

**HARNETT COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**



**HARNETT COUNTY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# **INTRODUCTORY SECTION**

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January 30, 2019

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, 2018. 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 23<sup>rd</sup> largest county in the State based on the US Census Bureau's population estimate for 2017 of 132,754. The county seat, the Town of Lillington, has a population of 3,581 while the City of Dunn, the largest municipality located in the County, has a population of 9,734. These two municipalities comprise approximately 10.00% of the total County population.

The County contains 601 square miles of land. The Cape Fear River, which flows from the northwest to the southeast part of the County, is the County's main drainage system. The chief tributaries include the Upper Little River system, Lower Little River, and the Black River. Generally, the eastern two-thirds of the County exhibits topographic features common to the Coastal Plain of North Carolina. It is an area of level to gently rolling terrain with elevations ranging from 100 to 300 feet above sea level. Undeveloped lands are covered by pines and low-growing shrubs. The major underlying geological formation includes sedimentary rocks consisting mostly of unconsolidated sands and clays. Topographic features in the western part of the County resemble the Piedmont region of North Carolina. It is an area of steeper hills with elevations as high as 450 feet above sea level. Undeveloped lands are also covered by pines and low-growing shrubs. The major underlying geological formation includes crystalline rocks, such as granite and slate.

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

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

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



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

The County has 28 schools and a community college (Central Carolina Community College). The County has evaluated its relationship with each of these entities. The school administrative units and the community college are entities independent of the County because County allocations do not constitute a major portion of their revenues, and because the County has no authority to designate their management. These entities are excluded from this report. The notes to the combined financial statements provide a detailed explanation of the County's relationship to each of these entities and the reasons for their exclusion. The reader is referred to the annual financial reports issued by each of these entities.

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

## **LOCAL ECONOMY**

Harnett County is located in the center of North Carolina, on the Cape Fear River. The County's close proximity to the metropolitan areas of Raleigh, Durham, Chapel Hill and Research Triangle Park (RTP), as well as Fayetteville and Fort Bragg, enhances the profitability for business and industry. The State of North Carolina is divided into seven metropolitan statistical areas (MSA's) and Harnett County is located in two of the seven – Cumberland and Wake County. Interstate 95, located in eastern Harnett County, provides easy north-south access. Interstate 40, located seven miles north of the Harnett County line, provides equally important east-west access. Harnett County is located within two hours of the deep-water ports of Wilmington and Morehead City, and the Raleigh-Durham International Airport is located within 45 miles. Thirteen universities including Duke University in Durham, the University of North Carolina at Chapel Hill and North Carolina State University, in Raleigh, are within an hour's drive. These attributes, plus an excellent workforce, make Harnett County an attractive location for industries who are seeking a site for expansion.

Agriculture is a key part of Harnett County's economy. Harnett County is ranked 13th in the state for cash receipts, with the total approaching \$198 million. We are ranked in the top 30 for flue-cured tobacco, cotton, soybean, hay, wheat, broiler, and hog and pig production. There are close to 800 farms present in Harnett County, with that number

growing as interest in agriculture expands and new family-owned operations are established each year. Almost 120,000 acres are farmed in Harnett County, with farms and buildings valued at \$640,679,000 and equipment further valued at \$75,911,000. Forestry is also a significant part of the county's economy. Harnett County is ranked 34th in forestry with the delivered value of Harnett County logs coming in at over \$9 million. NC State Extension in Harnett County works closely to support agriculture by providing guidance and resources found at the state and national level. In 2018, Harnett County Extension was able to bring in close to \$20,000 in the form of grants, donations, and monetary support for industry trainings.

Campbell University, located in Buies Creek, is one of the largest private institutions of higher education in North Carolina. Campbell maintains campuses in Harnett County Raleigh, Camp Lejeune and Fort Bragg and has an enrollment of more than 6,800 students. Known for its high quality education with a low student-teacher ratio, Campbell offers more than 100 undergraduate tracks and majors as well as professional and graduate programs in law, pharmacy and health sciences, business, education, divinity, nursing and medicine. In 2018, Campbell's School of Nursing received accreditation and graduated its first class of nurses. The University's School of Osteopathic Medicine continues to have a significant impact on the residents of Harnett County and southeastern NC, opening a second Health Center in Dunn and creating 350 new residency positions in 18 programs at five affiliate organizations. Additionally, Campbell completed construction of an Engineering Annex, Admissions and Financial Aid building, and broke ground on a 100,000 square foot Student Union that will serve as a hub for student activity. The facility includes a banquet hall that will seat up to 850 people for formal events, conferences, and provide much needed multi-purpose event space for the County.

(CCCC), whose main campus is in Lee County offers degree, diploma and certificate opportunities in more than 130 college-level program areas. CCCC recently added to its Harnett County presence by completing construction up-fits to an 8,650 square foot building, donated by the County, at Western Harnett Innovation Park and establishing Harnett County Early College at the Dunn Enrichment Center. CCCC continues to be an important economic development partner for attracting new industry and as a training resource for existing business and industry. CCCC's NCWorks Customized Industry Training and Continuing Education programs provide education and training opportunities assisting with the creation of new jobs, expanding an existing workforce, and enhancing the productivity and profitability of operations within the County. Additionally, CCCC's Triangle South Enterprise Center offers incubator space, shared services support, counseling, seminars, workshops and other assistance to guide and promote small business startups and entrepreneurs.

