate Share of Net Pension Liability (Asset)**
- **Local Governmental Employees' Retirement System – Contributions**
- **Register of Deeds' Supplemental Pension Fund – Proportionate Share of Net Pension Liability (Asset)**
- **Register of Deeds' Supplemental Pension Fund – Contributions**
- **Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability**
- **Law Enforcement Officers' Special Separation Allowance – Schedule of Total Pension Liability as a Percentage of Covered Payroll**

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HARNETT COUNTY, NORTH CAROLINA**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2017**

Law Enforcement Officers' Special Separation Allowance	
	<u>2017</u>
Beginning balance	\$ 2,409,096
Service cost	136,917
Interest on the total pension liability	83,758
Changes in assumptions or other inputs	(61,731)
Benefit payments	<u>(125,866)</u>
Ending balance of the total pension liability	<u>\$ 2,442,174</u>

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

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

HARNETT COUNTY, NORTH CAROLINA**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2017**

Law Enforcement Officers' Special Separation Allowance	
	2017
Total pension liability	\$ 2,442,174
Covered payroll	5,599,863
Total pension liability as a percentage of covered payroll	43.61%

Harnett County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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

HARNETT COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS -
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2017

 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
		(b)	(b-a)				
12/31/2007	\$ -	\$ 15,836,928	\$ 15,836,928	0.00%	\$ 28,925,039	54.75%	
12/31/2008	-	17,839,619	17,839,619	0.00%	30,636,815	58.20%	
12/31/2010	-	19,467,163	19,467,163	0.00%	33,178,627	58.70%	
12/31/2012	-	19,369,766	19,369,766	0.00%	33,301,419	58.20%	
12/31/2014	-	24,564,013	24,564,013	0.00%	34,525,015	71.15%	
6/30/2016		26,715,054	26,715,054	0.00%	37,145,779	71.90%	

 Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2010	\$ 1,872,656	\$ 320,284	17%
2011	1,942,881	499,567	26%
2012	1,932,968	537,082	28%
2013	1,990,957	529,725	27%
2014	1,822,125	511,352	28%
2015	1,876,789	515,238	27%
2016	2,290,070	745,360	33%
2017	2,358,772	387,869	16%

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	6/30/2016
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Pre-Medicare Trend Rate	7.75%-5.00%
Medical cost trend rate	5.75%-5.00%
Year of ultimate trend rate	2023

* Includes inflation at 3.00%

HARNETT COUNTY, NORTH CAROLINA**HARNETT COUNTY'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR FISCAL YEARS*****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Harnett County's proportion of the net pension liability (asset) (%)	0.60747%	0.60626%	0.61359%	0.60720%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ 12,892,549	\$ 2,720,859	\$ (3,618,622)	\$ 7,319,092
Harnett County's covered-employee payroll	\$ 35,357,790	\$ 33,805,772	\$ 33,682,244	\$ 31,375,274
Harnett County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.46%	8.05%	(10.74%)	23.33%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

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

HARNETT COUNTY, NORTH CAROLINA**HARNETT COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR FISCAL YEARS****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,837,412	\$ 2,405,538	\$ 2,408,212	\$ 2,392,465
Contributions in relation to the contractually required contribution	<u>2,837,412</u>	<u>2,405,538</u>	<u>2,408,212</u>	<u>2,392,465</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Harnett County's covered-employee payroll	\$ 38,174,729	\$ 35,357,790	\$ 33,805,772	\$ 33,682,244
Contributions as a percentage of covered-employee payroll	7.43%	6.80%	7.12%	7.10%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Harnett County's proportion of the net pension liability (asset) (%)	1.21436%	1.24646%	1.21801%	1.27830%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ (227,037)	\$ (288,855)	\$ (276,087)	\$ (273,045)
Harnett County's covered-employee payroll	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000
Harnett County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-287.39%	-365.64%	-349.48%	-345.63%
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	197.29%	193.88%	190.50%

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

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

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

HARNETT COUNTY, NORTH CAROLINA**HARNETT COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR FISCAL YEARS****REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 10,053	\$ 9,920	\$ 9,974	\$ 9,945
Contributions in relation to the contractually required contribution	<u>10,053</u>	<u>9,920</u>	<u>9,974</u>	<u>9,945</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Harnett County's covered-employee payroll	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000
Contributions as a percentage of covered-employee payroll	12.73%	12.56%	12.63%	12.59%

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

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MAJOR FUNDS - GOVERNMENTAL

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

The Benhaven Elementary School accounts for the construction of the new Benhaven Elementary School.

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HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 61,190,385	\$ 62,868,664	\$ 1,678,279	\$ 61,038,158
Penalties and interest	305,000	104,811	(200,189)	234,971
Total	<u>61,495,385</u>	<u>62,973,475</u>	<u>1,478,090</u>	<u>61,273,129</u>
Other Taxes and Licenses:				
Local option sales tax	21,182,522	20,518,531	(663,991)	19,279,814
Cable franchise license	250,000	199,443	(50,557)	197,107
Occupancy taxes	575,000	536,184	(38,816)	554,405
Excise stamp - real property	425,000	524,096	99,096	468,981
Total	<u>22,432,522</u>	<u>21,778,254</u>	<u>(654,268)</u>	<u>20,500,307</u>
Unrestricted Intergovernmental:				
ABC Boards	20,000	81,569	61,569	19,919
Controlled substance	15,000	31,856	16,856	13,557
Civil license revenue	10,000	6,990	(3,010)	8,189
Total	<u>45,000</u>	<u>120,415</u>	<u>75,415</u>	<u>41,665</u>
Restricted Intergovernmental:				
Federal and State grants	21,139,667	21,051,155	(88,512)	20,894,042
Court facility fees	485,000	643,971	158,971	416,526
Total	<u>21,624,667</u>	<u>21,695,126</u>	<u>70,459</u>	<u>21,310,568</u>
Permits and Fees:				
Filing and registration fees	118,000	138,748	20,748	130,656
Dog warden fees	74,500	74,081	(419)	67,659
Register of Deeds' fees	662,500	616,892	(45,608)	594,353
Inspection fees	1,283,400	1,032,462	(250,938)	1,043,094
Planning fees	117,305	123,401	6,096	117,775
Other fees	518,647	352,724	(165,923)	302,359
Total	<u>2,774,352</u>	<u>2,338,308</u>	<u>(436,044)</u>	<u>2,255,896</u>
Sales and Services:				
Rents, concessions, and fees	115,278	132,296	17,018	131,109
Court costs and fees	227,000	200,331	(26,669)	208,216
Jail fees	40,000	119,087	79,087	36,888
Ambulance fees	5,685,414	5,271,511	(413,903)	6,066,945
Library fees	24,000	24,228	228	22,071
Health fees	3,244,681	1,778,027	(1,466,654)	2,323,523
Total	<u>9,336,373</u>	<u>7,525,480</u>	<u>(1,810,893)</u>	<u>8,788,752</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over /Under	2016
	Budget	Actual		Actual
Investment Earnings	30,830	248,007	217,177	97,737
Other General Revenues:				
Sale of assets	3,478	61,688	58,210	24,858
Miscellaneous revenues	4,348,463	3,423,633	(924,830)	3,235,112
Donations	153,032	154,185	1,153	203,933
Total	4,504,973	3,639,506	(865,467)	3,463,903
Total revenues	122,244,102	120,318,571	(1,925,531)	117,731,957
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	88,272	88,141		103,688
Other operating expenditures	217,935	184,549		104,669
Total	306,207	272,690	33,517	208,357
Administration:				
Salaries and employee benefits	387,842	362,156		275,724
Other operating expenditures	62,500	51,509		24,114
Total	450,342	413,665	36,677	299,838
Legal Services:				
Salaries and employee benefits	33,990	26,214		18,257
Other operating expenditures	90,755	64,578		30,210
Total	124,745	90,792	33,953	48,467
Human Resources:				
Salaries and employee benefits	175,232	173,465		165,259
Other operating expenditures	87,388	83,601		39,903
Total	262,620	257,066	5,554	205,162
Board of Elections:				
Salaries and employee benefits	314,641	313,068		279,189
Other operating expenditures	114,900	105,392		107,009
Total	429,541	418,460	11,081	386,198
Finance:				
Salaries and employee benefits	1,105,331	1,102,741		645,915
Other operating expenditures	251,857	222,033		221,811
Total	2,307,188	1,324,774	982,414	867,726

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over /Under	2016
	Budget	Actual		Actual
Facility Fees:				
Other operating expenditures	103,488	92,784		81,438
Capital outlay	432,000	-		-
Total	535,488	92,784	442,704	81,438
IT:				
Salaries and employee benefits	871,977	870,623		784,592
Other operating expenditures	1,106,857	1,092,154		1,003,142
Total	2,053,834	1,962,777	91,057	1,787,734
Tax:				
Salaries and employee benefits	372,851	260,971		381,125
Other operating expenditures	1,297,987	1,266,327		1,266,536
Total	1,670,838	1,527,298	143,540	1,647,661
Register of Deeds:				
Salaries and employee benefits	576,565	571,711		570,564
Other operating expenditures	225,012	197,910		189,171
Total	801,577	769,621	31,956	759,735
Public Buildings:				
Salaries and employee benefits	651,288	634,418		654,249
Other operating expenditures	2,581,875	2,065,669		2,228,395
Total	3,233,163	2,700,087	533,076	2,882,644
General Services:				
Salaries and employee benefits	343,084	304,039		312,099
Other operating expenditures	425,087	392,924		389,323
Capital outlay	125,000	-		-
Total	893,171	696,963	196,208	701,422
Transportation:				
Salaries and employee benefits	867,519	836,326		664,828
Other operating expenditures	711,926	699,364		858,322
Total	1,751,231	1,707,476	43,755	1,523,150
GIS:				
Salaries and employee benefits	583,457	577,997		550,193
Other operating expenditures	36,210	14,939		30,916
Total	619,667	592,936	26,731	581,109
Total general government	15,439,612	12,827,389	2,612,223	11,980,641

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over /Under	2016
	Budget	Actual		Actual
Public Safety:				
Sheriff:				
Salaries and employee benefits	9,382,480	9,101,998		8,637,257
Other operating expenditures	1,456,979	1,235,978		1,237,526
Capital outlay	595,678	469,336		485,255
Total	11,435,137	10,807,312	627,825	10,360,038
Campbell Campus Deputies:				
Salaries and employee benefits	452,006	444,263		427,079
Other operating expenditures	57,900	16,865		15,544
Total	509,906	461,128	48,778	442,623
Sheriff Department Grants:				
Other operating expenditures	19,237	19,237		26,924
Total	19,237	19,237	-	26,924
Communications:				
Salaries and employee benefits	1,586,338	1,406,199		1,478,169
Other operating expenditures	259,997	242,562		145,922
Total	1,846,335	1,648,761	197,574	1,624,091
Jail:				
Salaries and employee benefits	3,386,522	3,177,746		3,117,658
Other operating expenditures	1,629,498	1,491,745		1,433,807
Capital outlay	54,988	-		-
Total	5,071,008	4,669,491	401,517	4,551,465
Child Support Enforcement:				
Salaries and employee benefits	74,435	70,175		65,953
Other operating expenditures	16,700	9,206		700
Total	91,135	79,381	11,754	66,653
Emergency Services:				
Salaries and employee benefits	740,193	685,949		602,984
Other operating expenditures	280,386	143,596		127,755
Total	1,020,579	829,545	191,034	730,739
Emergency Medical Services:				
Salaries and employee benefits	5,705,575	5,696,110		3,796,232
Other operating expenditures	695,386	599,377		495,679
Capital outlay	1,099,286	1,071,423		121,828
Total	7,500,247	7,366,910	133,337	4,413,739

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over /Under	2016
	Budget	Actual		Actual
Emergency Medical Transport:				
Salaries and employee benefits	-	14		1,062,843
Other operating expenditures	1,000	975		89,633
Total	1,000	989	11	1,152,476
Rescue Districts:				
Other operating expenditures	3,361,704	3,361,704	-	3,361,704
Medical Examiner:				
Other operating expenditures	85,000	65,900	19,100	89,900
Public Safety Appropriations:				
Other operating expenditures	86,875	80,377		78,794
Total	86,875	80,377	6,498	78,794
Emergency Services Grant:				
Other operating expenditures	60,000	58,000		-
Total	60,000	58,000	2,000	-
Animal Control:				
Salaries and employee benefits	381,249	356,768		355,066
Other operating expenditures	126,030	80,961		83,509
Total	507,279	437,729	69,550	438,575
Total public safety	31,595,442	29,886,464	1,708,978	27,337,721
Transportation Administration:				
Airport:				
Other operating expenditures	280,314	247,359	32,955	194,529
Transportation:				
Airport:				
Other operating expenditures	226,676	189,136	37,540	198,422
Total transportation	506,990	436,495	70,495	392,951
Environmental Protection:				
Soil and Water:				
Salaries and employee benefits	176,599	160,923		172,343
Other operating expenditures	17,600	16,529		6,393
Total	194,199	177,452	16,747	178,736

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over /Under	2016
	Budget	Actual		Actual
Environmental Protection Allocation:				
Salaries and employee benefits				
Other operating expenditures	4,000	4,000		4,000
Total	4,000	4,000	-	4,000
Total environmental protection	198,199	181,452	16,747	182,736
Economic and Physical Development:				
Planning and Inspections:				
Salaries and employee benefits	1,313,655	1,292,049		1,248,976
Other operating expenditures	185,857	110,659		61,076
Capital outlay	279,000	109,271		-
Total	1,778,512	1,511,979	266,533	1,310,052
Economic Development:				
Salaries and employee benefits	283,076	261,309		95,341
Other operating expenditures	916,690	756,124		341,217
Total	1,199,766	1,017,433	182,333	436,558
Cooperative Extension:				
Salaries and employee benefits	463,458	412,209		346,068
Other operating expenditures	166,259	122,781		211,572
Capital outlay	-	-		23,251
Total	629,717	534,990	94,727	580,891
Abandoned Manufactured Homes:				
Salaries and employee benefits	35,527	23,216		32,171
Total	35,527	23,216	12,311	32,171
Forestry Program:				
Operating expenditures	111,585	100,108	11,477	101,648
Economic and Physical Development:				
Appropriations:				
Operating expenditures	575,000	575,679	(679)	509,983
Total economic and physical development	4,330,107	3,763,405	566,702	2,971,303

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over /Under	2016
	Budget	Actual		Actual
Human Services:				
Health:				
Salaries and employee benefits	4,874,937	4,148,794		4,287,788
Other operating expenditures	2,456,689	1,596,992		1,787,973
Capital outlay	-	-		7,117
Total	<u>7,331,626</u>	<u>5,745,786</u>	<u>1,585,840</u>	<u>6,082,878</u>
Social Services:				
Salaries and employee benefits	10,938,560	10,441,303		9,447,276
Other operating expenditures	806,961	875,722		707,858
Capital outlay	845,372	899,096		169,808
Total	<u>12,590,893</u>	<u>12,216,121</u>	<u>374,772</u>	<u>10,324,942</u>
Restitution:				
Salaries and employee benefits	90,087	87,465		88,298
Operating expenditures	18,238	14,298		15,024
Total	<u>108,325</u>	<u>101,763</u>	<u>6,562</u>	<u>103,322</u>
Veterans Services:				
Salaries and employee benefits	206,756	202,074		167,629
Other operating expenditures	14,449	11,728		12,770
Total	<u>221,205</u>	<u>213,802</u>	<u>7,403</u>	<u>180,399</u>
Department on Aging:				
Salaries and employee benefits	144,326	142,864		135,394
Other operating expenditures	180,631	174,002		179,850
Total	<u>324,957</u>	<u>316,866</u>	<u>8,091</u>	<u>315,244</u>
Nutrition:				
Salaries and employee benefits	64,283	62,972		59,444
Other operating expenditures	374,177	342,439		372,893
Total	<u>438,460</u>	<u>405,411</u>	<u>33,049</u>	<u>432,337</u>
Community Alternatives Program:				
Salaries and employee benefits	279,501	260,181		268,016
Other operating expenditures	78,709	64,618		61,405
Total	<u>358,210</u>	<u>324,799</u>	<u>33,411</u>	<u>329,421</u>
Mental Health:				
Other operating expenditures	605,679	605,679		605,679
Total	<u>605,679</u>	<u>605,679</u>	<u>-</u>	<u>605,679</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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over /Under	2016
	Budget	Actual		Actual
RSVP:				
Salaries and employee benefits	68,092	67,614		63,227
Other operating expenditures	16,735	16,250		14,284
Total	84,827	83,864	963	77,511
Family Caregivers Grant:				
Salaries and employee benefits	56,760	53,862		49,958
Other operating expenditures	16,900	13,756		11,206
Total	73,660	67,618	6,042	61,164
Human Services Appropriations:				
Other operating expenditures	50,000	35,964		136,805
Total	50,000	35,964	14,036	136,805
Public Assistance:				
TANF	5,000	-		-
Aid to the aged and blind	950,000	890,527		863,786
Medicaid	10,000	2,274		3,793
Aid to the blind	6,000	3,987		3,984
County assistance	8,000	1,341		140,242
CP&L Project SHARE	7,312	6,652		6,098
Crisis intervention	553,316	553,082		507,288
Adoption Assistance - IV-B	130,000	102,075		110,267
Adoption IV-B vendor	40,000	11,524		20,475
Adoption IV-E vendor	20,000	5,850		2,870
Adoption assistance -IV- E	280,000	177,728		201,715
Foster care - other	3,500	3,403		3,159
Title IV-E - foster care	410,000	385,592		449,539
Foster care County payments	4,500	761		295
State foster home care	910,000	870,537		755,741
Special services - foster care	33,000	12,356		11,090
Vendor transportation	675,000	674,342		752,452
Independent living - foster care	8,000	3,691		7,814
Day care	4,979,917	4,945,586		5,030,121
All County clothing allowance	15,000	11,324		12,475
Professional services	20,000	4,110		16,997
WorkFirst - emergency cash	5,000	4,289		4,806
WorkFirst	59,000	19,952		42,882
Contracted services	53,497	44,550		20,648

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over /Under	2016
	Budget	Actual		Actual
Child support enforcement	42,750	31,474		37,054
LIEAP	510,165	306,500		308,300
Donations	12,192	4,043		7,521
Food stamp issuance	35,000	34,762		27,475
Special needs adoption	16,534	5,922		2,115
Total	9,802,683	9,118,234	684,449	9,351,002
Total human services	31,990,525	29,235,907	2,754,618	28,000,704
Cultural and Recreation:				
Parks and Recreation:				
Salaries and employee benefits	511,067	498,215		212,166
Other operating expenditures	462,636	397,052		222,839
Total	1,129,778	974,983	154,795	435,005
Libraries:				
Salaries and benefits	723,873	684,625		658,547
Other operating expenditures	340,748	287,033		251,575
Total	1,064,621	971,658	92,963	910,122
Culture and Recreation Appropriations:				
Other operating expenditures	185,000	185,000	-	153,000
Total cultural and recreation	2,379,399	2,131,641	247,758	1,498,127
Education:				
CCCC campus	1,019,467	1,019,467		993,967
CCCC campus capital outlay	30,500	26,197		70,000
Public schools - current expenses	22,549,513	22,547,880		21,267,993
Public schools - capital outlay	122,625	122,625		280,707
Total education	23,722,105	23,716,169	5,936	22,612,667
Debt Service:				
Principal retirement	13,664,149	13,660,527		12,282,700
Interest and fees	3,849,999	3,849,231		5,013,153
Total debt service	17,514,148	17,509,758	4,390	17,295,853
Total expenditures	127,676,527	119,688,680	7,987,847	112,272,703
Revenues over (under) expenditures	(5,432,425)	629,891	6,062,316	5,459,254

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over /Under	Actual
Other Financing Sources (Uses):				
Transfer out	(261,283)	(161,234)	100,049	(283,334)
Transfer in	646,756	1,682,565	1,035,809	7,500
Long-term debt issued	1,682,000	-	(1,682,000)	37,018,000
Payment to escrow agent	-	-	-	(36,177,890)
Appropriated fund balance	3,364,952	-	(3,364,952)	-
Total other financing sources (uses)	<u>5,432,425</u>	<u>1,521,331</u>	<u>(3,911,094)</u>	<u>564,276</u>
Net change in fund balance	<u>\$ -</u>	2,151,222	<u>\$ 2,151,222</u>	6,023,530
Fund Balance:				
Beginning of year - July 1		<u>39,696,606</u>		<u>33,673,076</u>
End of year - June 30		<u>\$ 41,847,828</u>		<u>\$ 39,696,606</u>

HARNETT COUNTY, NORTH CAROLINA

MAJOR FUND BENHAVEN ELEMENTARY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ -	\$ 19,351	\$ 19,351	\$ 19,351
Total revenues	-	-	19,351	19,351	19,351
Expenditures:					
Education:					
Legal and administrative	1,378,960	-	1,123,557	1,123,557	255,403
Construction	30,650,709	-	-	-	30,650,709
Total expenditures	32,029,669	-	1,123,557	1,123,557	30,906,112
Revenues over (under) expenditures	(32,029,669)	-	(1,104,206)	(1,104,206)	30,925,463
Other Financing Sources (Uses):					
Bond proceeds	29,500,000	-	29,500,000	29,500,000	-
Bond premium	2,529,669	-	2,529,669	2,529,669	-
Total other financing sources (uses)	32,029,669	-	32,029,669	32,029,669	-
Net change in fund balance	\$ -	\$ -	30,925,463	\$ 30,925,463	\$ 30,925,463
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ 30,925,463		

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

Veterans Court Fund – accounts for the expenditures and revenues for the treatment center for veterans.

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

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

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

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

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Assets:			
Cash and investments	\$ 7,149,249	\$ 378,123	\$ 7,527,372
Taxes receivable, net	93,078	-	93,078
Accounts receivable, net	2,298,419	-	2,298,419
Prepaid items	4,212	-	4,212
Cash and cash equivalents, restricted	-	1,727,730	1,727,730
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,544,958</u>	<u>\$ 2,105,853</u>	<u>\$ 11,650,811</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 525,265	\$ 19,549	\$ 544,814
Due to other funds	215,797	-	215,797
Total liabilities	<u>741,062</u>	<u>19,549</u>	<u>760,611</u>
Deferred Inflows of Resources:			
Property tax receivable	93,078	-	93,078
Total deferred inflows of resources	<u>93,078</u>	<u>-</u>	<u>93,078</u>
Fund Balances:			
Non-spendable:			
Prepaid items	4,212	-	4,212
Restricted for stabilization for State statute	2,298,419	-	2,298,419
Restricted for Register of Deeds	166,985	-	166,985
Restricted for general government	38,764	1,453,066	1,491,830
Restricted for education	-	257,593	257,593
Restricted for public safety	1,819,364	194,011	2,013,375
Committed	-	181,634	181,634
Assigned	5,001,315	-	5,001,315
Unassigned	(618,241)	-	(618,241)
Total fund balances	<u>8,710,818</u>	<u>2,086,304</u>	<u>10,797,122</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,544,958</u>	<u>\$ 2,105,853</u>	<u>\$ 11,650,811</u>

HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Nonmajor</u>		
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
Revenues:			
Ad valorem taxes	\$ 7,311,851	\$ -	\$ 7,311,851
Other taxes and licenses	7,278,682	-	7,278,682
Restricted intergovernmental	1,104,560	74,073	1,178,633
Permits and fees	1,207,563	-	1,207,563
Sales and services	79,300	-	79,300
Investment earnings	13,332	136	13,468
Total revenues	<u>16,995,288</u>	<u>74,209</u>	<u>17,069,497</u>
Expenditures:			
Current:			
General government	888,533	53,688	942,221
Public safety	9,754,304	-	9,754,304
Economic and physical development	23,251	78,224	101,475
Education	1,210,577	1,884,644	3,095,221
Total expenditures	<u>11,876,665</u>	<u>2,016,556</u>	<u>13,893,221</u>
Revenues over (under) expenditures	<u>5,118,623</u>	<u>(1,942,347)</u>	<u>3,176,276</u>
Other Financing Sources (Uses):			
Transfers in	94,567	437,830	532,397
Transfers (out)	(1,655,899)	(397,829)	(2,053,728)
Total other financing sources (uses)	<u>(1,561,332)</u>	<u>40,001</u>	<u>(1,521,331)</u>
Net change in fund balances	3,557,291	(1,902,346)	1,654,945
Fund Balances:			
Beginning of year - July 1	<u>5,153,527</u>	<u>3,988,650</u>	<u>9,142,177</u>
End of year - June 30	<u>\$ 8,710,818</u>	<u>\$ 2,086,304</u>	<u>\$ 10,797,122</u>

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HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Article 44 *524	Special Districts Fund	Article 46 Sales Tax	Law Enforcement Fund	Emergency Telephone System Fund	Emergency Radio System Fund	Automation Enhancement and Preservation Fund
Assets:							
Cash and investments	612,328	\$ 88,075	\$ 4,315,222	\$ 24,646	\$ 486,647	\$ 350,553	\$ 166,985
Taxes receivable, net	-	93,078	-	-	-	-	-
Accounts receivable, net	999,876	430,418	545,013	-	57,517	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 1,612,204</u>	<u>\$ 611,571</u>	<u>\$ 4,860,235</u>	<u>\$ 24,646</u>	<u>\$ 544,164</u>	<u>\$ 350,553</u>	<u>\$ 166,985</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable	\$ 2,976	\$ 445,401	\$ -	\$ 6,300	\$ 195	\$ 2,394	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>2,976</u>	<u>445,401</u>	<u>-</u>	<u>6,300</u>	<u>195</u>	<u>2,394</u>	<u>-</u>
Deferred Inflows of Resources:							
Property tax receivable	-	93,078	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>93,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Non-spendable							
Prepaid items	-	-	-	-	-	-	-
Restricted for stabilization							
for State statute	999,876	430,418	545,013	-	57,517	-	-
Restricted for Register of Deeds	-	-	-	-	-	-	166,985
Restricted for general government	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	486,452	348,159	-
Assigned	609,352	-	4,315,222	18,346	-	-	-
Unassigned	-	(357,326)	-	-	-	-	-
Total fund balances	<u>1,609,228</u>	<u>73,092</u>	<u>4,860,235</u>	<u>18,346</u>	<u>543,969</u>	<u>348,159</u>	<u>166,985</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,612,204</u>	<u>\$ 611,571</u>	<u>\$ 4,860,235</u>	<u>\$ 24,646</u>	<u>\$ 544,164</u>	<u>\$ 350,553</u>	<u>\$ 166,985</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Emergency Response Planning Fund	WIA Youth Program Fund	Veterans Park Fund	Veterans Court Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Wings Over Harnett Fund	Electronics Management Fund	Total
Assets:									
Cash and investments	\$ 59,809	\$ -	\$ 47,388	\$ -	\$ 984,611	\$ 1,609	\$ 5,977	\$ 5,399	\$ 7,149,249
Taxes receivable, net	-	-	-	-	-	-	-	-	93,078
Accounts receivable, net	-	136,329	-	129,266	-	-	-	-	2,298,419
Prepaid items	-	-	-	-	-	4,212	-	-	4,212
Total assets	<u>\$ 59,809</u>	<u>\$ 136,329</u>	<u>\$ 47,388</u>	<u>\$ 129,266</u>	<u>\$ 984,611</u>	<u>\$ 5,821</u>	<u>\$ 5,977</u>	<u>\$ 5,399</u>	<u>\$ 9,544,958</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:									
Liabilities:									
Accounts payable	\$ 1,414	\$ 17,851	\$ 20,000	\$ 27,267	\$ -	\$ 1,467	\$ -	\$ -	\$ 525,265
Due to other funds	-	112,897	-	102,900	-	-	-	-	215,797
Total liabilities	<u>1,414</u>	<u>130,748</u>	<u>20,000</u>	<u>130,167</u>	<u>-</u>	<u>1,467</u>	<u>-</u>	<u>-</u>	<u>741,062</u>
Deferred Inflows of Resources:									
Property tax receivable	-	-	-	-	-	-	-	-	93,078
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,078</u>
Fund Balances:									
Non-spendable									
Prepaid items	-	-	-	-	-	4,212	-	-	4,212
Restricted for stabilization									
for State statute	-	136,329	-	129,266	-	-	-	-	2,298,419
Restricted for Register of Deeds	-	-	-	-	-	-	-	-	166,985
Restricted for general government	-	-	27,388	-	-	-	5,977	5,399	38,764
Restricted for public safety	-	-	-	-	984,611	142	-	-	1,819,364
Assigned	58,395	-	-	-	-	-	-	-	5,001,315
Unassigned	-	(130,748)	-	(130,167)	-	-	-	-	(618,241)
Total fund balances	<u>58,395</u>	<u>5,581</u>	<u>27,388</u>	<u>(901)</u>	<u>984,611</u>	<u>4,354</u>	<u>5,977</u>	<u>5,399</u>	<u>8,710,818</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 59,809</u>	<u>\$ 136,329</u>	<u>\$ 47,388</u>	<u>\$ 129,266</u>	<u>\$ 984,611</u>	<u>\$ 5,821</u>	<u>\$ 5,977</u>	<u>\$ 5,399</u>	<u>\$ 9,544,958</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, 2017

	Article 44 *524	Article 46 Sales Tax	Special Districts Fund	Law Enforcement Fund	Emergency Telephone System Fund	Emergency Radio System Fund	Automation Enhancement and Preservation Fund	Emergency Response Planning Fund
Revenues:								
Ad valorem taxes	\$ -	\$ -	\$ 7,311,851	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	3,873,837	2,054,214	1,350,631	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-	-
Permits and fees	-	-	-	97,177	690,202	342,677	61,302	-
Sales and services	-	-	-	-	-	-	-	79,300
Investment earnings	-	13,332	-	-	-	-	-	-
Total revenues	<u>3,873,837</u>	<u>2,067,546</u>	<u>8,662,482</u>	<u>97,177</u>	<u>690,202</u>	<u>342,677</u>	<u>61,302</u>	<u>79,300</u>
Expenditures:								
General government	-	-	-	-	-	-	60,489	-
Public safety	-	-	8,385,495	89,080	942,263	186,685	-	70,107
Economic and physical development	-	-	-	-	-	-	-	-
Education	929,737	-	280,840	-	-	-	-	-
Total expenditures	<u>929,737</u>	<u>-</u>	<u>8,666,335</u>	<u>89,080</u>	<u>942,263</u>	<u>186,685</u>	<u>60,489</u>	<u>70,107</u>
Revenues over (under) expenditures	<u>2,944,100</u>	<u>2,067,546</u>	<u>(3,853)</u>	<u>8,097</u>	<u>(252,061)</u>	<u>155,992</u>	<u>813</u>	<u>9,193</u>
Other Financing Sources (Uses):								
Transfers (out)	(1,655,899)	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,655,899)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,288,201	2,067,546	(3,853)	8,097	(252,061)	155,992	813	9,193
Fund Balances:								
Beginning of year - July 1	<u>321,027</u>	<u>2,792,689</u>	<u>76,945</u>	<u>10,249</u>	<u>796,030</u>	<u>192,167</u>	<u>166,172</u>	<u>49,202</u>
End of year - June 30	<u>\$ 1,609,228</u>	<u>\$ 4,860,235</u>	<u>\$ 73,092</u>	<u>\$ 18,346</u>	<u>\$ 543,969</u>	<u>\$ 348,159</u>	<u>\$ 166,985</u>	<u>\$ 58,395</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, 2017

	WIA Youth Program Fund	Veterans Park Fund	Veterans Court Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Wings Over Harnett Fund	Electronics Management Fund	Total
Revenues:								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,311,851
Other taxes and licenses	-	-	-	-	-	-	-	7,278,682
Restricted intergovernmental	582,419	50,000	222,114	153,694	86,898	-	9,435	1,104,560
Permits and fees	-	-	-	-	-	16,205	-	1,207,563
Sales and services	-	-	-	-	-	-	-	79,300
Investment earnings	-	-	-	-	-	-	-	13,332
Total revenues	<u>582,419</u>	<u>50,000</u>	<u>222,114</u>	<u>153,694</u>	<u>86,898</u>	<u>16,205</u>	<u>9,435</u>	<u>16,995,288</u>
Expenditures:								
General government	582,417	22,612	223,015	-	-	-	-	888,533
Public safety	-	-	-	-	80,674	-	-	9,754,304
Economic and physical development	-	-	-	-	-	12,717	10,534	23,251
Education	-	-	-	-	-	-	-	1,210,577
Total expenditures	<u>582,417</u>	<u>22,612</u>	<u>223,015</u>	<u>-</u>	<u>80,674</u>	<u>12,717</u>	<u>10,534</u>	<u>11,876,665</u>
Revenues over (under) expenditures	<u>2</u>	<u>27,388</u>	<u>(901)</u>	<u>153,694</u>	<u>6,224</u>	<u>3,488</u>	<u>(1,099)</u>	<u>5,118,623</u>
Other Financing Sources (Uses):								
Transfers (out)	-	-	-	-	-	-	-	(1,655,899)
Transfers in	-	-	-	94,567	-	-	-	94,567
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,561,332)</u>
Net change in fund balances	2	27,388	(901)	248,261	6,224	3,488	(1,099)	3,557,291
Fund Balances:								
Beginning of year - July 1	<u>5,579</u>	<u>-</u>	<u>-</u>	<u>736,350</u>	<u>(1,870)</u>	<u>2,489</u>	<u>6,498</u>	<u>5,153,527</u>
End of year - June 30	<u>\$ 5,581</u>	<u>\$ 27,388</u>	<u>\$ (901)</u>	<u>\$ 984,611</u>	<u>\$ 4,354</u>	<u>\$ 5,977</u>	<u>\$ 5,399</u>	<u>\$ 8,710,818</u>

HARNETT COUNTY, NORTH CAROLINA

ARTICLE 44 *524

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 4,000,349	\$ 3,873,837	\$ (126,512)	\$ 321,027
Total revenues	<u>4,000,349</u>	<u>3,873,837</u>	<u>(126,512)</u>	<u>321,027</u>
Expenditures:				
Education	972,126	929,737	42,389	-
Total expenditures	<u>972,126</u>	<u>929,737</u>	<u>42,389</u>	<u>-</u>
Revenues over (under) expenditures	<u>3,028,223</u>	<u>2,944,100</u>	<u>(84,123)</u>	<u>321,027</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>(3,028,223)</u>	<u>(1,655,899)</u>	<u>1,372,324</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,028,223)</u>	<u>(1,655,899)</u>	<u>1,372,324</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,288,201</u>	<u>\$ 1,288,201</u>	<u>321,027</u>
Fund Balance:				
Beginning of year - July 1		<u>321,027</u>		<u>-</u>
End of year - June 30		<u>\$ 1,609,228</u>		<u>\$ 321,027</u>

HARNETT COUNTY, NORTH CAROLINA

**ARTICLE 46 SALES TAX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ -	\$ 2,054,214	\$ 2,054,214	\$ 1,916,430
Investment earnings	-	13,332	13,332	3,992
Total revenues	-	2,067,546	2,067,546	1,920,422
Revenues over (under) expenditures	-	2,067,546	2,067,546	1,920,422
Other Financing Sources (Uses):				
Appropriated fund balance	1,109,360	-	(1,109,360)	-
Transfers in (out)	(1,109,360)	-	1,109,360	240,000
Total other financing sources (uses)	-	-	-	240,000
Net change in fund balance	\$ -	2,067,546	\$ 2,067,546	2,160,422
Fund Balance:				
Beginning of year - July 1		2,792,689		632,267
End of year - June 30		\$ 4,860,235		\$ 2,792,689

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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 8,201,644	\$ 7,311,851	\$ (889,793)	\$ 7,043,966
Other taxes and licenses	1,223,650	1,350,631	126,981	1,320,933
Total revenues	<u>9,425,294</u>	<u>8,662,482</u>	<u>(762,812)</u>	<u>8,364,899</u>
Expenditures:				
Public safety	9,124,794	8,385,495	739,299	8,041,286
Education	<u>300,500</u>	<u>280,840</u>	<u>19,660</u>	<u>278,676</u>
Total expenditures	<u>9,425,294</u>	<u>8,666,335</u>	<u>758,959</u>	<u>8,319,962</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,853)</u>	<u>\$ (3,853)</u>	44,937
Fund Balance:				
Beginning of year - July 1		<u>76,945</u>		<u>32,008</u>
End of year - June 30		<u>\$ 73,092</u>		<u>\$ 76,945</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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ 150,000	\$ 97,177	\$ (52,823)	\$ 90,289
Total revenues	<u>150,000</u>	<u>97,177</u>	<u>(52,823)</u>	<u>90,289</u>
Expenditures:				
Public safety:				
Other expenditures	150,000	89,080	60,920	96,230
Total expenditures	<u>150,000</u>	<u>89,080</u>	<u>60,920</u>	<u>96,230</u>
Net change in fund balance	<u>\$ -</u>	8,097	<u>\$ 8,097</u>	(5,941)
Fund Balance:				
Beginning of year - July 1		<u>10,249</u>		<u>16,190</u>
End of year - June 30		<u>\$ 18,346</u>		<u>\$ 10,249</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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 436,783	\$ 690,202	\$ 253,419	\$ 700,030
Total revenues	<u>436,783</u>	<u>690,202</u>	<u>253,419</u>	<u>700,030</u>
Expenditures:				
Public safety:				
Operating expenditures	854,369	795,066	59,303	660,334
Capital outlay	<u>225,565</u>	<u>147,197</u>	<u>78,368</u>	<u>190,642</u>
Total expenditures	<u>1,079,934</u>	<u>942,263</u>	<u>137,671</u>	<u>850,976</u>
Revenues over (under) expenditures	<u>(643,151)</u>	<u>(252,061)</u>	<u>391,090</u>	<u>(150,946)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>643,151</u>	<u>-</u>	<u>(643,151)</u>	<u>-</u>
Total other financing sources (uses)	<u>643,151</u>	<u>-</u>	<u>(643,151)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(252,061)</u>	<u>\$ (252,061)</u>	<u>(150,946)</u>
Fund Balance:				
Beginning of year - July 1		<u>796,030</u>		<u>946,976</u>
End of year - June 30		<u>\$ 543,969</u>		<u>\$ 796,030</u>

HARNETT COUNTY, NORTH CAROLINA

EMERGENCY RADIO SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ 327,900	\$ 342,677	\$ 14,777	\$ 348,303
Total revenues	<u>327,900</u>	<u>342,677</u>	<u>14,777</u>	<u>348,303</u>
Expenditures:				
Public safety:				
Operating expenditures	278,785	186,685	92,100	156,136
Capital outlay	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>328,785</u>	<u>186,685</u>	<u>142,100</u>	<u>156,136</u>
Revenues over (under) expenditures	<u>(885)</u>	<u>155,992</u>	<u>156,877</u>	<u>192,167</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>885</u>	<u>-</u>	<u>(885)</u>	<u>-</u>
Total other financing sources (uses)	<u>885</u>	<u>-</u>	<u>(885)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>155,992</u>	<u>\$ 155,992</u>	<u>192,167</u>
Fund Balance:				
Beginning of year - July 1		<u>192,167</u>		<u>-</u>
End of year - June 30		<u>\$ 348,159</u>		<u>\$ 192,167</u>

HARNETT COUNTY, NORTH CAROLINA

**AUTOMATION ENHANCEMENT AND PRESERVATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ 78,000	\$ 61,302	\$ (16,698)	\$ 61,223
Total revenues	<u>78,000</u>	<u>61,302</u>	<u>(16,698)</u>	<u>61,223</u>
Expenditures:				
General government:				
Operating expenditures	<u>78,000</u>	<u>60,489</u>	<u>17,511</u>	<u>80,526</u>
Total expenditures	<u>78,000</u>	<u>60,489</u>	<u>17,511</u>	<u>80,526</u>
Net change in fund balance	\$ <u>-</u>	813	\$ <u>813</u>	(19,303)
Fund Balance:				
Beginning of year - July 1		<u>166,172</u>		<u>185,475</u>
End of year - June 30		<u>\$ 166,985</u>		<u>\$ 166,172</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, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Other general revenues	\$ 79,300	\$ 79,300	\$ -	\$ 75,000
Total revenues	<u>79,300</u>	<u>79,300</u>	<u>-</u>	<u>75,000</u>
Expenditures:				
Public safety:				
Salaries and fringe benefits	34,078	33,687	391	29,231
Other operating expenditures	45,222	36,420	8,802	71,599
Total expenditures	<u>79,300</u>	<u>70,107</u>	<u>9,193</u>	<u>100,830</u>
Net change in fund balance	<u>\$ -</u>	9,193	<u>\$ 9,193</u>	(25,830)
Fund Balance:				
Beginning of year - July 1		<u>49,202</u>		<u>75,032</u>
End of year - June 30		<u>\$ 58,395</u>		<u>\$ 49,202</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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 684,332	\$ 582,419	\$ (101,913)	\$ 619,856
Total revenues	<u>684,332</u>	<u>582,419</u>	<u>(101,913)</u>	<u>619,856</u>
Expenditures:				
General government:				
Operating expenditures	<u>684,332</u>	<u>582,417</u>	<u>101,915</u>	<u>619,325</u>
Total expenditures	<u>684,332</u>	<u>582,417</u>	<u>101,915</u>	<u>619,325</u>
Net change in fund balance	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>	<u>531</u>
Fund Balance:				
Beginning of year - July 1		<u>5,579</u>		<u>5,048</u>
End of year - June 30		<u>\$ 5,581</u>		<u>\$ 5,579</u>

HARNETT COUNTY, NORTH CAROLINA

VETERANS COURT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>		<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental	\$ 456,328	\$ -	\$ 222,114	\$ (234,214)
Total revenues	<u>456,328</u>	<u>-</u>	<u>222,114</u>	<u>(234,214)</u>
Expenditures:				
General government:				
Operating expenditures	456,328	-	223,015	233,313
Total expenditures	<u>456,328</u>	<u>-</u>	<u>223,015</u>	<u>233,313</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(901)	<u>\$ (901)</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ (901)</u>	

HARNETT COUNTY, NORTH CAROLINA

**VETERANS PARK FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ -
Total revenues	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Expenditures:					
General government:					
Operating expenditures	50,000	-	22,612	22,612	27,388
Total expenditures	<u>50,000</u>	<u>-</u>	<u>22,612</u>	<u>22,612</u>	<u>27,388</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	27,388	<u>\$ 27,388</u>	<u>\$ 27,388</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 27,388</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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 538,357	\$ 153,694	\$ (384,663)	\$ 538,717
Total revenues	<u>538,357</u>	<u>153,694</u>	<u>(384,663)</u>	<u>538,717</u>
Revenues over (under) expenditures	<u>538,357</u>	<u>153,694</u>	<u>(384,663)</u>	<u>538,717</u>
Other Financing Sources (Uses):				
Transfer in (out)	<u>(538,357)</u>	<u>94,567</u>	<u>632,924</u>	<u>-</u>
Total other financing sources (uses)	<u>(538,357)</u>	<u>94,567</u>	<u>632,924</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>248,261</u>	<u>\$ 248,261</u>	<u>538,717</u>
Fund Balance:				
Beginning of year - July 1		<u>736,350</u>		<u>197,633</u>
End of year - June 30		<u>\$ 984,611</u>		<u>\$ 736,350</u>

HARNETT COUNTY, NORTH CAROLINA

SHERIFF EXECUTION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 350,000	\$ 86,898	\$ (263,102)	\$ 82,997
Total revenues	<u>350,000</u>	<u>86,898</u>	<u>(263,102)</u>	<u>82,997</u>
Expenditures:				
Public safety:				
Operating expenditures	<u>350,000</u>	<u>80,674</u>	<u>269,326</u>	<u>84,867</u>
Total expenditures	<u>350,000</u>	<u>80,674</u>	<u>269,326</u>	<u>84,867</u>
Net change in fund balance	<u>\$ -</u>	6,224	<u>\$ 6,224</u>	(1,870)
Fund Balance:				
Beginning of year - July 1		<u>(1,870)</u>		<u>-</u>
End of year - June 30		<u>\$ 4,354</u>		<u>\$ (1,870)</u>

HARNETT COUNTY, NORTH CAROLINA

WINGS OVER HARNETT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ 14,650	\$ 16,205	\$ 1,555	\$ 11,083
Total revenues	<u>14,650</u>	<u>16,205</u>	<u>1,555</u>	<u>11,083</u>
Expenditures:				
Economic and physical development:				
Other expenditures	<u>14,650</u>	<u>12,717</u>	<u>1,933</u>	<u>8,594</u>
Total expenditures	<u>14,650</u>	<u>12,717</u>	<u>1,933</u>	<u>8,594</u>
Net change in fund balance	<u>\$ -</u>	<u>3,488</u>	<u>\$ 3,488</u>	<u>2,489</u>
Fund Balance:				
Beginning of year - July 1		<u>2,489</u>		<u>-</u>
End of year - June 30		<u>\$ 5,977</u>		<u>\$ 2,489</u>

HARNETT COUNTY, NORTH CAROLINA

ELECTRONIC MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Restricted intergovernmental	\$ 9,436	\$ 9,435	\$ (1)	\$ 21,617
Total revenues	<u>9,436</u>	<u>9,435</u>	<u>(1)</u>	<u>21,617</u>
Expenditures:				
Economic and physical development:				
Operating expenditures	15,934	10,534	5,400	18,416
Total expenditures	<u>15,934</u>	<u>10,534</u>	<u>5,400</u>	<u>18,416</u>
Net change in fund balance	\$ <u>-</u>	(1,099)	\$ <u>(1,099)</u>	3,201
Fund Balance:				
Beginning of year - July 1		<u>6,498</u>		<u>3,297</u>
End of year - June 30		<u>\$ 5,399</u>		<u>\$ 6,498</u>

NONMAJOR CAPITAL PROJECT FUNDS

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

INDIVIDUAL FUND DESCRIPTION:

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

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

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

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

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

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

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

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

QSCB 2012 Capital Project - accounts for the expenditures associated with the roof replacement of four schools located throughout the County that are funded by interest-free Qualified Zone Academy Bond (QZAB) funds from the State.

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

Jetport-Runway, Terminal, Taxiways and Apron Rehabilitation, and Runway 5 Approach/Clearance Capital Project Funds – accounts for the expenditures and revenues for the construction phase of the Harnett Regional Jetport, Runway, Taxiways and Apron Rehabilitation and Strengthening Project. The work includes rehabilitation and strengthening of runway 5/23, apron, taxiways A, B, C, D, and E, and hangar taxiway.

HARNETT COUNTY, NORTH CAROLINA**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017**

	<u>Jetport Terminal</u>	<u>Sheriff Training Facility</u>	<u>Radio Upgrade</u>
Assets:			
Cash and investments	\$ 2,478	\$ 194,011	\$ -
Restricted assets:			
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>1,456,638</u>
Total assets	<u>\$ 2,478</u>	<u>\$ 194,011</u>	<u>\$ 1,456,638</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 825	\$ -	\$ 5,225
Total liabilities	<u>825</u>	<u>-</u>	<u>5,225</u>
Fund Balances:			
Restricted for education	-	-	-
Restricted for public safety	-	194,011	-
Restricted for general government	1,653	-	1,451,413
Committed	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,653</u>	<u>194,011</u>	<u>1,451,413</u>
Total liabilities and fund balances	<u>\$ 2,478</u>	<u>\$ 194,011</u>	<u>\$ 1,456,638</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2017

	<u>Airport Capital Reserve</u>	<u>QSCB 2016 Capital Project Fund</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 181,634	\$ -	\$ 378,123
Restricted assets:			
Cash and cash equivalents	<u>-</u>	<u>271,092</u>	<u>1,727,730</u>
Total assets	<u>\$ 181,634</u>	<u>\$ 271,092</u>	<u>\$ 2,105,853</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 13,499</u>	<u>\$ 19,549</u>
Total liabilities	<u>-</u>	<u>13,499</u>	<u>19,549</u>
Fund Balances:			
Restricted for education	-	257,593	257,593
Restricted for public safety	-	-	194,011
Restricted for general government	-	-	1,453,066
Committed	<u>181,634</u>	<u>-</u>	<u>181,634</u>
Total fund balances	<u>181,634</u>	<u>257,593</u>	<u>2,086,304</u>
Total liabilities and fund balances	<u>\$ 181,634</u>	<u>\$ 271,092</u>	<u>\$ 2,105,853</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, 2017

	Airport Drainage Outfall	Runway 5 Approach/ Clearance	Jetport Terminal	Sheriff Training Facility	Radio Upgrade	Taxiway & Apron Rehab
Revenues:						
Restricted intergovernmental	\$ 10,918	\$ 51,822	\$ 11,333	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-	-
Total revenues	<u>10,918</u>	<u>51,822</u>	<u>11,333</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:						
Current:						
General government	-	-	-	-	53,688	-
Economic and physical development	12,132	51,661	14,431	-	-	-
Education	-	-	-	-	-	-
Total expenditures	<u>12,132</u>	<u>51,661</u>	<u>14,431</u>	<u>-</u>	<u>53,688</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,214)</u>	<u>161</u>	<u>(3,098)</u>	<u>-</u>	<u>(53,688)</u>	<u>-</u>
Other Financing Sources (Uses):						
Transfers in	-	-	4,751	-	-	-
Transfers (out)	(5,060)	(161)	-	-	-	(13,900)
Total other financing sources (uses)	<u>(5,060)</u>	<u>(161)</u>	<u>4,751</u>	<u>-</u>	<u>-</u>	<u>(13,900)</u>
Net change in fund balances	(6,274)	-	1,653	-	(53,688)	(13,900)
Fund Balances:						
Beginning of year - July 1	<u>6,274</u>	<u>-</u>	<u>-</u>	<u>194,011</u>	<u>1,505,101</u>	<u>13,900</u>
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,653</u>	<u>\$ 194,011</u>	<u>\$ 1,451,413</u>	<u>\$ -</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, 2017

	<u>Airport Capital Reserve</u>	<u>Article 46 School Capital Project Fund</u>	<u>QSCB 2016 Capital Project Fund</u>	<u>QSCB 2012 Capital Project Fund</u>	<u>Highland Middle School</u>	<u>Jetport Runway</u>	<u>Total</u>
Revenues:							
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,073
Investment earnings	-	-	136	-	-	-	136
Total revenues	-	-	136	-	-	-	74,209
Expenditures:							
Current:							
General government	-	-	-	-	-	-	53,688
Economic and physical development	-	-	-	-	-	-	78,224
Education	-	9,333	1,875,311	-	-	-	1,884,644
Total expenditures	-	9,333	1,875,311	-	-	-	2,016,556
Revenues over (under) expenditures	-	(9,333)	(1,875,175)	-	-	-	(1,942,347)
Other Financing Sources (Uses):							
Transfers in	144,765	-	-	288,314	-	-	437,830
Transfers (out)	(6,465)	-	-	-	(313,266)	(58,977)	(397,829)
Total other financing sources (uses)	138,300	-	-	288,314	(313,266)	(58,977)	40,001
Net change in fund balances	138,300	(9,333)	(1,875,175)	288,314	(313,266)	(58,977)	(1,902,346)
Fund Balances:							
Beginning of year - July 1	43,334	9,333	2,132,768	(288,314)	313,266	58,977	3,988,650
End of year - June 30	\$ 181,634	\$ -	\$ 257,593	\$ -	\$ -	\$ -	\$ 2,086,304

HARNETT COUNTY, NORTH CAROLINA

**AIRPORT DRAINAGE OUTFALL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 443,547	\$ 399,468	\$ 10,918	\$ 410,386	\$ (33,161)
Sales tax	3,979	3,979	-	3,979	-
Total revenues	<u>447,526</u>	<u>403,447</u>	<u>10,918</u>	<u>414,365</u>	<u>(33,161)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	749	748	-	748	1
Engineering	127,694	105,430	12,132	117,562	10,132
Construction	<u>364,529</u>	<u>341,501</u>	<u>-</u>	<u>341,501</u>	<u>23,028</u>
Total expenditures	<u>492,972</u>	<u>447,679</u>	<u>12,132</u>	<u>459,811</u>	<u>33,161</u>
Revenues over (under) expenditures	<u>(45,446)</u>	<u>(44,232)</u>	<u>(1,214)</u>	<u>(45,446)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in	50,506	50,506	-	50,506	-
Transfers out	<u>(5,060)</u>	<u>-</u>	<u>(5,060)</u>	<u>(5,060)</u>	<u>-</u>
Total other financing sources (uses)	<u>45,446</u>	<u>50,506</u>	<u>(5,060)</u>	<u>45,446</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,274</u>	<u>(6,274)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>6,274</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

RUNWAY 5 APPROACH/CLEARANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 253,914	\$ 200,644	\$ 51,822	\$ 252,466	\$ (1,448)
Sales tax	489	489	-	489	-
Total revenues	<u>254,403</u>	<u>201,133</u>	<u>51,822</u>	<u>252,955</u>	<u>(1,448)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	742	742	-	742	-
Engineering	115,197	77,426	36,652	114,078	1,119
Construction	<u>166,515</u>	<u>151,178</u>	<u>15,009</u>	<u>166,187</u>	<u>328</u>
Total expenditures	<u>282,454</u>	<u>229,346</u>	<u>51,661</u>	<u>281,007</u>	<u>1,447</u>
Revenues over (under) expenditures	<u>(28,051)</u>	<u>(28,213)</u>	<u>161</u>	<u>(28,052)</u>	<u>(1)</u>
Other Financing Sources (Uses):					
Transfers in	28,213	28,213		28,213	-
Transfers out	<u>(162)</u>	<u>-</u>	<u>(161)</u>	<u>(161)</u>	<u>1</u>
Total other financing sources (uses)	<u>28,051</u>	<u>28,213</u>	<u>(161)</u>	<u>28,052</u>	<u>1</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

JETPORT TERMINAL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 42,759	\$ -	\$ 11,333	\$ 11,333	\$ (31,426)
Total revenues	<u>42,759</u>	<u>-</u>	<u>11,333</u>	<u>11,333</u>	<u>(31,426)</u>
Expenditures:					
General government:					
Operating expenditures	<u>47,510</u>	<u>-</u>	<u>14,431</u>	<u>14,431</u>	<u>33,079</u>
Total expenditures	<u>47,510</u>	<u>-</u>	<u>14,431</u>	<u>14,431</u>	<u>33,079</u>
Revenues over (under) expenditures	<u>(4,751)</u>	<u>-</u>	<u>(3,098)</u>	<u>(3,098)</u>	<u>1,653</u>
Other Financing Sources (Uses):					
Transfers in	<u>4,751</u>	<u>-</u>	<u>4,751</u>	<u>4,751</u>	<u>-</u>
Total other financing sources (uses)	<u>4,751</u>	<u>-</u>	<u>4,751</u>	<u>4,751</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,653</u>	<u>\$ 1,653</u>	<u>\$ 1,653</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 1,653</u>		

HARNETT COUNTY, NORTH CAROLINA

SHERIFF TRAINING FACILITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Expenditures:					
Public safety:					
Legal and administrative	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Engineering	17,500	13,666	-	13,666	3,834
Construction	103,300	1,323	-	1,323	101,977
Materials	82,200	-	-	-	82,200
Contingency	5,000	-	-	-	5,000
Total expenditures	<u>209,000</u>	<u>14,989</u>	<u>-</u>	<u>14,989</u>	<u>194,011</u>
Revenues over (under) expenditures	<u>(209,000)</u>	<u>(14,989)</u>	<u>-</u>	<u>(14,989)</u>	<u>194,011</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>209,000</u>	<u>209,000</u>	<u>-</u>	<u>209,000</u>	<u>-</u>
Total other financing sources (uses)	<u>209,000</u>	<u>209,000</u>	<u>-</u>	<u>209,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 194,011</u>	<u>-</u>	<u>\$ 194,011</u>	<u>\$ 194,011</u>
Fund Balance:					
Beginning of year - July 1			<u>194,011</u>		
End of year - June 30			<u>\$ 194,011</u>		

HARNETT COUNTY, NORTH CAROLINA

RADIO UPGRADE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Sales tax refund	\$ 306,675	\$ 19,544	\$ -	\$ 19,544	\$ (287,131)
Total revenues	<u>306,675</u>	<u>19,544</u>	<u>-</u>	<u>19,544</u>	<u>(287,131)</u>
Expenditures:					
Capital outlay	<u>7,493,789</u>	<u>5,440,661</u>	<u>53,688</u>	<u>5,494,349</u>	<u>1,999,440</u>
Total expenditures	<u>7,493,789</u>	<u>5,440,661</u>	<u>53,688</u>	<u>5,494,349</u>	<u>1,999,440</u>
Revenues over (under) expenditures	<u>(7,187,114)</u>	<u>(5,421,117)</u>	<u>(53,688)</u>	<u>(5,474,805)</u>	<u>1,712,309</u>
Other Financing Sources (Uses):					
Transfers in (out)	1,991,321	1,867,209	-	1,867,209	(124,112)
Long-term debt issued	<u>5,195,793</u>	<u>5,059,009</u>	<u>-</u>	<u>5,059,009</u>	<u>(136,784)</u>
Total other financing sources (uses)	<u>7,187,114</u>	<u>6,926,218</u>	<u>-</u>	<u>6,926,218</u>	<u>(260,896)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,505,101</u>	<u>(53,688)</u>	<u>\$ 1,451,413</u>	<u>\$ 1,451,413</u>
Fund Balance:					
Beginning of year - July 1			<u>1,505,101</u>		
End of year - June 30			<u>\$ 1,451,413</u>		

HARNETT COUNTY, NORTH CAROLINA

TAXIWAY & APRON REHAB
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 262,239	\$ 137,144	\$ -	\$ 137,144	\$ (125,095)
Total revenues	<u>262,239</u>	<u>137,144</u>	<u>-</u>	<u>137,144</u>	<u>(125,095)</u>
Expenditures:					
Economic and physical development:					
Legal and administrative	1,200	-	-	-	1,200
Engineering	<u>276,276</u>	<u>152,382</u>	<u>-</u>	<u>152,382</u>	<u>123,894</u>
Total expenditures	<u>277,476</u>	<u>152,382</u>	<u>-</u>	<u>152,382</u>	<u>125,094</u>
Revenues over (under) expenditures	<u>(15,237)</u>	<u>(15,238)</u>	<u>-</u>	<u>(15,238)</u>	<u>(1)</u>
Other Financing Sources (Uses):					
Transfers (out)	<u>15,237</u>	<u>29,138</u>	<u>(13,900)</u>	<u>15,238</u>	<u>1</u>
Total other financing sources (uses)	<u>15,237</u>	<u>29,138</u>	<u>(13,900)</u>	<u>15,238</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,900</u>	<u>(13,900)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>13,900</u>		
End of year - June 30			<u>\$ -</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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers (out)	\$ (289,975)	\$ (6,465)	\$ 283,510	\$ -
Transfers in	<u>289,975</u>	<u>144,765</u>	<u>(145,210)</u>	<u>43,334</u>
Total other financing sources (uses)	<u>-</u>	<u>138,300</u>	<u>138,300</u>	<u>43,334</u>
Net change in fund balance	<u>\$ -</u>	<u>138,300</u>	<u>\$ 138,300</u>	<u>43,334</u>
Fund Balance:				
Beginning of year - July 1		<u>43,334</u>		<u>-</u>
End of year - June 30		<u>\$ 181,634</u>		<u>\$ 43,334</u>

HARNETT COUNTY, NORTH CAROLINA

ARTICLE 46 SCHOOL CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Sales tax	\$ 27,510	\$ 27,510	\$ -	\$ 27,510	\$ -
Total revenues	27,510	27,510	-	27,510	-
Expenditures:					
Education:					
Construction	1,327,510	1,318,177	9,333	1,327,510	-
Total expenditures	1,327,510	1,318,177	9,333	1,327,510	-
Revenues over (under) expenditures	(1,300,000)	(1,290,667)	(9,333)	(1,300,000)	-
Other Financing Sources (Uses):					
Transfers in	1,300,000	1,300,000	-	1,300,000	-
Total other financing sources (uses)	1,300,000	1,300,000	-	1,300,000	-
Net change in fund balance	\$ -	\$ 9,333	(9,333)	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			9,333		
End of year - June 30			\$ -		

HARNETT COUNTY, NORTH CAROLINA

QSCB 2016 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 242	\$ 25	\$ 136	\$ 161	\$ (81)
Total revenues	<u>242</u>	<u>25</u>	<u>136</u>	<u>161</u>	<u>(81)</u>
Expenditures:					
Education:					
Construction	2,160,211	46,857	1,855,680	1,902,537	257,674
Debt issue costs	<u>40,031</u>	<u>20,400</u>	<u>19,631</u>	<u>40,031</u>	<u>-</u>
Total expenditures	<u>2,200,242</u>	<u>67,257</u>	<u>1,875,311</u>	<u>1,942,568</u>	<u>257,674</u>
Revenues over (under) expenditures	<u>(2,200,000)</u>	<u>(67,232)</u>	<u>(1,875,175)</u>	<u>(1,942,407)</u>	<u>257,593</u>
Other Financing Sources (Uses):					
Debt issued	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,132,768</u>	<u>(1,875,175)</u>	<u>\$ 257,593</u>	<u>\$ 257,593</u>
Fund Balance:					
Beginning of year - July 1			<u>2,132,768</u>		
End of year - June 30			<u>\$ 257,593</u>		

HARNETT COUNTY, NORTH CAROLINA

QSCB 2012 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ 590	\$ 749	\$ -	\$ 749	\$ 159
Sales tax	120,605	119,958	-	119,958	(647)
Total revenues	<u>121,195</u>	<u>120,707</u>	<u>-</u>	<u>120,707</u>	<u>(488)</u>
Expenditures:					
Education:					
Legal and administrative	1,000	835	-	835	165
Engineering	98,784	98,785	-	98,785	(1)
Construction	3,253,609	3,253,287	-	3,253,287	322
Materials and supplies	<u>373,074</u>	<u>373,071</u>	<u>-</u>	<u>373,071</u>	<u>3</u>
Total expenditures	<u>3,726,467</u>	<u>3,725,978</u>	<u>-</u>	<u>3,725,978</u>	<u>489</u>
Revenues over (under) expenditures	<u>(3,605,272)</u>	<u>(3,605,271)</u>	<u>-</u>	<u>(3,605,271)</u>	<u>1</u>
Other Financing Sources (Uses):					
Transfers in	<u>3,605,272</u>	<u>3,316,957</u>	<u>288,314</u>	<u>3,605,271</u>	<u>(1)</u>
Total other financing sources (uses)	<u>3,605,272</u>	<u>3,316,957</u>	<u>288,314</u>	<u>3,605,271</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (288,314)</u>	<u>288,314</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>(288,314)</u>		
End of year - June 30			<u>\$ -</u>		

HARNETT COUNTY, NORTH CAROLINA

HIGHLAND MIDDLE SCHOOL CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 125,000	\$ 125,000	\$ -	\$ 125,000	\$ -
Investment earnings	10,509	10,509	-	10,509	-
Sales tax	663,393	663,393	-	663,393	-
Total revenues	<u>798,902</u>	<u>798,902</u>	<u>-</u>	<u>798,902</u>	<u>-</u>
Expenditures:					
Education:					
Legal and administrative	9,630	9,630	-	9,630	-
Engineering	642,206	642,206	-	642,206	-
Construction	23,790,583	23,790,583	-	23,790,583	-
Materials and supplies	67,837	67,837	-	67,837	-
Furniture and fixtures and equipment	2,860,107	2,860,107	-	2,860,107	-
Debt issue costs	390,345	390,345	-	390,345	-
Total expenditures	<u>27,760,708</u>	<u>27,760,708</u>	<u>-</u>	<u>27,760,708</u>	<u>-</u>
Revenues over (under) expenditures	<u>(26,961,806)</u>	<u>(26,961,806)</u>	<u>-</u>	<u>(26,961,806)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers out	(3,630,223)	(3,316,957)	(313,266)	(3,630,223)	-
Bond premium	52,029	52,029	-	52,029	-
Bond issued	30,540,000	30,540,000	-	30,540,000	-
Total other financing sources (uses)	<u>26,961,806</u>	<u>27,275,072</u>	<u>(313,266)</u>	<u>26,961,806</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 313,266</u>	<u>(313,266)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>313,266</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, 2017

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 3,874,435	\$ 3,607,669	\$ -	\$ 3,607,669	\$ (266,766)
Sales tax	58,363	58,362	-	58,362	(1)
Total revenues	<u>3,932,798</u>	<u>3,666,031</u>	<u>-</u>	<u>3,666,031</u>	<u>(266,767)</u>
Expenditures:					
Economic and physical development:					
Engineering	114,412	108,290	-	108,290	6,122
Construction	3,959,435	3,938,652	-	3,938,652	20,783
Contingency	239,862	-	-	-	239,862
Total expenditures	<u>4,313,709</u>	<u>4,046,942</u>	<u>-</u>	<u>4,046,942</u>	<u>266,767</u>
Revenues over (under) expenditures	<u>(380,911)</u>	<u>(380,911)</u>	<u>-</u>	<u>(380,911)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in	439,888	439,888	0	439,888	-
Transfers out	<u>(58,977)</u>	<u>-</u>	<u>(58,977)</u>	<u>(58,977)</u>	<u>-</u>
Total other financing sources (uses)	<u>380,911</u>	<u>439,888</u>	<u>(58,977)</u>	<u>380,911</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 58,977</u>	<u>(58,977)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>58,977</u>		
End of year - June 30			<u>\$ -</u>		

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ENTERPRISE FUNDS

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

INDIVIDUAL FUND DESCRIPTIONS:

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

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

Solid Waste Management Fund – accounts for the operations of the Harnett County Landfill.

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HARNETT COUNTY, NORTH CAROLINA**ENTERPRISE FUND - WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water and sewer sales	\$ 27,611,830	\$ 32,971,570	\$ 5,359,740
Water and sewer taps	230,000	293,954	63,954
Johnson County	3,703	3,703	-
Other operating revenues	1,921,207	2,600,404	679,197
Total operating revenues	<u>29,766,740</u>	<u>35,869,631</u>	<u>6,102,891</u>
Total revenues	<u>29,766,740</u>	<u>35,869,631</u>	<u>6,102,891</u>
Expenditures:			
Salaries and employee benefits	9,395,873	8,931,182	464,691
Purchased water	28,000	17,280	10,720
Sewage treatment	2,148,116	1,718,893	429,223
Other operating expenses	12,006,694	9,345,660	2,661,034
Capital outlay	1,300,000	1,299,255	745
Debt service:			
Debt principal	3,868,937	3,113,936	755,001
Interest and fees	1,979,920	1,761,448	218,472
Total expenditures	<u>30,727,540</u>	<u>26,187,654</u>	<u>4,539,886</u>
Revenues over (under) expenditures	<u>(960,800)</u>	<u>9,681,977</u>	<u>10,642,777</u>
Other Financing Sources (Uses):			
Appropriated net position	12,070,063	-	(12,070,063)
Transfers in	574,950	45,034	(529,916)
Transfers out	(11,684,213)	(11,684,213)	-
Total other financing sources (uses)	<u>960,800</u>	<u>(11,639,179)</u>	<u>(12,599,979)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,957,202)</u>	<u>\$ (1,957,202)</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, 2017**

	<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		\$ (1,957,202)	
Reconciling items:			
Debt principal		3,113,936	
Amortization of bond premium		66,500	
Amortization of deferred charge on refunding		(159,557)	
Decrease in accrued interest		75,117	
Increase in compensated absences		(292,323)	
Increase in other post-employment benefits		(263,513)	
Capital contribution		(833,853)	
Increase deferred outflows - pension		1,127,828	
Increase in net pension liability		(1,322,320)	
Decrease deferred inflows - pension		116,886	
Contributed asset		3,051,917	
Expense from projects not capitalized		(197,521)	
Interest and fees from project		(1,053,852)	
Lease revenue from districts		1,053,852	
Intrafund transfers		11,639,179	
Capital outlay		1,299,255	
Depreciation		<u>(9,488,101)</u>	
Change in net position		<u>\$ 5,976,228</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, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 465,000	\$ 465,000	\$ -
Interest and fees	<u>728,025</u>	<u>728,025</u>	<u>-</u>
Total expenditures	<u>1,193,025</u>	<u>1,193,025</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,193,025)</u>	<u>(1,193,025)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>1,193,025</u>	<u>728,025</u>	<u>(465,000)</u>
Total other financing sources (uses)	<u>1,193,025</u>	<u>728,025</u>	<u>(465,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (465,000)</u>	<u>\$ (465,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (465,000)	
Reconciling items:			
Debt principal		<u>465,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - WEST CENTRAL
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 95,000	\$ 95,000	\$ -
Interest and fees	<u>52,425</u>	<u>52,425</u>	<u>-</u>
Total expenditures	<u>147,425</u>	<u>147,425</u>	<u>-</u>
Revenues over (under) expenditures	<u>(147,425)</u>	<u>(147,425)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>147,425</u>	<u>52,425</u>	<u>(95,000)</u>
Total other financing sources (uses)	<u>147,425</u>	<u>52,425</u>	<u>(95,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (95,000)</u>	<u>\$ (95,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (95,000)	
Reconciling items:			
Debt principal		<u>95,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - NORTHWEST
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 65,000	\$ 65,000	\$ -
Interest and fees	<u>29,188</u>	<u>29,188</u>	<u>-</u>
Total expenditures	<u>94,188</u>	<u>94,188</u>	<u>-</u>
Revenues over (under) expenditures	<u>(94,188)</u>	<u>(94,188)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>94,188</u>	<u>29,188</u>	<u>(65,000)</u>
Total other financing sources (uses)	<u>94,188</u>	<u>29,188</u>	<u>(65,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (65,000)	
Reconciling items:			
Debt principal		<u>65,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTHWEST
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 165,000	\$ 165,000	\$ -
Interest and fees	<u>81,163</u>	<u>81,163</u>	<u>-</u>
Total expenditures	<u>246,163</u>	<u>246,163</u>	<u>-</u>
Revenues over (under) expenditures	<u>(246,163)</u>	<u>(246,163)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>246,163</u>	<u>81,163</u>	<u>(165,000)</u>
Total other financing sources (uses)	<u>246,163</u>	<u>81,163</u>	<u>(165,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (165,000)</u>	<u>\$ (165,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (165,000)	
Reconciling items:			
Debt principal		<u>165,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTHEAST
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 45,000	\$ 45,000	\$ -
Interest and fees	<u>33,800</u>	<u>33,800</u>	<u>-</u>
Total expenditures	<u>78,800</u>	<u>78,800</u>	<u>-</u>
Revenues over (under) expenditures	<u>(78,800)</u>	<u>(78,800)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>78,800</u>	<u>33,800</u>	<u>(45,000)</u>
Total other financing sources (uses)	<u>78,800</u>	<u>33,800</u>	<u>(45,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (45,000)	
Reconciling items:			
Debt principal		<u>45,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - EAST CENTRAL
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 105,000	\$ 105,000	\$ -
Interest and fees	<u>94,113</u>	<u>94,113</u>	<u>-</u>
Total expenditures	<u>199,113</u>	<u>199,113</u>	<u>-</u>
Revenues over (under) expenditures	<u>(199,113)</u>	<u>(199,113)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>199,113</u>	<u>94,113</u>	<u>(105,000)</u>
Total other financing sources (uses)	<u>199,113</u>	<u>94,113</u>	<u>(105,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (105,000)</u>	<u>\$ (105,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (105,000)	
Reconciling items:			
Debt principal		<u>105,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - RIVERSIDE
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 25,000	\$ 25,000	\$ -
Interest and fees	<u>35,138</u>	<u>35,138</u>	<u>-</u>
Total expenditures	<u>60,138</u>	<u>60,138</u>	<u>-</u>
Revenues under expenditures	<u>(60,138)</u>	<u>(60,138)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>60,138</u>	<u>35,138</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>60,138</u>	<u>35,138</u>	<u>(25,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (25,000)	
Reconciling items:			
Debt principal		<u>25,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

DUPREE FARMS CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 125,000	\$ -	\$ 96,573	\$ 96,573	\$ (28,427)
Total revenues	<u>125,000</u>	<u>-</u>	<u>96,573</u>	<u>96,573</u>	<u>(28,427)</u>
Expenditures:					
Construction	80,698	-	79,554	79,554	1,144
Legal and administration	8,000	-	-	-	8,000
Engineering	22,340	-	22,175	22,175	165
Materials and supplies	11,268	-	-	-	11,268
Land and right of way	2,000	-	750	750	1,250
Contingency	6,600	-	-	-	6,600
Total expenditures	<u>130,906</u>	<u>-</u>	<u>102,479</u>	<u>102,479</u>	<u>28,427</u>
Revenues over (under) expenditures	<u>(5,906)</u>	<u>-</u>	<u>(5,906)</u>	<u>(5,906)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	50,940	-	50,940	50,940	-
Transfers out - Enterprise Fund	(45,034)	-	(45,034)	(45,034)	-
Total other financing sources (uses)	<u>5,906</u>	<u>-</u>	<u>5,906</u>	<u>5,906</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

WHIP TRANSMISSION LINE CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Expenditures:					
Construction	\$ 947,000	\$ -	\$ -	\$ -	\$ 947,000
Legal and administration	8,000	-	330	330	7,670
Engineering	150,300	-	72,520	72,520	77,780
Materials and supplies	45,000	-	-	-	45,000
Land	18,000	-	-	-	18,000
Contingency	47,350	-	-	-	47,350
Total expenditures	<u>1,215,650</u>	<u>-</u>	<u>72,850</u>	<u>72,850</u>	<u>1,142,800</u>
Revenues over (under) expenditures	<u>(1,215,650)</u>	<u>-</u>	<u>(72,850)</u>	<u>(72,850)</u>	<u>1,142,800</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>1,215,650</u>	<u>-</u>	<u>1,215,650</u>	<u>1,215,650</u>	<u>-</u>
Total other financing sources (uses)	<u>1,215,650</u>	<u>-</u>	<u>1,215,650</u>	<u>1,215,650</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,800</u>	<u>\$ 1,142,800</u>	<u>\$ 1,142,800</u>

HARNETT COUNTY, NORTH CAROLINA

**SOUTH CENTRAL TRANSMISSION LINE CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Expenditures:					
Construction	\$ 782,000	\$ -	\$ -	\$ -	\$ 782,000
Legal and administration	8,000	-	330	330	7,670
Engineering	135,800	-	68,125	68,125	67,675
Materials and supplies	45,000	-	-	-	45,000
Land	18,000	-	-	-	18,000
Contingency	39,100	-	-	-	39,100
Total expenditures	<u>1,027,900</u>	<u>-</u>	<u>68,455</u>	<u>68,455</u>	<u>959,445</u>
Revenues over (under) expenditures	<u>(1,027,900)</u>	<u>-</u>	<u>(68,455)</u>	<u>(68,455)</u>	<u>959,445</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>1,027,900</u>	<u>-</u>	<u>1,027,900</u>	<u>1,027,900</u>	<u>-</u>
Total other financing sources (uses)	<u>1,027,900</u>	<u>-</u>	<u>1,027,900</u>	<u>1,027,900</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 959,445</u>	<u>\$ 959,445</u>	<u>\$ 959,445</u>

HARNETT COUNTY, NORTH CAROLINA

**NORTH HARNETT WW UPGRADE CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Expenditures:					
Construction	\$ 5,023,531	\$ -	\$ -	\$ -	\$ 5,023,531
Legal and administration	6,000	-	-	-	6,000
Engineering	423,000	-	-	-	423,000
Materials and supplies	70,000	-	-	-	70,000
Contingency	251,221	-	-	-	251,221
Total expenditures	<u>5,773,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,773,752</u>
Revenues over (under) expenditures	<u>(5,773,752)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,773,752</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>5,773,752</u>	<u>-</u>	<u>5,773,752</u>	<u>5,773,752</u>	<u>-</u>
Total other financing sources (uses)	<u>5,773,752</u>	<u>-</u>	<u>5,773,752</u>	<u>5,773,752</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,773,752</u>	<u>\$ 5,773,752</u>	<u>\$ 5,773,752</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, 2017

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Sales tax refund	\$ 1,148,399	\$ 1,148,961	\$ -	\$ 1,148,961	\$ 562
Investment earnings	35,711	35,710	-	35,710	(1)
Restricted intergovernmental	56,014,144	61,037,566	-	61,037,566	5,023,422
Total revenues	<u>57,198,254</u>	<u>62,222,237</u>	<u>-</u>	<u>62,222,237</u>	<u>5,023,983</u>
Expenditures:					
Construction	50,859,756	50,827,929	25,372	50,853,301	6,455
Legal and administration	16,739	15,802	-	15,802	937
Engineering	5,297,465	5,291,685	5,780	5,297,465	-
Materials and supplies	247,494	120,677	-	120,677	126,817
Land	186,895	186,891	-	186,891	4
Contingency	13,128	-	-	-	13,128
Total expenditures	<u>56,621,477</u>	<u>56,442,984</u>	<u>31,152</u>	<u>56,474,136</u>	<u>147,341</u>
Revenues over (under) expenditures	<u>576,777</u>	<u>5,779,253</u>	<u>(31,152)</u>	<u>5,748,101</u>	<u>5,171,324</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	450,000	450,000	-	450,000	-
Transfers out - Enterprise Fund	(1,026,777)	(450,000)	-	(450,000)	576,777
Total other financing sources (uses)	<u>(576,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>576,777</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,779,253</u>	<u>\$ (31,152)</u>	<u>\$ 5,748,101</u>	<u>\$ 5,748,101</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, 2017

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Sales tax refund	\$ 21,200	\$ 35,151	\$ -	\$ 35,151	\$ 13,951
Investment earnings	200	2,952	-	2,952	2,752
Restricted intergovernmental	1,000,000	1,000,000	-	1,000,000	-
Total revenues	<u>1,021,400</u>	<u>1,038,103</u>	<u>-</u>	<u>1,038,103</u>	<u>16,703</u>
Expenditures:					
Construction	4,114,330	3,797,361	125,000	3,922,361	191,969
Legal and administration	337,874	182,171	122,543	304,714	33,160
Engineering	1,239,752	410,154	-	410,154	829,598
Materials and supplies	15,000	14,200	-	14,200	800
Land	315,503	315,503	-	315,503	-
Interest and fees	318,093	195,011	-	195,011	123,082
Total expenditures	<u>6,340,552</u>	<u>4,914,400</u>	<u>247,543</u>	<u>5,161,943</u>	<u>1,178,609</u>
Revenues over (under) expenditures	<u>(5,319,152)</u>	<u>(3,876,297)</u>	<u>(247,543)</u>	<u>(4,123,840)</u>	<u>1,195,312</u>
Other Financing Sources (Uses):					
Debt issuance	3,937,000	3,937,000	-	3,937,000	-
Transfers in - Enterprise Fund	1,382,152	175,000	11,840	186,840	(1,195,312)
Total other financing sources (uses)	<u>5,319,152</u>	<u>4,112,000</u>	<u>11,840</u>	<u>4,123,840</u>	<u>(1,195,312)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 235,703</u>	<u>\$ (235,703)</u>	<u>\$ -</u>	<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

BRIGHTWATER INFRASTRUCTURE CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 21,775	\$ 21,774	\$ -	\$ 21,774	\$ (1)
Investment earnings	63,123	1,122	-	1,122	(62,001)
Contribution First Choice	-	62,000	-	62,000	62,000
Contribution Town of Lillington	41,601	41,602	-	41,602	1
Restricted intergovernmental	2,627,620	2,627,620	-	2,627,620	-
Total revenues	<u>2,754,119</u>	<u>2,754,118</u>	<u>-</u>	<u>2,754,118</u>	<u>(1)</u>
Expenditures:					
Construction	2,759,921	2,502,600	3,956	2,506,556	253,365
Legal and administration	61,550	61,550	-	61,550	-
Utilities plus	86,171	86,171	-	86,171	-
Engineering	425,676	425,676	-	425,676	-
Materials and supplies	10,896	10,896	-	10,896	-
Land	74,650	74,650	-	74,650	-
Town of Lillington	99,928	99,928	-	99,928	-
NCDOT improvement	221,237	221,237	-	221,237	-
Other improvement	116,687	116,687	-	116,687	-
Total expenditures	<u>3,856,716</u>	<u>3,599,395</u>	<u>3,956</u>	<u>3,603,351</u>	<u>253,365</u>
Revenues over (under) expenditures	<u>(1,102,597)</u>	<u>(845,277)</u>	<u>(3,956)</u>	<u>(849,233)</u>	<u>253,364</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	1,016,981	1,016,981	-	1,016,981	-
Transfers in - General Fund	85,616	85,616	-	85,616	-
Total other financing sources (uses)	<u>1,102,597</u>	<u>1,102,597</u>	<u>-</u>	<u>1,102,597</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 257,320</u>	<u>\$ (3,956)</u>	<u>\$ 253,364</u>	<u>\$ 253,364</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, 2017

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Sales tax refund	\$ 8,288	\$ 8,288	\$ -	\$ 8,288	\$ -
Restricted intergovernmental	1,446,128	1,246,127	200,000	1,446,127	(1)
Total revenues	<u>1,454,416</u>	<u>1,254,415</u>	<u>200,000</u>	<u>1,454,415</u>	<u>(1)</u>
Expenditures:					
Construction	1,229,265	1,152,871	(2,354)	1,150,517	78,748
Legal and administration	14,507	14,506	-	14,506	1
Engineering	78,750	78,750	-	78,750	-
Road improvement	121,252	-	-	-	121,252
Contingency	2,354	-	-	-	2,354
Total expenditures	<u>1,446,128</u>	<u>1,246,127</u>	<u>(2,354)</u>	<u>1,243,773</u>	<u>202,355</u>
Revenues over (under) expenditures	<u>8,288</u>	<u>8,288</u>	<u>202,354</u>	<u>210,642</u>	<u>202,354</u>
Other Financing Sources (Uses):					
Transfers out - Enterprise Fund	<u>(8,288)</u>	<u>(8,288)</u>	<u>-</u>	<u>(8,288)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,288)</u>	<u>(8,288)</u>	<u>-</u>	<u>(8,288)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,354</u>	<u>\$ 202,354</u>	<u>\$ 202,354</u>

HARNETT COUNTY, NORTH CAROLINA

MGD WATER TREATMENT PLANT EXPANSION
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refund	\$ 71,846	\$ 71,846	\$ -	\$ 71,846	\$ -
Restricted intergovernmental	5,450,000	4,598,836	(1,130,426)	3,468,410	(1,981,590)
Total revenues	<u>5,521,846</u>	<u>4,670,682</u>	<u>(1,130,426)</u>	<u>3,540,256</u>	<u>(1,981,590)</u>
Expenditures:					
Construction	11,272,115	10,543,364	728,751	11,272,115	-
Legal and administration	124,667	16,005	108,762	124,767	(100)
Engineering	703,700	611,599	57,000	668,599	35,101
Total expenditures	<u>12,100,482</u>	<u>11,170,968</u>	<u>894,513</u>	<u>12,065,481</u>	<u>35,001</u>
Revenues over (under) expenditures	<u>(6,578,636)</u>	<u>(6,500,286)</u>	<u>(2,024,939)</u>	<u>(8,525,225)</u>	<u>(1,946,589)</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	6,578,636	6,500,286	78,350	6,578,636	-
Total other financing sources (uses)	<u>6,578,636</u>	<u>6,500,286</u>	<u>78,350</u>	<u>6,578,636</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,946,589)</u>	<u>\$ (1,946,589)</u>	<u>\$ (1,946,589)</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, 2017

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Expenditures:					
Construction	\$ 7,713,539	\$ -	\$ -	\$ -	\$ 7,713,539
Legal and administration	10,000	-	75	75	9,925
Engineering	350,000	161,700	67,755	229,455	120,545
Materials and supplies	20,000	-	-	-	20,000
Land	30,000	6,250	-	6,250	23,750
Contingency	385,677	-	-	-	385,677
Total expenditures	<u>8,509,216</u>	<u>167,950</u>	<u>67,830</u>	<u>235,780</u>	<u>8,273,436</u>
Revenues over (under) expenditures	<u>(8,509,216)</u>	<u>(167,950)</u>	<u>(67,830)</u>	<u>(235,780)</u>	<u>8,273,436</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>8,509,216</u>	<u>4,983,435</u>	<u>3,525,781</u>	<u>8,509,216</u>	<u>-</u>
Total other financing sources (uses)	<u>8,509,216</u>	<u>4,983,435</u>	<u>3,525,781</u>	<u>8,509,216</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,815,485</u>	<u>\$ 3,457,951</u>	<u>\$ 8,273,436</u>	<u>\$ 8,273,436</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, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste fees	\$ 5,260,540	\$ 5,726,081	\$ 465,541
Other operating revenues	5,000	51,407	46,407
Total operating revenues	<u>5,265,540</u>	<u>5,777,488</u>	<u>511,948</u>
Non-Operating Revenues:			
Solid waste state taxes	219,000	282,599	63,599
Restricted intergovernmental	61,000	60,036	(964)
Interest earned on investments	20,000	2,548	(17,452)
Total non-operating revenues	<u>300,000</u>	<u>345,183</u>	<u>45,183</u>
Total revenues	<u>5,565,540</u>	<u>6,122,671</u>	<u>557,131</u>
Expenditures:			
Salaries and employee benefits	1,209,418	1,152,922	56,496
Other operating expenses	3,572,020	3,449,107	122,913
Capital outlay	1,067,700	820,738	246,962
Debt service:			
Debt principal and interest	544,828	544,825	3
Total expenditures	<u>6,393,966</u>	<u>5,967,592</u>	<u>426,374</u>
Revenues over (under) expenditures	<u>(828,426)</u>	<u>155,079</u>	<u>983,505</u>
Other Financing Sources (Uses):			
Sale of assets	520	15,757	15,237
Appropriated net position	827,906	-	(827,906)
Total other financing sources (uses)	<u>828,426</u>	<u>15,757</u>	<u>(812,669)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 170,836</u>	<u>\$ 170,836</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, 2017**

	<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		\$ 170,836	
Reconciling items:			
Debt principal		466,362	
Increase deferred outflows - pension		173,512	
Decrease in accrued interest		5,642	
Increase in net pension liability		(203,434)	
Decrease deferred inflows - pension		17,983	
Increase in other post-employment benefits		(29,159)	
Amortization of premium		4,200	
Capital outlay		820,738	
Increase in compensated absences		(41,760)	
Depreciation		<u>(584,770)</u>	
Change in net position		<u>\$ 800,150</u>	

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INTERNAL SERVICE FUNDS

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

INDIVIDUAL FUND DESCRIPTIONS:

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

Group Insurance Fund – accounts for the liabilities that have been incurred from prior years when the County was previously fully insured.

Employee Clinic Fund – accounts for the operations at the clinic that is exclusively for employees of Harnett County.

Medical Insurance Fund – accounts for the claims and payments for self-insured health insurance within the County.

Dental Insurance Fund – accounts for the dental insurance premiums and payments for employees of the County.

Unemployment Insurance Fund – accounts for the funds set aside for unemployment claims processed by the North Carolina Department of Commerce, Division of Employment Security.

HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Workers' Compensation Fund	Group Insurance Fund	Employee Clinic Fund	Medical Insurance Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 4,718,735	\$ 877,195	\$ 692,006	\$ 3,065,551
Prepays	-	15,342	3,700	-
Accounts receivable	<u>13,581</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,732,316</u>	<u>892,537</u>	<u>695,706</u>	<u>3,065,551</u>
Liabilities:				
Current liabilities:				
Claims payable	929,301	-	-	-
Accounts payable	<u>8,028</u>	<u>-</u>	<u>5,612</u>	<u>782,454</u>
Total current liabilities	<u>937,329</u>	<u>-</u>	<u>5,612</u>	<u>782,454</u>
Non-current liabilities:				
Claims payable	<u>1,644,064</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,581,393</u>	<u>-</u>	<u>5,612</u>	<u>782,454</u>
Net Position:				
Unrestricted	<u>\$ 2,150,923</u>	<u>\$ 892,537</u>	<u>\$ 690,094</u>	<u>\$ 2,283,097</u>

HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Dental Insurance Fund	Unemployment Insurance Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 349,825	\$ 1,022,437	\$ 10,725,749
Prepays	-	-	19,042
Accounts receivable	<u>-</u>	<u>-</u>	<u>13,581</u>
Total assets	<u>349,825</u>	<u>1,022,437</u>	<u>10,758,372</u>
Liabilities:			
Current liabilities:			
Claims payable	-	-	929,301
Accounts payable	<u>34,913</u>	<u>-</u>	<u>831,007</u>
Total current liabilities	<u>34,913</u>	<u>-</u>	<u>1,760,308</u>
Non-current liabilities:			
Claims payable	<u>-</u>	<u>-</u>	<u>1,644,064</u>
Total liabilities	<u>34,913</u>	<u>-</u>	<u>3,404,372</u>
Net Position:			
Unrestricted	<u>\$ 314,912</u>	<u>\$ 1,022,437</u>	<u>\$ 7,354,000</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, 2017**

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
Operating Revenues:				
County contribution	\$ 4,163,139	\$ 894,784	\$ 172,135	\$ 8,013,982
Operating Expenses:				
Benefits and premiums	<u>2,942,218</u>	<u>479,306</u>	<u>150,473</u>	<u>7,612,094</u>
Change in net position	1,220,921	415,478	21,662	401,888
Net Position:				
Beginning of year - July 1	<u>930,002</u>	<u>477,059</u>	<u>668,432</u>	<u>1,881,209</u>
End of year - June 30	<u>\$ 2,150,923</u>	<u>\$ 892,537</u>	<u>\$ 690,094</u>	<u>\$ 2,283,097</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, 2017**

	Dental Insurance Fund	Unemployment Insurance Fund	Total
Operating Revenues:			
County contribution	\$ 490,944	\$ 401,187	\$ 14,136,171
Operating Expenses:			
Benefits and premiums	415,237	38,936	11,638,264
Change in net position	75,707	362,251	2,497,907
Net Position:			
Beginning of year - July 1	239,205	660,186	4,856,093
End of year - June 30	<u>\$ 314,912</u>	<u>\$ 1,022,437</u>	<u>\$ 7,354,000</u>

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 4,332,537	\$ 894,784	\$ 172,135	\$ 8,013,982
Cash paid to suppliers	<u>(3,214,095)</u>	<u>(494,648)</u>	<u>(150,263)</u>	<u>(7,544,019)</u>
Net cash provided (used) by operating activities	<u>1,118,442</u>	<u>400,136</u>	<u>21,872</u>	<u>469,963</u>
Net increase (decrease) in cash and cash equivalents	1,118,442	400,136	21,872	469,963
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>3,600,293</u>	<u>477,059</u>	<u>670,134</u>	<u>2,595,588</u>
End of year - June 30	<u>\$ 4,718,735</u>	<u>\$ 877,195</u>	<u>\$ 692,006</u>	<u>\$ 3,065,551</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 1,220,921	\$ 415,478	\$ 21,662	\$ 401,888
Change in prepaids	-	(15,342)	(919)	-
Change in accounts receivable	155,817	-	-	300
Change in claims payable	<u>(258,296)</u>	<u>-</u>	<u>1,129</u>	<u>67,775</u>
Net cash provided (used) by operating activities	<u>\$ 1,118,442</u>	<u>\$ 400,136</u>	<u>\$ 21,872</u>	<u>\$ 469,963</u>

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Dental Insurance Fund	Unemployment Insurance Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 490,944	\$ 401,187	\$ 14,305,569
Cash paid to suppliers	<u>(411,202)</u>	<u>(38,936)</u>	<u>(11,853,163)</u>
Net cash provided (used) by operating activities	<u>79,742</u>	<u>362,251</u>	<u>2,452,406</u>
Net increase (decrease) in cash and cash equivalents	79,742	362,251	2,452,406
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>270,083</u>	<u>660,186</u>	<u>8,273,343</u>
End of year - June 30	<u>\$ 349,825</u>	<u>\$ 1,022,437</u>	<u>\$ 10,725,749</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 75,707	\$ 362,251	\$ 2,497,907
Change in prepaids	-	-	(16,261)
Change in accounts receivable	-	-	156,117
Change in claims payable	<u>4,035</u>	<u>-</u>	<u>(185,357)</u>
Net cash provided (used) by operating activities	<u>\$ 79,742</u>	<u>\$ 362,251</u>	<u>\$ 2,452,406</u>

HARNETT COUNTY, NORTH CAROLINA

EMPLOYEE CLINIC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 178,232	\$ 172,135	\$ (6,097)
Total revenues	<u>178,232</u>	<u>172,135</u>	<u>(6,097)</u>
Expenditures:			
Benefits and premiums	<u>179,432</u>	<u>150,473</u>	<u>28,959</u>
Total expenditures	<u>179,432</u>	<u>150,473</u>	<u>28,959</u>
Change in net position	<u>(1,200)</u>	<u>21,662</u>	<u>22,862</u>
Other Financing Sources (Uses):			
Appropriated net position	<u>1,200</u>	<u>-</u>	<u>(1,200)</u>
Total other financing sources (uses)	<u>1,200</u>	<u>-</u>	<u>(1,200)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>21,662</u>	<u>\$ 21,662</u>
Net Position:			
Beginning of year - July 1		<u>668,432</u>	
End of year - June 30		<u>\$ 690,094</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, 2017**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 3,625,000	\$ 4,163,139	\$ 538,139
Total revenues	<u>3,625,000</u>	<u>4,163,139</u>	<u>538,139</u>
Expenditures:			
Benefits and premiums	3,625,000	2,942,218	682,782
Total expenditures	<u>3,625,000</u>	<u>2,942,218</u>	<u>682,782</u>
Change in net position	<u>\$ -</u>	1,220,921	<u>\$ 1,220,921</u>
Net Position:			
Beginning of year - July 1		<u>930,002</u>	
End of year - June 30		<u>\$ 2,150,923</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, 2017

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 735,000	\$ 894,784	\$ 159,784
Total revenues	<u>735,000</u>	<u>894,784</u>	<u>159,784</u>
Expenditures:			
Benefits and premiums	<u>735,000</u>	<u>479,306</u>	<u>255,694</u>
Total expenditures	<u>735,000</u>	<u>479,306</u>	<u>255,694</u>
Change in net position	<u>\$ -</u>	415,478	<u>\$ 415,478</u>
Net Position:			
Beginning of year - July 1		<u>477,059</u>	
End of year - June 30		<u>\$ 892,537</u>	

HARNETT COUNTY, NORTH CAROLINA

**UNEMPLOYMENT INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 350,000	\$ 401,187	\$ 51,187
Total revenues	<u>350,000</u>	<u>401,187</u>	<u>51,187</u>
Expenditures:			
Benefits and premiums	<u>350,000</u>	<u>38,936</u>	<u>311,064</u>
Total expenditures	<u>350,000</u>	<u>38,936</u>	<u>311,064</u>
Change in net position	<u>\$ -</u>	362,251	<u>\$ 362,251</u>
Net Position:			
Beginning of year - July 1		<u>660,186</u>	
End of year - June 30		<u>\$ 1,022,437</u>	

HARNETT COUNTY, NORTH CAROLINA

**MEDICAL INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 7,965,000	\$ 8,013,982	\$ 48,982
Total revenues	<u>7,965,000</u>	<u>8,013,982</u>	<u>48,982</u>
Expenditures:			
Benefits and premiums	<u>7,965,000</u>	<u>7,612,094</u>	<u>352,906</u>
Total expenditures	<u>7,965,000</u>	<u>7,612,094</u>	<u>352,906</u>
Change in net position	<u>\$ -</u>	401,888	<u>\$ 401,888</u>
Net Position:			
Beginning of year - July 1		<u>1,881,209</u>	
End of year - June 30		<u>\$ 2,283,097</u>	

HARNETT COUNTY, NORTH CAROLINA

**DENTAL INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 545,000	\$ 490,944	\$ (54,056)
Expenditures:			
Benefits and premiums	545,000	415,237	129,763
Total expenditures	<u>545,000</u>	<u>415,237</u>	<u>129,763</u>
Change in net position	<u>\$ -</u>	75,707	<u>\$ 75,707</u>
Net Position:			
Beginning of year - July 1		<u>239,205</u>	
End of year - June 30		<u>\$ 314,912</u>	

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AGENCY FUNDS

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

INDIVIDUAL FUND DESCRIPTIONS:

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

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

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

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

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

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HARNETT COUNTY, NORTH CAROLINA**AGENCY FUNDS****COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES****JUNE 30, 2017**

	<u>Social Services Trust Fund</u>	<u>State Motor Vehicle Tax</u>	<u>Fines and Forfeitures Fund</u>	<u>Jail Canteen Fund</u>	<u>Total</u>
Assets:					
Cash and investments	\$ 73,701	\$ 179,769	\$ 225	\$ 25,308	\$ 279,003
Liabilities:					
Accounts payable and accrued liabilities	\$ 73,701	\$ 179,769	\$ 225	\$ 25,308	\$ 279,003

HARNETT COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Social Services:				
Assets:				
Cash and investments	\$ 70,022	\$ 498,791	\$ (495,112)	\$ 73,701
Liabilities:				
Accounts payable and accrued liabilities	\$ 70,022	\$ 498,791	\$ (495,112)	\$ 73,701
Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 47,082	\$ 11,009,701	\$ (11,056,783)	\$ -
Liabilities:				
Accounts payable and accrued liabilities	\$ 47,082	\$ 11,009,701	\$ (11,056,783)	\$ -
State Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	\$ 179,769	\$ -	\$ -	\$ 179,769
Liabilities:				
Accounts payable and accrued liabilities	\$ 179,769	\$ -	\$ -	\$ 179,769
Fines and Forfeitures Fund:				
Assets:				
Cash and investments	\$ -	\$ 299,865	\$ (299,640)	\$ 225
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 299,865	\$ (299,640)	\$ 225
Jail Canteen Fund:				
Assets:				
Cash and investments	\$ 9,613	\$ 326,120	\$ (310,425)	\$ 25,308
Liabilities:				
Accounts payable and accrued liabilities	\$ 9,613	\$ 326,120	\$ (310,425)	\$ 25,308
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 306,486	\$ 12,134,477	\$ (12,161,960)	\$ 279,003
Liabilities:				
Accounts payable and accrued liabilities	\$ 306,486	\$ 12,134,477	\$ (12,161,960)	\$ 279,003

OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable – General Fund

Analysis of Current Tax Levy

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HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 JUNE 30, 2017

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 62,808,873	\$ 62,470,305	\$ 338,568
2015-2016	441,093	-	298,825	142,268
2014-2015	153,083	-	55,213	97,870
2013-2014	144,209	-	28,348	115,861
2012-2013	141,146	-	15,802	125,344
2011-2012	119,251	-	13,455	105,796
2010-2011	98,948	-	7,009	91,939
2009-2010	102,057	-	3,520	98,537
2008-2009	75,729	-	2,553	73,176
2007-2008	83,770	-	2,556	81,214
2006-2007	79,937	-	79,937	-
Total	\$ 1,439,223	\$ 62,808,873	\$ 62,977,523	1,270,573
Less: allowance for uncollectible accounts - General Fund				885,921
Ad valorem taxes receivable, net - General Fund				\$ 384,652
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 62,973,475
Reconciling items:				
Interest collected				(104,811)
Taxes written off				79,937
Prior year releases				28,922
Total collections and credits				\$ 62,977,523

HARNETT COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2017

	County-Wide		Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Total Levy		
Original Levy:					
Property taxed at current year's rate	\$ 8,143,693,894	\$ 0.7500	\$ 62,750,874	\$ 55,855,338	\$ 6,895,536
Total	<u>8,143,693,894</u>		<u>62,750,874</u>	<u>55,855,338</u>	<u>6,895,536</u>
Discoveries:					
Current years taxes	<u>33,799,575</u>	0.7500	450,661	450,661	-
Abatements	<u>(29,449,650)</u>		<u>(392,662)</u>	<u>(392,662)</u>	-
Total	<u>4,349,925</u>		<u>57,999</u>	<u>57,999</u>	-
Total property valuation	<u>\$ 8,148,043,819</u>				
Net Levy			62,808,873	55,913,337	6,895,536
Uncollected taxes at June 30, 2017			<u>(338,568)</u>	<u>(338,568)</u>	-
Current Year's Taxes Collected			<u>\$ 62,470,305</u>	<u>\$ 55,574,769</u>	<u>\$ 6,895,536</u>
Current Levy Collection Percentage			<u>99.46%</u>	<u>99.39%</u>	<u>100.00%</u>

STATISTICAL SECTION

(unaudited)

This part of Harnett County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
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>	176
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	185
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	189
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	193
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	195

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net investment in capital assets	\$ 37,271,906	\$ 63,157,501	\$ 36,370,124	\$ 36,054,811	\$ 37,298,229	\$ 62,464,192	\$ 50,365,917	\$ 44,566,178	\$ 55,813,622	\$ 51,770,803
Restricted	-	-	-	14,023,136	10,537,181	10,997,970	11,787,945	15,913,835	17,766,806	14,322,814
Unrestricted	(30,362,560)	(82,235,980)	(77,060,014)	(89,050,481)	(81,052,839)	(105,671,907)	(94,656,353)	(88,995,853)	(78,490,540)	(55,214,776)
Total governmental activities net position	\$ 6,909,346	\$ (19,078,479)	\$ (40,689,890)	\$ (38,972,534)	\$ (33,217,429)	\$ (32,209,745)	\$ (32,502,491)	\$ (28,515,840)	\$ (4,910,112)	\$ 10,878,841
Business-type activities										
Net investment in capital assets	\$111,540,080	\$150,839,435	\$179,931,416	\$229,078,137	\$250,808,927	\$243,042,418	\$245,118,371	\$266,725,165	\$278,517,784	\$278,274,105
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	10,348,070	5,174,536	14,168,332	14,966,901	18,408,236	42,092,691	55,340,802	44,073,005	42,596,106	49,940,891
Total business-type activities net position	\$121,888,150	\$156,013,971	\$194,099,748	\$244,045,038	\$269,217,163	\$285,135,109	\$300,459,173	\$310,798,170	\$321,113,890	\$328,214,996
Primary Government										
Net investment in capital assets	\$148,811,986	\$213,996,936	\$216,301,540	\$265,132,948	\$288,107,156	\$305,506,610	\$295,484,288	\$311,291,343	\$334,331,406	\$330,044,908
Restricted	-	-	-	14,023,136	10,537,181	10,997,970	11,787,945	15,913,835	17,766,806	14,322,814
Unrestricted	(20,014,490)	(77,061,444)	(62,891,682)	(74,083,580)	(62,644,603)	(63,579,216)	(39,315,551)	(44,922,848)	(35,894,434)	(5,273,885)
Total primary government net position	\$128,797,496	\$136,935,492	\$153,409,858	\$205,072,504	\$235,999,734	\$252,925,364	\$267,956,682	\$282,282,330	\$316,203,778	\$339,093,837

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General Government	\$ 26,813,716	\$ 28,913,861	\$ 47,059,620	\$ 14,978,146	\$ 11,217,967	\$ 11,810,197	\$ 13,333,033	\$ 13,148,888	\$ 9,196,366	\$ 14,655,806
Public Safety	25,374,027	28,144,340	28,952,326	30,533,501	32,138,970	34,473,682	34,627,720	35,683,468	37,715,350	40,417,079
Transportation	407,741	639,194	637,306	657,369	646,939	344,060	276,823	952,006	927,620	999,651
Environmental Protection	139,421	202,232	193,652	165,460	124,255	135,892	138,994	170,630	182,736	181,452
Economic & physical development	5,382,775	6,568,721	6,388,625	6,019,831	6,321,309	5,969,164	3,809,848	4,164,532	2,732,724	5,156,771
Human Services	30,984,992	27,738,723	25,401,052	25,417,133	25,235,971	26,073,115	25,863,878	25,702,623	28,109,695	29,721,428
Cultural & Recreational	1,570,301	1,621,761	1,678,221	1,616,686	621,129	1,458,094	1,473,554	1,513,720	1,667,895	2,236,204
Education	19,928,849	30,006,235	22,701,055	22,239,671	24,115,765	30,159,562	36,423,566	27,562,131	27,328,710	26,811,390
Debt Service:										
Interest and fees	4,730,870	4,822,044	5,975,587	5,969,986	6,494,891	5,279,472	6,332,214	5,463,869	5,315,756	4,825,862
Total governmental activities expenses	115,312,692	128,657,111	138,987,444	107,597,783	106,917,196	115,703,247	122,279,630	114,361,867	113,176,852	125,005,643
Business type activities										
Water and Sewer	16,667,249	18,490,660	20,517,601	35,319,763	23,446,803	28,120,698	28,650,534	26,444,236	31,176,432	32,111,467
Solid Waste	4,116,940	4,204,938	4,006,639	4,266,203	4,188,342	4,586,311	4,474,124	4,618,158	4,741,515	5,338,278
Total business-type activities	20,784,189	22,695,598	24,524,240	39,585,966	27,635,145	32,707,009	33,124,658	31,062,394	35,917,947	37,449,745
Total primary government expenses	\$ 136,096,881	\$ 151,352,709	\$ 163,511,684	\$ 147,183,749	\$ 134,552,341	\$ 148,410,256	\$ 155,404,288	\$ 145,424,261	\$ 149,094,799	\$ 162,455,388
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 1,930,159	\$ 1,705,350	\$ 13,647,609	\$ 3,202,817	\$ 4,198,163	\$ 6,153,062	\$ 4,207,620	\$ 3,090,449	\$ 9,083,933	\$ 8,004,787
Public Safety	6,165,054	6,445,392	5,931,375	8,361,070	8,949,860	9,212,633	7,243,162	7,637,977	8,553,075	8,525,597
Transportation	264,936	242,983	277,895	328,194	335,486	292,655	1,444	1,705	2,205	2,943
Environmental protection	-	-	-	-	-	-	-	3,963	8,438	2,400
Economic and physical development	-	2,652	2,638	22,128	16,013	4,148	8,085	10,766	20,714	24,814
Human services	3,951,818	4,189,982	4,290,177	3,812,310	3,463,527	3,424,015	2,315,561	2,192,224	2,567,833	4,023,634
Cultural and recreational	25,653	46,505	54,582	45,862	52,284	41,158	39,974	43,284	49,369	51,996
Education	558,955	439,948	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	116,303	286,678	1,574,076	999,908	904,224	1,175,405	1,874,813	1,593,065	1,634,027	1,510,115
Public Safety	685,126	1,565,755	1,890,581	1,904,951	1,628,139	1,899,606	747,873	648,901	1,022,612	579,565
Transportation	529,786	1,165,357	754,113	594,844	382,897	811,311	3,957,957	1,042,078	582,821	660,431
Environment protection	-	35,320	23,665	15,502	8,962	-	-	26,965	30,426	22,915
Economic and physical development	1,863,797	736,305	665,288	704,113	528,743	89,601	41,017	41,395	45,512	34,825
Human services	15,092,951	14,393,776	15,086,688	15,099,811	15,120,209	15,822,833	15,504,353	16,327,523	18,472,123	18,612,304
Cultural and recreational	675,919	182,360	180,991	149,410	149,410	161,039	162,175	164,619	161,213	168,442
Education	2,730,886	3,502,441	3,162,910	2,316,672	1,935,247	1,502,404	2,763,557	1,902,400	1,902,400	400
Capital grants and contributions:										
General government	-	-	-	159,603	-	-	-	-	335,462	28,493
Public Safety	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	398,782	103,114	78,395	730,636	978,203	517,082	39,584	-
Human services	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	15,000	8,000	282,472	3,414	28,486	-	-	39,421	5,750	-
Total governmental activities programs revenues	34,606,343	34,948,804	48,223,842	37,870,726	37,780,045	41,320,506	39,845,794	35,619,279	44,210,528	42,247,420

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Water and Sewer	21,950,390	21,374,697	24,860,413	28,170,863	30,165,366	30,813,418	34,620,175	32,511,677	34,697,530	36,147,419
Solid Waste	3,343,756	3,594,796	3,839,876	3,960,942	3,963,611	4,791,264	5,023,318	5,219,143	5,360,576	5,827,446
Operating grants and contributions:										
Water and Sewer	511,300	-	-	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-	-	-	268,549	75,793
Capital grants and contributions:										
Water and Sewer	9,638,451	31,384,786	34,097,559	60,951,973	18,746,953	14,719,996	8,937,389	4,172,600	6,430,392	2,218,064
Solid Waste	-	-	-	-	-	-	30,000	-	-	-
Total business-type activities program revenues	35,443,897	56,354,279	62,797,848	93,083,778	52,875,930	50,324,678	48,610,882	41,903,420	46,757,047	44,268,722
Total primary government program revenues	\$ 70,050,240	\$ 91,303,083	\$ 111,021,690	\$ 130,954,504	\$ 90,655,975	\$ 91,645,184	\$ 88,456,676	\$ 77,522,699	\$ 90,967,575	\$ 86,516,142
Net (expense)/revenue										
Governmental activities	\$ (80,706,349)	\$ (93,708,307)	\$ (90,763,602)	\$ (69,727,057)	\$ (69,137,151)	\$ (74,382,741)	\$ (82,433,836)	\$ (78,742,588)	\$ (68,966,324)	\$ (82,758,223)
Business-type activities	14,659,708	33,658,681	38,273,608	53,497,811	25,240,785	17,617,669	15,486,224	10,841,026	10,839,100	6,818,977
Total primary government net expense	\$ (66,046,641)	\$ (60,049,626)	\$ (52,489,994)	\$ (16,229,246)	\$ (43,896,366)	\$ (56,765,072)	\$ (66,947,612)	\$ (67,901,562)	\$ (58,127,224)	\$ (75,939,246)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad valorem taxes	\$ 44,199,461	\$ 46,969,567	\$ 56,560,748	\$ 56,372,131	\$ 58,298,100	\$ 60,032,767	\$ 64,309,216	\$ 65,789,144	\$ 68,369,184	\$ 70,197,361
Local option sales tax	20,757,236	16,508,236	12,367,175	12,288,772	13,914,555	14,238,193	14,884,498	16,757,810	19,279,814	20,518,531
Other taxes	1,087,668	954,293	1,844,610	1,899,527	2,004,883	2,069,801	2,505,838	4,009,772	4,778,883	8,538,405
Unrestricted grants and contributions	144,532	234,713	70,413	125,845	347,202	45,956	38,861	67,514	41,665	120,415
Investment earnings	1,516,019	451,055	91,358	33,012	15,492	18,991	2,677	11,672	102,503	280,826
Miscellaneous	2,050,793	2,149,503	-	-	-	-	-	-	-	-
Gain on sale of capital asset	38,318	13,850	-	-	-	-	-	-	-	-
Transfers	315,526	439,265	72,819	475,001	312,024	400,000	400,000	(2,030)	-	-
Total governmental activities	70,109,553	67,720,482	71,007,123	71,194,288	74,892,256	76,805,708	82,141,090	86,633,882	92,572,049	99,655,538
Business-type activities:										
Other taxes	114,575	160,785	210,121	264,145	236,713	227,228	237,297	234,276	268,129	282,599
Investment earnings	243,356	46,845	25,173	12,585	6,651	5,961	543	660	3,491	(470)
Miscellaneous	38,891	695,733	-	-	-	-	-	-	-	-
Gain on sale of capital asset	60,923	3,042	-	-	-	-	-	-	-	-
Transfers	(315,526)	(439,265)	(72,819)	(475,001)	(312,024)	(400,000)	(400,000)	2,030	-	-
Total business-type activities	142,219	467,140	162,475	(198,271)	(68,660)	(166,811)	(162,160)	236,966	271,620	282,129
Total primary government	\$ 70,251,772	\$ 68,187,622	\$ 71,169,598	\$ 70,996,017	\$ 74,823,596	\$ 76,638,897	\$ 81,978,930	\$ 86,870,848	\$ 92,843,669	\$ 99,937,667
Change in Net Position										
Governmental activities	\$ (10,596,796)	\$ (25,987,825)	\$ (19,756,479)	\$ 1,467,231	\$ 5,755,105	\$ 2,422,967	\$ (292,746)	\$ 7,891,294	\$ 23,605,725	\$ 16,897,315
Business-type activities	14,801,927	34,125,821	38,436,083	53,299,540	25,172,125	17,450,858	15,324,064	11,077,992	11,110,720	7,101,106
Total primary government	\$ 4,205,131	\$ 8,137,996	\$ 18,679,604	\$ 54,766,771	\$ 30,927,230	\$ 19,873,825	\$ 15,031,318	\$ 18,969,286	\$ 34,716,445	\$ 23,998,421

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

Fiscal Year	Governmental Activities							Business-type Activities	
	Ad Valorem	Sales Tax	Excise Stamp - Real Property	Occupancy Tax	Cable Franchise License	Solid Waste	Total		
2008	\$ 44,199,461	\$ 20,757,236	\$ 453,552	\$ 393,721	\$ 215,603	\$ 114,575	\$ 66,134,148		
2009	46,969,567	16,508,236	354,955	362,717	236,621	178,188	64,610,284		
2010	56,560,748	12,367,175	380,883	372,187	222,418	210,121	70,113,532		
2011	56,366,267	12,288,772	373,065	394,058	246,233	264,145	69,932,540		
2012	58,298,100	13,914,555	380,640	417,602	232,046	236,713	73,479,656		
2013	60,032,767	14,238,193	401,847	412,486	196,216	227,228	75,508,737		
2014	64,309,216	14,884,498	410,360	430,146	197,213	237,297	80,468,730		
2015	65,789,144	16,757,810	412,126	437,316	204,052	234,276	83,834,724		
2016	68,369,184	19,279,814	468,981	554,405	197,107	268,129	89,137,620		
2017	70,197,361	20,518,531	524,096	536,184	199,443	282,599	92,258,214		

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

	2008	2009 ¹	2010 ²	2011	2012	2013 ³	2014 ⁴	2015	2016	2017 ⁵
General Fund										
Reserved	\$ 11,334,321	\$ 9,113,259	\$ 7,586,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,642,598	9,327,602	8,858,325	-	-	-	-	-	-	-
Non Spendable	-	-	52,271	748,224	451,088	111,181	159,625	1,418,606	232,245	9,088,575
Restricted	-	-	7,347,530	8,789,704	9,433,149	9,260,952	11,496,063	11,966,027	-	-
Committed	-	-	-	574,133	-	-	-	-	-	-
Assigned	-	-	-	-	-	3,193,811	2,600,000	-	-	-
Unassigned	-	-	11,279,350	13,212,441	17,959,942	18,732,095	19,417,388	26,311,973	32,547,008	41,847,828
Total General Fund	\$ 24,976,919	\$ 18,440,861	\$ 16,444,784	\$ 18,679,151	\$ 23,324,502	\$ 27,844,179	\$ 31,298,039	\$ 33,673,076	\$ 39,696,606	\$ 41,847,828

All other governmental funds

Reserved	\$ 2,704,804	\$ 1,001,871	\$ 524,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated reported in major governmental funds	20,237,681	2,870,399	-	-	-	-	-	-	-	-
Unreserved, reported in nonmajor:										
Special Revenue	412,406	975,147	718,299	-	-	-	-	-	-	-
Non Spendable	-	-	-	-	2,612	1,742	-	-	4,212	4,212
Restricted	-	-	6,700,404	2,212,333	23,331,386	12,479,663	8,809,048	7,594,332	37,153,665	181,634
Committed	-	-	198,652	103,168	471,969	440,695	24,102	122,485	2,316,903	5,001,315
Assigned	-	-	143,764	60,662	76,734	60,348	246,463	(881,516)	(895,755)	(618,241)
Unassigned	-	-	(974,816)	(470,924)	(444,222)	(1,869,528)	(881,516)	(881,516)	(895,755)	(618,241)
Capital Projects	7,617,069	28,479,842	10,366,092	-	-	-	-	-	-	-
Total all other governmental funds	\$ 30,971,960	\$ 33,327,259	\$ 11,608,606	\$ 6,068,004	\$ 1,907,851	\$ 23,437,609	\$ 11,111,178	\$ 8,198,097	\$ 9,142,177	\$ 41,722,585

¹ 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.
² 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.
³ 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.
⁴ The decrease in Fund Balance for all other governmental funds is due to the spend-down of escrow funds for the Highlands Middle School Capital Project.
⁵ The increase in Fund Balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Benhaven Elementary School Capital Project Fund.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Ad valorem taxes	\$ 44,672,744	\$ 47,060,009	\$ 55,407,612	\$ 56,437,182	\$ 58,043,532	\$ 60,420,690	\$ 64,806,230	\$ 66,264,541	\$ 68,317,095	\$ 70,265,326
Other taxes and licenses	21,820,112	17,462,529	14,211,785	14,188,299	15,919,438	16,307,994	17,390,336	20,767,582	24,068,697	29,056,936
Unrestricted intergovernmental	121,282	97,470	70,413	125,845	347,202	45,956	38,861	67,514	41,665	120,415
Restricted intergovernmental	21,690,372	21,767,468	22,869,284	21,615,025	20,580,505	21,951,104	24,545,233	21,497,462	23,003,139	22,873,759
Permits and fees	4,136,968	3,296,521	3,153,029	3,382,005	3,621,752	3,995,260	3,686,220	3,379,086	3,466,824	3,545,871
Contributions	23,250	164,885	-	-	-	-	-	-	-	-
Sales and services	8,759,607	9,211,309	7,648,967	9,997,003	9,481,257	9,256,221	7,378,303	7,435,368	8,863,752	7,604,780
Investment earnings	2,286,039	470,083	91,358	33,012	15,492	18,991	2,677	11,672	102,503	280,826
Other general revenues	2,414,723	2,102,532	1,951,479	1,912,834	2,113,609	3,437,772	4,041,279	4,602,797	3,631,950	3,639,506
Total revenues	105,925,097	101,632,806	105,403,927	107,691,205	110,122,787	115,433,988	121,889,139	124,026,022	131,485,625	137,407,419
Expenditures										
General government	40,976,358	33,588,824	31,822,046	14,869,728	10,214,297	12,004,474	16,619,446	13,320,651	13,684,269	13,769,610
Public safety	25,171,203	27,471,931	29,385,473	29,294,016	31,218,622	33,503,772	33,945,599	35,489,816	36,668,046	39,640,768
Transportation	132,091	314,378	149,435	149,839	160,068	368,313	369,745	418,731	392,951	436,495
Environmental protection	136,095	192,134	184,147	163,285	118,166	123,598	128,133	165,801	182,736	181,452
Economic and physical development	6,130,542	6,556,510	6,214,196	5,931,886	6,270,644	5,873,572	7,761,858	5,087,189	3,291,512	4,988,437
Human services	30,893,900	27,167,825	24,911,594	25,078,828	24,622,510	25,488,823	25,287,199	26,243,188	28,000,704	29,235,907
Cultural and recreational	1,563,968	1,556,175	1,589,485	1,549,773	1,354,884	1,367,760	1,391,118	1,495,843	1,498,127	2,131,641
Education	19,928,849	30,006,235	22,701,055	22,239,671	24,115,765	30,159,562	36,423,566	27,562,131	27,328,710	26,811,390
Debt Service										
Principal	7,218,631	8,001,520	7,721,489	6,666,065	7,176,838	6,424,014	8,240,495	9,719,273	11,551,597	13,660,527
Interest and fees	4,622,327	4,911,009	4,562,224	6,032,825	5,139,600	5,062,698	6,491,804	5,575,501	4,969,473	3,849,231
Debt issuance cost	558	803,900	-	-	-	-	-	-	-	-
Total primary government expenses	\$ 136,774,522	\$ 140,570,441	\$ 129,241,144	\$ 111,975,916	\$ 110,391,394	\$ 120,376,586	\$ 136,658,963	\$ 125,078,124	\$ 127,568,125	\$ 134,705,458
Excess of revenues over (under) expenditures	(30,849,425)	(38,937,635)	(23,837,217)	(4,284,711)	(268,607)	(4,942,598)	(14,769,824)	(1,052,102)	3,927,500	2,701,961

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other financing sources (uses)										
Bonds & capital lease issuance	\$ 15,503,712	\$ 35,290,378	\$ -	\$ 20,803,000	\$ 329,485	\$ 329,485	\$ 5,497,253	\$ -	\$ 2,200,000	\$ 29,500,000
Bond premium	-	656,343	-	35,475	-	52,029	-	-	-	2,529,669
Long-term debt refunded	-	-	-	-	24,033,690	30,210,515	-	29,486,750	37,018,000	-
Payment to escrow agents	-	-	-	(20,035,000)	(23,921,394)	-	-	(28,970,662)	(36,177,890)	-
Transfers in	5,892,878	5,987,531	2,647,655	1,942,917	3,763,894	2,105,699	2,595,269	4,172,536	1,207,791	386,398
Transfers out	(5,577,352)	(5,548,266)	(2,224,530)	(1,767,916)	(3,451,870)	(1,705,695)	(2,195,269)	(4,174,566)	(1,207,791)	(386,398)
Total other financing sources (uses)	15,819,238	36,385,986	423,125	978,476	753,805	30,992,033	5,897,253	514,058	3,040,110	32,029,669
Net change in fund balances	\$ (15,030,187)	\$ (2,551,649)	\$ (23,414,092)	\$ (3,306,235)	\$ 485,198	\$ 26,049,435	\$ (8,872,571)	\$ (538,044)	\$ 6,967,610	\$ 34,731,630
Debt service as a percentage of noncapital expenditures	9.90%	9.72%	9.74%	11.41%	11.28%	9.69%	11.63%	13.29%	14.05%	14.04%

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
2008	\$ 44,199,461	\$ 20,757,236	\$ 453,552	\$ 393,721	\$ 215,603	\$ 66,019,573
2009	42,551,822	15,337,117	354,955	362,717	236,621	58,843,232
2010	55,407,612	13,236,297	380,883	372,187	222,418	69,619,397
2011	50,879,784	12,288,772	373,065	394,058	246,233	64,181,912
2012	52,129,522	13,914,555	380,640	417,602	232,046	67,074,365
2013	54,273,480	14,238,193	401,847	412,486	196,216	69,522,222
2014	58,191,905	14,884,498	410,360	430,146	197,213	74,114,122
2015	59,642,848	16,757,810	412,126	437,316	204,052	77,454,152
2016	61,273,129	19,279,814	468,981	554,405	197,107	81,773,436
2017	62,973,475	20,518,531	524,096	536,184	199,443	84,751,729

¹ Includes Ad Valorem Tax and Other Taxes and Licenses

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

Fiscal Year Ended June 30	Personal Property					Less: Tax Exempt Real Property ²	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ³	Assessed Value as a Percentage of Actual Value ⁴
	Real Property	Public Service ¹	Motor Vehicle	Other						
2008	\$ 4,503,516,327	\$ 134,215,587	\$ 707,344,504	\$ 322,188,401	\$ 183,256,810	\$ 5,484,008,009	0.735	\$ 6,689,446,217	81.98%	
2009 ⁵	4,524,717,546	141,054,893	771,747,421	348,654,007	193,386,250	5,592,787,617	0.735	6,822,136,639	81.98%	
2010	5,986,060,609	172,744,103	734,279,327	347,311,298	273,541,730	6,966,853,607	0.725	6,979,416,557	99.82%	
2011	5,852,387,598	167,779,881	751,193,380	405,703,786	277,184,360	6,899,880,285	0.725	6,929,337,574	99.57%	
2012	6,294,392,739	170,024,073	704,442,062	279,752,647	269,398,320	7,179,213,201	0.725	7,112,446,518	100.94%	
2013	6,204,361,066	173,078,000	861,658,847	354,881,029	278,506,820	7,315,472,122	0.725	7,897,738,100	92.63%	
2014	6,537,809,885	175,425,257	557,527,295	364,317,559	272,762,996	7,362,317,000	0.725	7,883,552,942	93.39%	
2015	6,662,194,513	172,878,610	793,557,474	373,097,429	285,138,156	7,716,589,870	0.750	7,245,769,283	106.50%	
2016	6,936,338,652	193,236,973	852,439,776	368,420,022	294,049,816	8,056,385,607	0.750	7,852,739,210	102.59%	
2017	6,967,722,434	195,247,388	918,026,527	360,205,365	293,157,895	8,148,043,819	0.750	7,509,695,274	108.50%	

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

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

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

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

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

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

Source: Harnett County Tax Department and NCDMV

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Harnett County	0.735	0.735	0.725	0.725	0.725	0.725	0.725	0.750	0.750	0.750
Municipalities:										
City of Dunn	0.520	0.480	0.480	0.480	0.480	0.500	0.500	0.500	0.500	0.500
Averasboro School District	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020
Averasboro Fire District	0.040	0.070	0.070	0.070	0.070	0.070	0.070	0.090	0.090	0.090
Downtown Revitalization	-	-	-	-	0.120	0.012	0.012	0.012	0.012	0.012
Combined Rate	1.275	1.235	1.225	1.225	1.225	1.245	1.245	1.270	1.270	1.270
Town of Benson										
Satellite Properties	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530
Combined Rate	1.265	1.265	1.255	1.255	1.255	1.255	1.255	1.280	1.280	1.280
Town of Broadway										
Satellite Properties	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440
Combined Rate	1.175	1.175	1.165	1.165	1.165	1.165	1.165	1.190	1.190	1.190
Town of Lillington										
Satellite Properties	0.560	0.560	0.520	0.520	0.520	0.520	0.520	0.520	0.520	0.520
Combined Rate	1.295	1.295	1.245	1.245	1.245	1.245	1.245	1.270	1.270	1.270
Town of Coats										
Satellite Properties	0.620	0.620	0.550	0.550	0.590	0.590	0.590	0.590	0.590	0.590
Combined Rate	1.355	1.355	1.275	1.275	1.315	1.315	1.315	1.340	1.340	1.340
Town of Angier										
Satellite Properties	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530
Combined Rate	1.265	1.265	1.255	1.255	1.255	1.255	1.255	1.280	1.280	1.280
Town of Erwin										
Satellite Properties	0.550	0.550	0.500	0.550	0.480	0.480	0.480	0.480	0.510	0.510
Combined Rate	1.285	1.285	1.225	1.275	1.205	1.205	1.205	1.230	1.260	1.260

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire Tax Districts:										
Anderson Creek Fire District Combined Rate	0.110 0.845	0.110 0.845	0.110 0.835	0.110 0.835	0.110 0.835	0.110 0.835	0.110 0.835	0.110 0.860	0.110 0.860	0.110 0.860
Angier/Black River Fire District Combined Rate	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.820	0.070 0.820	0.070 0.820
Benhaven Fire District Combined Rate	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.080 0.805	0.090 0.815	0.090 0.815	0.090 0.840	0.090 0.840	0.090 0.840
Benson Banner Fire District Combined Rate	- -	- -	- -	- -	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.820	0.090 0.840	0.090 0.840
Boone Trail Emergency Services Combined Rate	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.820	0.070 0.820	0.070 0.820
Buies Creek Fire District Combined Rate	0.100 0.835	0.100 0.835	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.850	0.100 0.850	0.100 0.850
Bunlevel Rural FD Combined Rate	0.110 0.845	0.110 0.845	0.110 0.835	0.110 0.835	0.110 0.835	- -	- -	- -	- -	- -
Crains Creek Combined Rate	0.100 0.835	0.100 0.835	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.850	0.100 0.850	0.100 0.850
Coats-Grove Fire District Combined Rate	0.080 0.815	0.080 0.815	0.080 0.805	0.080 0.805	0.080 0.805	0.090 0.815	0.090 0.815	0.090 0.840	0.090 0.840	0.090 0.840
Cypress Creek Combined Rate	0.085 0.820	0.085 0.820	0.085 0.810	0.085 0.810	0.085 0.810	0.085 0.810	0.085 0.810	0.085 0.835	0.085 0.835	0.085 0.835
Duke (Erwin) Fire District Combined Rate	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.795	0.070 0.820	0.080 0.830	0.080 0.830
Flat Branch Fire District Combined Rate	0.120 0.855	0.120 0.855	0.120 0.845	0.120 0.845	0.120 0.845	0.120 0.845	0.120 0.845	0.120 0.870	0.120 0.870	0.120 0.870

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Flatwoods Combined Rate	0.150 0.885	0.150 0.885	0.150 0.875	0.150 0.875	0.150 0.875	0.120 0.845	0.120 0.845	0.120 0.870	0.120 0.870	0.120 0.870
Godwin Falcon Combined Rate	- -	- -	- -	- -	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.850	0.100 0.850	0.100 0.850
Northwest Harnett Fire District Combined Rate	0.080 0.815	0.080 0.815	0.080 0.805	0.080 0.805	0.080 0.805	0.080 0.805	0.080 0.805	0.080 0.830	0.080 0.830	0.080 0.830
Spout Springs Combined Rate	0.100 0.835	0.100 0.835	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.825	0.100 0.850	0.100 0.850	0.100 0.850
Summerville Combined Rate	0.070 0.805	0.070 0.805	0.070 0.795	0.070 0.795	0.070 0.795	- -	- -	- -	- -	- -
Summerville Bunnlevel Combined Rate	- -	- -	- -	- -	0.080 0.805	0.080 0.805	0.080 0.805	0.080 0.830	0.080 0.830	0.080 0.830
West Area Fire District Combined Rate	- -	- -	- -	- -	0.100 0.825	0.100 0.825	0.100 -	0.100 0.850	0.100 0.850	0.100 0.850
West Johnston Fire District Combined Rate	- -	- -	- -	- -	- -	- -	- -	0.070 0.820	0.070 0.820	0.070 0.820

¹ Overlapping rates are those of local and county governments that apply to property owners within Harnett County. Not all overlapping rates apply to all Harnett County property owners (e.g. the rates for special districts apply only to the proportion of the governments' property owners whose property is located within the geographic boundaries of the special district).

Source: Harnett County Tax Department

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

Taxpayer	2017				2008			
	2016 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2007 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2007 Taxable Assessed Value	Rank
Duke Energy Progress ¹	\$ 69,810,290	1	0.90%	\$ 54,685,484	1	1.20%		
Rooms To Go	58,684,370	2	0.40%					
South River EMC	39,729,267	3	0.50%	26,650,369	2	0.60%		
Delhaize America (Food Lion, Inc.)	35,718,910	4	0.40%	26,087,520	4	0.50%		
Central EMC	19,628,283	5	0.20%	10,136,477	9	0.20%		
Carolina Telephone	16,411,709	6	0.20%	22,974,112	4	0.50%		
Wal Mart Real Estate	12,318,880	7	0.20%	11,180,590	8	0.20%		
Wincor	11,277,680	8	0.20%					
Piedmont Natural Gas Co I NC	900,696	9	0.20%					
CSX Transportation	8,662,968	10	0.10%					
Food Lion, Inc.				26,087,520	3	0.50%		
Energy Conversion (formerly Morganite)				16,015,927	5	0.30%		
Edward Brothers				11,736,931	6	0.20%		
Food Lion Stores, Distribution				11,512,854	7	0.20%		
Womble Rentals				8,644,697	10	0.20%		
	<u>\$ 273,143,053</u>		<u>3.30%</u>	<u>\$ 225,712,481</u>		<u>4.60%</u>		

¹ Progress Energy, Inc. (formerly Carolina Power & Light) merged with, and became a wholly-owned subsidiary of Duke Energy Corporation on July 2, 2012

Source: Harnett County Tax Department

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

Fiscal Year Ended June 30	Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Total Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Collected in Subsequent Years	Total Tax Collections	Total Tax Collections To Net Levy
2008	\$ 40,179,862	\$ 38,935,459	96.90%	\$ 1,151,938	\$ 40,087,397	99.77%
2009	41,990,253	40,791,833	97.15%	1,115,755	41,907,588	99.80%
2010	49,571,730	48,325,314	97.49%	1,136,683	49,461,997	99.78%
2011	50,653,906	49,457,451	97.64%	1,086,842	50,544,293	99.78%
2012	52,116,730	50,733,856	97.35%	1,233,536	51,967,392	99.71%
2013	53,497,265	52,209,047	97.59%	1,111,582	53,320,629	99.67%
2014	57,157,246	56,392,456	98.66%	565,631	56,958,087	99.65%
2015	58,578,502	58,254,988	99.45%	170,431	58,425,419	99.74%
2016	61,131,564	60,690,471	99.28%	56,441	60,746,912	99.37%
2017	62,808,873	62,470,305	99.46%	338,568	62,808,873	100.00%

Source: Harnett County Tax Department

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

Fiscal Year	Governmental Activities				Business-type Activities							Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Capitalized Leases	Installment Purchase	Capitalized Leases	Installment Purchase	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Special Obligation Bonds	State Bond Loan					
2008	\$ 905,925	\$ 110,290,619	\$ 13,455	\$ 10,161,918	\$ 25,417,000	\$ 14,825,000	\$ -	\$ -	\$ 18,365,522			\$ 179,979,439	8.10%	1,635
2009	725,620	137,910,547	-	9,070,001	24,591,000	40,825,000	-	-	18,039,119			231,161,287	N/A	2,063
2010	498,504	131,923,791	-	7,920,748	23,805,000	39,895,000	-	-	16,752,075			220,795,118	N/A	1,907
2011	299,773	126,224,456	-	6,858,851	23,013,000	13,350,000	-	-	15,465,030			185,211,110	N/A	1,615
2012	437,297	120,798,269	-	5,758,367	35,297,000	12,805,000	-	-	25,551,602			200,647,535	N/A	1,653
2013	215,511	145,136,042	-	4,756,014	34,056,000	12,240,000	20,065,000	1,750,000	24,046,232			242,264,799	N/A	1,980
2014	5,850,448	137,149,779	630,642	3,399,694	33,321,000	11,650,000	19,695,000	1,594,000	21,419,030			234,709,593	N/A	1,903
2015	5,088,148	130,875,519	483,098	2,907,373	32,299,000	11,973,000	-	1,434,000	19,603,909			204,664,047	N/A	1,628
2016	3,803,938	130,613,196	333,175	2,140,436	30,900,000	11,218,000	18,095,000	1,270,000	17,008,978			215,382,723	N/A	1,683
2017	21,516,887	148,494,622	180,835	1,923,553	29,935,000	10,418,000	17,340,000	1,102,000	15,730,902			246,641,799	N/A	1,915

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

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

Harnett County, North Carolina
Direct and Overlapping Governmental Activities Debt
For the fiscal year ending June 30, 2017
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated share of Overlapping Debt
Harnett County			
Debt repaid with property taxes	\$ 148,494,622	100%	\$ 148,494,622
Total direct debt			148,494,622
Municipality:			
Town of Angier	583,333	100%	583,333
Town of Coats	-	100%	-
City of Dunn	4,165,833	100%	4,165,833
Town of Erwin	-	100%	-
Town of Lillington	-	100%	-
Total overlapping debt			4,749,166
Total direct and overlapping debt			\$ 153,243,788

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

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

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

Fiscal Year Ended June 30	Gross Revenues ¹	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2008	\$ 25,918,628	\$ 11,521,717	\$ 14,396,911	\$ 440,909	\$ 662,069	1305.28%
2009	26,969,184	13,363,984	13,605,200	470,000	690,523	1172.33%
2010	24,828,390	13,539,225	11,289,165	969,040	2,518,252	323.72%
2011	28,042,836	14,181,242	13,861,594	985,000	2,465,993	401.67%
2012	30,130,929	13,615,380	16,515,549	545,000	614,560	1424.29%
2013	30,732,953	16,541,552	14,191,401	565,000	591,438	1227.16%
2014	29,460,994	17,364,629	12,096,365	590,000	568,838	1043.84%
2015	29,075,972	17,341,136	11,734,836	615,000	586,288	976.85%
2016	30,898,090	18,278,264	12,619,826	800,000	295,916	1151.53%
2017	37,655,055	20,843,978	16,811,077	833,000	263,575	1533.05%
				Total	Total	

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 438,721	\$ 455,850	\$ 545,723	\$ 564,797	\$ 574,422	\$ 587,486	\$ 586,243	\$ 624,066	\$ 634,974	\$ 651,844
Total net debt applicable to limit	\$ 139,737	\$ 165,746	\$ 157,095	\$ 148,840	\$ 152,546	\$ 195,973	\$ 189,739	\$ 260,392	\$ 100,000	\$ 259,449
Legal debt margin	\$ 298,984	\$ 290,104	\$ 388,628	\$ 415,957	\$ 421,876	\$ 391,513	\$ 396,504	\$ 363,674	\$ 534,974	\$ 392,395
Total net debt applicable to the limit as a percentage of debt limit	31.85%	36.36%	28.29%	26.35%	26.56%	33.36%	32.37%	41.73%	15.75%	39.80%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	8,148,043,819
Debt Limit (8% of total assessed value)	651,843,506
Debt applicable to limit:	-
Certificates of participation	120,918,175
Installment purchase	15,730,901
Revolving loan	59,435,000
General obligation bond	-
State bond loans	10,418,000
Revenue bonds	17,340,000
Limited obligation bond	1,102,000
Special obligation bond	21,697,722
Obligation under capital lease	-
Subtotal	246,641,798
Authorized and unissued debt	70,500,000
Total Gross Debt	317,141,798
Less: Statutory deductions	-
Bonds issued and outstanding for water and sewer purp	47,275,000
Revenue bonds	10,418,000
Total amount of debt applicable to debt limit	57,693,000
Legal debt margin	259,448,798
	392,394,708

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

Fiscal Year Ended June 30	Population¹	Personal Income²	Per Capita Income³	Median Age³	School Enrollment⁴	Unemployment Rate⁵
2008	110,098	2,231,025,872	20,264	35	18,968	6.6%
2009	112,030	N/A	19,968	35	18,518	11.8%
2010	115,761	N/A	28,015	35	18,764	10.8%
2011	114,678	N/A	18,725	34	19,011	11.8%
2012	121,417	N/A	18,884	34	19,378	11.2%
2013	122,355	N/A	18,884	34	19,868	10.5%
2014	123,316	N/A	19,226	34	19,847	7.4%
2015	125,717	N/A	19,095	34	20,099	7.3%
2016	127,986	N/A	20,939	35	20,252	5.4%
2017	128,783	N/A	31,129	34	20,357	4.7%

¹ North Carolina Office of State Budget and Management

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

³ North Carolina Department of Commerce, Access NC

⁴ Harnett County Board of Education

⁵ NC Department of Commerce, Division of Employment Security

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

Employer	Employment Type	2017		2008	
		Employment Range	Employment Range	Employment Range	Employment Range
Harnett County Public Schools	Education & Health Services	1,000 +	1,000 +	1,000 +	1,000 +
Campbell University	Education & Health Services	1,000 +	1,000 +	500 - 999	500 - 999
Food Lion	Trade, Transportation & Utilities	1,000 +	1,000 +	500 - 999	500 - 999
County of Harnett	Public Administration	500 - 999	500 - 999	1,000 +	1,000 +
Betsy Johnson Memorial Hospital	Education & Health Services	500 - 999	500 - 999	500 - 999	500 - 999
Wal-Mart Associates, Inc.	Trade, Transportation & Utilities	500 - 999	500 - 999	250 - 499	250 - 499
Carlie C's Operation Center, Inc.	Trade, Transportation & Utilities	250 - 499	250 - 499	250 - 499	250 - 499
NC Department of Public Safety	Public Administration	250 - 499	250 - 499	250 - 499	250 - 499
Champion Home Builders Inc	Manufacturing	100 - 249	100 - 249	100 - 249	100 - 249
Edwards Brothers Malloy	Information	100 - 249	100 - 249	250 - 499	250 - 499
Machine & Welding Supply Co	Trade, Transportation & Utilities	100 - 249	100 - 249	100 - 249	100 - 249

Source: NC Department of Commerce, Labor and Economic Analysis Division (LEAD), Demand Driven Date Delivery System (D4)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	108	111	111	99	99	101	101	103.47	103.47	114.07
Public Safety	258	255	267.5	277.5	278.5	286.5	298.5	303.5	317	340
Environmental Protection	3	3	3	3	2	2	2	3	3	3
Economic and Physical Development	55	55	55	43	43	37	38	24	24	24.75
Human Services	251	248	247.5	259.5	259.5	259.5	257.5	256.25	256.25	264.18
Cultural & Recreation	14	15	17	12	12	13	13	14	14	21
Water and Wastewater	103	103	91	95	95	100	101	101.5	101.5	105.2
Solid Waste	15	15	13	13	13	13	14	15.28	15.28	16
Total	807	805	805	802	802	812	825	821	834.5	888.2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire										
Number of calls answered	4,719	5,426	5,641	6,110	6,234	6,507	6,707	5,783	6,926	8,897
Emergency Medical Services										
Number of Calls Answered	-	-	-	-	30,660	27,923	28,128	28,260	20,920	22,327
Number of Transports										
Scheduled	-	-	-	-	9,125	8,234	8,577	6,336	8,963	10,829
Sheriff										
Number of law violations:										
Arrests	5,734	8,166	9,348	10,656	10,869	10,000	11,014	10,650	8,228	8,228
Traffic violations	2,492	2,274	2,333	2,394	2,442	5,423	4,249	4,574	4,757	4,757
Inspections										
Number of permits issued	2,359	2,413	2,900	3,085	3,156	2,329	2,794	2,242	2,800	2,926
Culture and Recreation										
Circulation	399,271	413,756	405,757	411,437	365,817	344,394	266,376	356,210	312,489	291,329
Utilities										
Water System:										
Daily average treatment in gallons	9,870,257	9,938,972	10,998,199	13,293,948	13,107,763	13,270,531	13,458,193	14,303,069	15,260,645	15,798,980
Sewer System:										
Daily average treatment in gallons	2,352,271	2,501,383	2,824,172	3,266,397	3,203,849	5,500,974	9,069,152	8,146,790	8,579,768	10,006,818

Source: Information provided by various county departments

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire										
Number of Stations	19	19	19	19	19	19	19	20	20	20
Emergency Medical Services										
Number of Ambulances	-	-	-	-	27	27	27	27	28	31
Number of Quick Response Vehicles	-	-	-	-	9	9	9	9	9	9
Number of Transport Vans	-	-	-	-	2	2	2	2	2	2
Sheriff										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	152	139	156	138	156	176	176	176	181	177
Culture and Recreation										
Number of libraries	6	6	6	6	6	6	6	6	6	7
Library collections	202,357	208,873	213,446	219,849	217,323	237,630	209,709	226,870	249,268	269,880
Number of Parks	5	5	5	5	5	6	6	6	7	8
Park acreage	1,100	1,100	1,100	1,100	1,100	1,101	1,101	1,101	1,215	1,222
Number of Ball Fields	6	6	6	6	6	6	6	6	6	8
Number of tennis courts	12	12	12	12	12	12	12	12	12	12
Number of playground areas	0	0	0	1	1	1	2	2	2	3
Number of soccer fields	2	2	2	2	2	2	2	2	2	2
Number of County owned senior centers	1	1	1	1	1	1	1	1	1	1
Utilities										
Water System:										
Miles of water main	1,863	1,869	2,132	2,132	2,200	2,221	2,239	2,239	1,433	1,438
Number of service connections	37,891	38,214	40,575	41,241	42,001	42,274	42,900	43,555	44,274	44,568
Number of fire hydrants	5,939	5,943	5,961	4,548	4,548	4,571	4,603	4,603	4,605	4,630

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sewer System:										
Miles of sanitary sewer	318	322	322	326	326	341	354	354	362	364
Number of treatment plants	3	5	4	4	4	3	2	2	2	2
Number of service connections	8,295	8,669	9,523	10,072	10,421	10,920	11,421	11,970	12,515	12,688
Maximum daily capacity of treatment plant in gallons	6,400,000	12,250,000	12,100,000	12,100,000	12,100,000	20,600,000	20,600,000	20,600,000	20,600,000	20,600,000
Facilities and services not included in primary government:										
Education:										
Number of schools	26	26	27	27	27	27	27	28	28	28
Number of teachers	1,271	1,218	1,247	1,230	1,181	1,335	1,335	1,227	1,252	1,260
Number of students	18,968	18,518	18,764	19,011	19,378	19,868	19,847	20,099	20,252	20,357
Universities	1	1	1	1	1	1	1	1	1	1
Community colleges	1	1	1	1	1	1	1	1	1	1
Hospitals:										
Number of hospitals	1	1	1	1	1	2	2	2	2	2
Number of patient beds	101	101	101	101	101	151	151	151	151	151

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

COMPLIANCE SECTION

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

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

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

Schedule of Findings, Responses, and Questioned Costs

Corrective Action Plan

Schedule of Prior Year Audit Findings

Schedule of Expenditures of Federal and State Awards

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Harnett County
Lillington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 8, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 8, 2017

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Harnett County
Lillington, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the compliance of Harnett County, North Carolina, with the types of compliance requirements described in OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. Harnett County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Harnett County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harnett County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on CFDA# 93.778 Medicaid Cluster

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, Harnett County did not comply with requirements regarding CFDA# 93.778 Medicaid Cluster as described in finding number 2017-001 for eligibility. Compliance with such requirements is necessary, in our opinion, for Harnett County to comply with the requirements applicable to that program.

Qualified Opinion on CFDA# 93.778 Medicaid Cluster

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraph, 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 Medicaid Cluster for the year ended June 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2017.

Other Matters

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

Report on Internal Control over Compliance

Management of Harnett County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Harnett County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harnett County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2017-001 that we consider to be a material weakness.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 8, 2017

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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 Uniform Guidance; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Harnett County
Lillington, North Carolina

Report on Compliance for Each Major State Program

We have audited the compliance of Harnett County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Harnett County's major State programs for the year ended June 30, 2017. Harnett County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Harnett County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Harnett County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Medicaid Cluster

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, Harnett County did not comply with requirements regarding Medicaid Cluster as described in finding number 2017-001 for eligibility. Compliance with such requirements is necessary, in our opinion, for Harnett County to comply with the requirements applicable to that program.

Qualified Opinion on Medicaid Cluster

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraph, 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 Medicaid Cluster for the year ended June 30, 2017.

Unmodified Opinion on Each of the Other Major State Programs

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 other major State programs identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2017.

Other Matters

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

Report on Internal Control over Compliance

Management of Harnett County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Harnett County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harnett County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2017-001, 2017-002, and 2017-003 that we consider to be material weaknesses.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 8, 2017

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

1. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial
statements noted?

Yes No

Federal Awards

Internal control over major federal
programs:

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

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

Qualified for Medicaid Cluster. Unmodified
for Each of the Other Major Federal Programs

Any audit findings disclosed that are
required to be reported in accordance with 2
CFR 200.516(a)?

Yes No

Identification of major federal programs:

Program Name

Medicaid Cluster
Child Support Services

CFDA#

93.775, 93.777, 93.778
93.563

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

\$3,000,000

Auditee qualified as low-risk auditee?

Yes No

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

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

None reported

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

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: XIX-MAP17

Finding: 2017-001

MATERIAL WEAKNESS

MATERIAL NON-COMPLIANCE

ELIGIBILITY

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations.

Condition: Three applicants were over the income limit. Two applicants had a change in SSI benefits prior to the recertification period. The change of benefits was not considered in determining eligibility of the applicants for Medicaid. Upon further review, the applicants were ineligible.

Context: Of the 11,487 casefiles, we examined 80 and determined that one (1.25%) applicant file AVS shows \$15,000 in a bank account, which is over reserve limit. Individual was over the income limit and should not have received benefits. For one (1.25%) applicant, a Jeep was included in DMV OVS but not in the budget. Value of Jeep would make resources exceed limit and make participant ineligible. The tax value of the Jeep should be included in the budget even if the vehicle is not operable. The participant was over the income limit with the vehicle. For one (1.25%) applicant, a 2012 Ford truck was in DMV OVS with tags that expired in 2015. It is not clear if participant still has possession of the truck. Value would make resources exceed limit and make applicant ineligible. Two (2.5%) applicants were not re-determined timely after a change in SSI benefits. Upon further review, all five applicants were deemed ineligible.

Effect: Casefiles could be missing the required documentation which would allow benefits to be provided to individuals who were not eligible.

Cause: Caseworker failed to include income that should have been used in the budget calculation and therefore improperly calculated the budget for three applicants. The caseworker did not properly re-determine two applicants within four months of SSI benefit termination.

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

Questioned Costs: \$15,765.23 is the amount provided by the NCDHHS as the total amount of costs reported. In accordance with 2 CFR 200, auditors must report known questioned costs when likely questioned costs are greater than \$25,000. Therefore, the overpayment of \$15,765.23 (federal share \$10,405) are being questioned.

Recommendation: Caseworkers should review their eligibility determinations and ensure all budget calculations are reviewed for accuracy before approving benefits. Caseworkers should ensure they properly re-determine applicants within the required timeframe after SSI benefits have been terminated.

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

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

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

N.C. Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

Finding 2017-001

In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations. See Finding 2017-001 in Section III – Federal Award Findings and Questioned Costs.

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

N.C. Department of Health and Human Services

Program Name: SC/SA Domiciliary Care

Finding 2017-002

MATERIAL WEAKNESS

ELIGIBILITY

Criteria: In accordance with North Carolina Department of Health and Human Services State/County Special Assistance Manual, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations.

Condition: The County Department of Social Services failed to provide evidence of documentation of a signed application or re-certification for 4 certification periods. Upon further review, applicants were eligible.

Context: Of the 392 casefiles, we examined 60 and determined that for 4 (6.67%) certification periods, applicant did not have signed applications or re-certifications in the casefile.

Effect: Casefiles were missing the required documentation of signed applications or re-certifications, which could allow benefits to be provided to individuals who are not eligible.

Cause: Caseworker did not obtain or retain the proper documentation at recertification due to NCFAS conversion.

Questioned Costs: None. The County was able to substantiate that the applicants were eligible to receive benefits.

Recommendation: Caseworkers should process all new and recertifying applicants and ensure that the application or re-certification is signed and retained for the case file.

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

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

N.C. Department of Health and Human Services

Program Name: SC/SA Domiciliary Care

Finding 2017-003

MATERIAL WEAKNESS

ELIGIBILITY

Criteria: In accordance with 2 CFR 200 and the State Single Audit Implementation Act, management must have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements.

Condition: The County Department of Social Services did not have a system in place to perform second party reviews for the SC/SA Domiciliary Care program.

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

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

Cause: Second party review procedures are not being performed by management for the SC/SA Domiciliary Care program.

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

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2016-004.

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

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

HARNETT COUNTY, NORTH CAROLINA

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

Finding: 2017-001

Name of Contact Person: Paul Polinski, DSS Director

Corrective Action: Management concurs and will ensure applicants are within the income limit and that timely SSI re-certifications are conducted.

Proposed Completion Date: Immediately

Section IV – State Award Findings and Questioned Costs

Finding: 2017-001

See Finding 2017-001 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

Finding: 2017-002

Name of Contact Person: Paul Polinski, DSS Director

Corrective Action: Management concurs and will ensure signed applications or re-certifications are maintained in the casefiles.

Proposed Completion Date: Immediately

Finding: 2017-003

Name of Contact Person: Paul Polinski, DSS Director

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

Proposed Completion Date: Immediately

HARNETT COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding 2016-001

Corrected

Finding 2016-002

Corrected

Finding 2016-003

Corrected

Finding 2016-004

Repeat finding as 2017-003

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed - Through to Subrecipients
			Federal	State	
FEDERAL AWARD EXPENDITURES					
<u>U.S. Department of Agriculture</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Social Services:					
SNAP Cluster					
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program - Administration	10.561	175NC406S2514	\$ 924,874	\$ -	
Total SNAP Cluster			<u>924,874</u>	<u>-</u>	
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5NC700705	576,898	-	
Summer Food Services Program for Children	10.559	2141N109945	787	-	
Direct Benefit Payment:			-	-	
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5NC700705	2,778,266	-	
Total of Public Health			<u>3,355,951</u>	<u>-</u>	
Total U.S. Department of Agriculture			<u>4,280,825</u>	<u>-</u>	
<u>U.S. Department of Justice Office</u>					
Division Bureau of Justice Assistance					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-1054	9,079	-	
Equitable Sharing Program	16.922		208,178	-	
Drug Court Discretionary Grant Program	16.585	2016-DC-BX-0020	82,767	-	
Drug Enforcement Agency - Alcohol, Tobacco, and Firearms Training Assistance Program	16.012	unknown	11,883	-	
Total U.S. Department of Justice Office			<u>311,907</u>	<u>-</u>	
<u>U.S. Department of Treasury</u>					
Treasury Forfeiture Fund Program	21.000		4,000	-	
Total U.S. Department of Treasury			<u>4,000</u>	<u>-</u>	
<u>U.S. Department of Education</u>					
Pass thru Chatham County Partnership for Children					
Race To The Top/Early Learning Challenge	84.412	3672040019	659	-	
Total U.S. Department of Education			<u>659</u>	<u>-</u>	
<u>U.S. Department of Labor</u>					
Department of Labor/Employment and Training					
Passed-through Central Carolina Community WIOA Cluster					
WIA/WIOA Adult Program	17.258	13-2040-02	202,626	-	
WIA/WIOA Youth Activities	17.259	13-2040-02	215,729	-	
WIA/WIOA Dislocated Worker Formula Grant	17.278	13-2040-02	164,064	-	
Total WIOA Cluster			<u>582,419</u>	<u>-</u>	
Total U.S. Department of Labor			<u>582,419</u>	<u>-</u>	
<u>U.S. Department of Health and Human Services</u>					
Administration For Community Living					
Passed-Through Mid-Carolina Council of Governments:					
Aging Cluster:					
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	UNKNOWN	269,556	-	
Nutrition Services Incentive Program	93.053	UNKNOWN	45,521	-	
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	20.701	212,589	-	
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	16-701-250	28,214	30,565	
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	16-701-33	44,091	47,765	
Total Aging Cluster			<u>599,971</u>	<u>78,330</u>	
Special Programs for the Aging: National Family Caregiver Support, Title III, Part E	93.052	17-701	28,000	-	
Total Division of Aging and Adult Services			<u>627,971</u>	<u>78,330</u>	
Division of Administration for Children & Families					
Passed-Through the N.C. Department of Health & Human Services:					
Subsidized Child Care Cluster:					
Child Care Development Fund Cluster:					
Division of Social Services					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	1701NCRCA	193,231	-	

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed - Through to Subrecipients
			Federal	State	
Division of Child Development					
Child Care and Development Block Grant - Discretionary	93.575	3672040015, G1501NCCCDF, G1601NCCCDF	1,740,464	-	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Mandatory	93.596	1701NCRMA	651,753	-	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Match	93.596	1701NCRMA	956,489	316,793	
Total Child Care Fund Cluster		G1601NCTANF & 1701NCTANF	3,541,937	316,793	
Temporary Assistance for Needy Families	93.558	G1602NCTANF & 1702NCTANF	518,906	-	
Foster Care - Title IV-E	93.658	1501NCFOST,1601NCFOST	76,129	37,845	
State Appropriations			-	124,427	
Smart Start TANF-Maintenance of Effort			-	594,261	
Total Subsidized Child Care Cluster			4,136,972	1,073,326	
Division of Social Services					
Foster Care and Adoption Cluster:					
Foster Care - Title IV-E - Administration	93.658	1501NCFOST,1601NCFOST	358,834	152,948	
Adoption Assistance - Administration	93.659	1501NCADPT,1601NCADPT	16,687	-	
Direct Benefit Payments:					
Foster Care - Title IV-E	93.658	1501NCFOST,1601NCFOST	269,660	67,944	
Adoption Assistance	93.659	1501NCADPT,1601NCADPT	714,539	179,191	
Total Foster Care and Adoption Cluster			1,359,720	400,083	
Division of Social Services					
Temporary Assistance for Needy Families Cluster					
Administration:		G1601NCTANF & 1701NCTANF			
Temporary Assistance for Needy Families - TANF	93.558	G1602NCTANF & 1702NCTANF	811,193	-	
Temporary Assistance for Needy Families	93.558	1602NCTAN3	16,203	-	
Direct Benefit Payments:					
Temporary Assistance for Needy Families - TANF	93.558	G1602NCTANF & 1702NCTANF	385,857	-	
Total TANF Cluster			1,213,253	-	
Direct Benefit Payments:					
Low-Income Home Energy Assistance	93.568	G16B1NCLIEA & G17B1NCLIEA	306,799	-	
Low-Income Home Energy Assistance	93.568	G16B1NCLIEA & G17B1NCLIEA	553,082	-	
Administration:					
Promoting Safe and Stable Families	93.556	G1501NCFPSS & G1601NCFPSS	7,820	-	
Refugee and Entrant Assistance - State Administered Programs	93.566	1601NCRMA	970	-	
Child Support Enforcement	93.563	1604NC4005	1,019,001	-	
Low-Income Home Energy Assistance	93.568	G16B1NCLIEA & G17B1NCLIEA	72,227	-	
Stephanie Tubb Jones Child Welfare Services Program	93.645	G1501NCCWSS & G1601NCCWSS	35,801	-	
Social Services Block Grant - In Home Services	93.667	G1601NCSOSR & G1701NCSOSR	38,315	-	
Social Services Block Grant - Adult Protective Services	93.667	G1601NCSOSR & G1701NCSOSR	10,932	-	
Social Services Block Grant - Adult Day Care	93.667	G1601NCSOSR & G1701NCSOSR	20,760	-	
Social Services Block Grant - Other Services	93.667	G1601NCSOSR & G1701NCSOSR	251,294	-	
Social Services Block Grant - CPS TANF to SSBG	93.667	G1601NCSOSR & G1701NCSOSR	141,082	-	
Chafee Foster Care Independence Program	93.674	G1501NC1420,G1601NC1420	25,491	6,373	
Total Division of Social Services			5,056,547	406,456	
Centers for Medicare and Medicaid Services					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Medicaid Cluster:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XIX-MAP17	92,129,010	48,710,794	
Division of Social Services					
Administration:					
Medical Assistance Program	93.778	XIX-MAP17	2,687,392	9,462	
Total Medicaid Cluster			94,816,402	48,720,256	
Division of Social Services					
Administration:					
Children's Health Insurance Program - NC Health Choice	93.767	CHIP17	99,279	109	
Direct Benefit Payments:					
Children's Health Insurance Program - NC Health Choice	93.767	CHIP17	2,636,722	13,017	
Total State Children's Health Insurance Program - NC Health Choice			2,736,001	13,126	
Total for Centers for Medicare and Medicaid Services			97,552,403	48,733,382	
Center for Disease Control and Prevention					
PPHF Capacity Building Assistance to Strengthen Public Health					
Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	3H23IP000759-03S1 3H23IP000759-04	20,121	-	
Immunization Cooperative Agreements	93.268	3H23IP000759-04	14,209	-	

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed - Through to Subrecipients
			Federal	State	
Division of Public Health					
Temporary Assistance for Needy Families	93.558	33695	99,954	-	
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC29320	104,436	78,337	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	2B010T009034-15	26,707	-	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5U90TP000538-02	38,729	-	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - EBOLA	93.074	3U90TP000538-03S2	9,660	-	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1U52PS004698-02	50	-	
Injury Prevention and Control Research and State and Community Based Programs	93.136	1U17CE002728-01	1,500	-	
HIV Cluster					
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS004349-03 5H25PS004349-04	715	-	
HIV Prevention Activities - Health Department Based	93.940	5U62PS003658-05	1,425	-	
Total HIV Cluster			2,140	-	
Total Division of Public Health			317,506	78,337	
Office of Population Affairs					
Family Planning - Services	93.217	FHPHA046226-01-00 FHPHA046226-02-00	46,662	-	
Total Office of Population Affairs			46,662	-	
Division of Substance Abuse and Mental Health Services Administration					
BJA Drug Court 2016					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI026778-01	139,347	-	
Total Division of Substance Abuse and Mental Health Services			139,347	-	
Passed through N.C. Department of Insurance					
Division of Seniors Health Insurance Information Program Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	UNKNOWN	8,366	-	
<u>Total U.S. Department of Health and Human Services</u>			107,885,774	50,369,831	
<u>Corporation for National and Community Service</u>					
Retired and Senior Volunteer Program	94.002	15SRNC005	33,622	-	
Total Corporation for National and Community Service			33,622	-	
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation					
Airport Improvement Program - Jetport Wind Cones	20.106	36237.25.16.1	15,429	-	
Airport Improvement Program - Airport Terminal	20.106	36237.25.15.1	11,333	-	
Airport Improvement Program - Airport Drainage Outfall	20.106	36237.25.12.5 & 13.1	10,919	-	
Formula Grants for Rural Areas - Community Transportation Capital	20.509	15-CT-040 36233.50.17.3 17-CT-040 36233.50.19.3	84,337	-	
Transit Development Programs - Capital		36233.50.17.3		4,985	
Rural Capital Program		36233.50.19.3 & 36233.50.19.4 17-CT-040		5,556	
Formula Grants for Rural Areas - Community Transportation Admin	20.509	36233.50.19.1	194,880	-	
Transit Development Programs - Admin		36233.50.19.1		12,179	
<u>Total U.S. Department of Transportation</u>			316,898	22,720	
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Crime Control and Public Safety					
Division of Emergency Management					
Emergency Management Performance Grants	97.042	EMA-2016-EP-00002-S01	26,479	26,479	
Total N.C. Dept. of Crime Control and Public Safety			26,479	26,479	
Passed-through N.C. Department of Public Safety					
Division of Emergency Management					
Homeland Security Grant Program	97.067	EMW-2015-SS-00062-S01	58,000	-	
Homeland Security Grant Program	97.067	EMW-2014-SS-00069-S01	128,562	-	
Total N.C. Department of Public Safety			186,562	-	
<u>Total U.S. Department of Homeland Security</u>			213,041	26,479	

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed - Through to Subrecipients
			Federal	State	
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through N.C. Department of Commerce					
Rural Economic Development Division					
Community Development Block Grants/State's program and					
Non-Entitlement Grants in Hawaii					
	14.228	Harnett Commerce Fellows 04-D-2708	19,150	-	
<u>Total N.C. Department of Commerce</u>			<u>19,150</u>	<u>-</u>	
TOTAL FEDERAL/STATE AWARD EXPENDITURES			113,648,295	50,419,030	
STATE AWARD EXPENDITURES					
<u>N.C. Department of Agriculture & Consumer Services</u>					
Veterinary Division Animal Welfare Section					
Icare Spay and Neuter Program					
			-	10,263	
<u>Total N.C. Department of Agriculture & Consumer Services</u>			<u>-</u>	<u>10,263</u>	
<u>N.C. Department of Environment Quality</u>					
Division of Environmental Assistance & Outreach					
2015 Community Waste Reduction & Recycling Grant					
		"Recycle Johnsonville" #6506	-	30,000	
2015 Community Waste Reduction & Recycling Grant					
		"Recycle Harnett" #6720	-	30,036	
<u>Total N.C. Department of Environment Quality</u>			<u>-</u>	<u>60,036</u>	
<u>N.C. Department of Natural and Cultural Resources</u>					
State Aid to Public Libraries					
		45310	-	166,317	
<u>Total N.C. Department of Natural and Cultural Resources</u>			<u>-</u>	<u>166,317</u>	
<u>N.C. Department of Health and Human Services</u>					
Division of Public Health:					
HMHC - Family Planning					
			-	4,879	
Women's Health Service Fund					
			-	5,569	
Child Health					
			-	5,808	
Maternal Health (HMHC)					
			-	2,565	
HIV/STD Non-Traditional Test Site (NTS)					
			-	10,000	
HIV/STD Prevention Risk Reduction					
			-	40,000	
General Aid to Counties					
			-	185,956	
Tuberculosis Control					
			-	31,226	
TB Medical Services					
			-	2,743	
Food and Lodging					
			-	16,475	
HIV/STD State					
			-	100	
HIV/STD SSBG Aid					
			-	400	
General Communicable Disease Control					
			-	4,001	
School Nurse Funding Initiative					
			-	150,000	
Sexually Transmitted Diseases					
			-	835	
<u>Total Division of Public Health</u>			<u>-</u>	<u>460,557</u>	
<u>Division of Social Services</u>					
Division of Aging and Adult Services:					
Direct Benefit Payment:					
Special Assistance to Adults					
			-	890,527	
Division of Social Services					
Direct Benefit Payment:					
Adult Day Care					
			-	6,864	
Child Welfare Services - Adoption Subsidy					
			-	335,346	
Child Welfare State In-Home Services					
			-	156,459	
Duke Energy					
			-	6,652	
Smart Start					
			-	55,195	
Social Services Block Grant - State					
			-	28,840	
State Foster Care Benefits Program					
			-	317,869	
<u>Total Division of Social Services</u>			<u>-</u>	<u>1,797,752</u>	
<u>Total N.C. Department of Health and Human Services</u>			<u>-</u>	<u>2,258,309</u>	
<u>N.C. Department of Public Safety</u>					
Division of Juvenile Justice					
CBA-Juvenile Restitution					
		543-10591	-	96,736	
CBA-JCPC ADM					
		543-11433	-	5,040	
Court Psychologist					
		543-12138	-	6,000	
Re-Entry-Healthy Choice					
		543-10619	-	58,556	
Teen Court at Risk Youth					
		543-11764	-	57,705	
Division of Emergency Management					
2016 Tier II Grant					
		T2-2016-37085	-	996	
<u>Total N.C. Department of Public Safety</u>			<u>-</u>	<u>225,033</u>	

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed - Through to Subrecipients
			Federal	State	
<u>N.C. Department of Transportation</u>					
Passed-Through the N.C. Department of Transportation					
State Aid to Airports		36237.25.12.6 & 236244.35.6.1		57,673	
Highway Construction Program - Highland Middle School		WBS43680	-	125,000	
Highway Construction Program - Campbell Osteopathic DOT Cluster		WBS43420	-	200,000	
Rural Operating Assistance Program (ROAP):					
Work First Transportation Grant		FY17 ROAP	-	28,155	
Rural General Public Program (RGP)		FY17 ROAP	-	128,387	
Elderly and Disabled Transportation Assistance Program (EDTAP)		FY17 ROAP	-	86,429	
Total DOT Cluster			-	242,971	
<u>Total N.C. Department of Transportation</u>			-	625,644	
<u>NC Cooperative Extension Service Agriculture</u>					
Natural Resources and Community & Rural Development					
NC AG Ventures Grant Program			-	6,525	
<u>Total NC Cooperative Extension Service Agriculture</u>			-	6,525	
<u>NC Department of Commerce</u>					
Division of Rural Economic Development		2017-067-3212-2587	-	96,573	
Economic Infrastructure					
<u>Total NC Department of Commerce</u>			-	96,573	
<u>State of North Carolina Office of State Budget & Management</u>					
Harnett County Veterans Council Park		2017.45.4	-	50,000	
<u>Total State of North Carolina Office of State Budget & Management</u>			-	50,000	
<u>NC Department of Military and Veterans Affairs</u>					
Division of Veterans Affairs			-	2,130	
<u>Total NC Department of Military and Veterans Affairs</u>			-	2,130	
TOTAL STATE AWARD EXPENDITURES			-	3,500,830	
TOTAL AWARD EXPENDITURES			\$ 113,648,295	\$ 53,919,860	

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Harnett County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Harnett County, it is not intended to and does not present the financial position, changes in net position or cash flows of Harnett County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Harnett County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

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

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