Harnett County is focused on creating an environment where companies thrive and residents enjoy an enhanced quality of life that preserves the county's agricultural heritage. The County's economic development efforts include an Economic Development Council, comprised of private sector and public partner stakeholders, who guide and direct economic development work, as well as a strong nonprofit partner, Harnett County Properties Corporation (HCPC). The HCPC works to stimulate, encourage and promote the economic development of Harnett County by providing services and aid of nature and kind calculated to encourage and facilitate the locating, establishing, building, operating and maintaining of new, existing and additional

businesses and industries in the County. Growth in the County's local economy and quality of life initiatives included the following:

- Central Carolina Community College completed construction up-fits to an 8,650 square foot building in the 227-acre Western Harnett Innovation Park. The facility will house the CCCC Automotive Restoration Technology and Collision Repair and Refinishing Technology programs. The space has two classrooms, two faculty offices, student break room, four large auto shop bays, a paint booth area, large shop storage area, and associated restrooms, mechanical, and IT spaces.
- The Harnett County Department of Public Utilities completed a rebrand to Harnett Regional Water in response to the rapid growth the utility is experiencing in size and service area. HRW provides service to approximately 125,000 customers in Harnett County and the surrounding Cape Fear region. HRW supplies water to the municipalities of Lillington, Angier, Erwin and Coats in Harnett County; Fort Bragg, Linden and Spring Lake in Cumberland County; and Holly Springs and Fuquay-Varina in Wake County, as well as to Johnston and Moore counties.
- Harnett County, along with Chatham, Lee, and Johnston Counties, is leading the four county collaboration to begin a multi-year effort to strengthen the regional value-added agriculture cluster by devoting new resources to targeted recruitment, increased support of existing agricultural enterprises, and exploration of supportive legislation.
- Harnett County Parks & Recreation broke ground on two new projects and established the Harnett County Parks and Recreation Advisory Committee, implementing strategies and goals identified in the Comprehensive Parks and Recreation Master Plan adopted in 2017. Patriots Park will include multi-use fields, and walking trails in western Harnett County which is currently underserved recreationally. The Government Complex Park, planned within the limits of the Town of Lillington adjacent to the Cape Fear River, will include an amphitheater, fairgrounds building, and a farmer's market. The Advisory Committee consults with and serves in an advisory capacity to County staff and Harnett County Board of Commissioners in matters affecting recreation and special events throughout the county.
- Three Harnett County organizations were awarded a combined \$1.5 million in grants from the Golden LEAF Foundation's Community Based Grants-making Initiative. The funds will assist the County as it continues developing one of its premiere economic development assets, Brightwater Science and Technology Campus, enhance Harnett County Schools' efforts to train students for careers in advanced manufacturing and health care, and expand health care throughout the region by providing additional mental health beds at Good Hope Hospital. The grants will also lead to the creation of approximately 50 new jobs in the county.
- Harnett County has been certified as an NC Works Certified Work Ready Community by The North Carolina Chamber Foundation. Obtaining the

certification was a collaborative effort between Harnett County Economic Development, Central Carolina Community College, and the Harnett County business community and demonstrates to existing and potential new employers that the county is committed to providing a trained skilled workforce.

- Godwin Group, whose corporate headquarters in Dunn, completed a \$700,000, 31,000 square foot expansion at its Godwin Manufacturing facility, also in Dunn.
- Puck Enterprises, a leading manufacturer of manure application equipment, completed an asset purchase from Angus Fire of the U.S. hose manufacturing plant, equipment and product lines based in Angier, and is operating as BullDog Hose Company. The move continues to build on the foundation of providing quality products to the fire industry and has launched new agriculture product lines.
- The Town of Angier became a designated Main Street Program in 2018. The Main Street America Four Point Approach, which includes strategies of economic vitality, design, promotion, and organization, is a proven method of revitalizing and preserving small towns by building a stronger community through preservation based economic development.
- 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.
- 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.
- Harnett County Economic Development in partnership with Duke Energy's Site Readiness Program completed an assessment of the 138 acre McLamb industrial tract along I-95 and adjacent to the 1.45 million square foot Rooms To Go Distribution Center. The assessment provides key physical site features and detailed "buildability" conceptual plans to better position the site for consideration by site consultants and companies interested in expanding or establishing a presence in the eastern U.S.

## **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 \$32,201,423 or 25.54% of total general fund expenditures and transfers out.

The County's investment in economic development efforts of the past few years continue to result in new investments in the County by new and existing industry. The County's

continued aggressive approach to economic development is illustrated in current projects as the County responds to the needs associated with being 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 Harnett County Properties Corporation

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

Assistance to our existing businesses and industries continues through a strong existing industry support program. An annual survey, structured visitation program, newsletters and recognition of contributions to job growth aids in maintaining a strong bond between companies and the Economic Development office. These efforts place Harnett County in the forefront of economic development efforts in North Carolina and have prepared our County for investment in a growing economy. Continued growth requires that the County continue developing infrastructure and, at the same time, ensure that the growth experienced by our communities takes place in a planned and positive manner. The capital needs of public education will continue to challenge our community as well as the needs of other services.

During the fiscal year, the County began two projects:

- Government Complex South – this project provides for the planning and design phase of the construction of a new governmental building and an addition to the existing social services building. In early 1994, the County envisioned a central campus with the construction of the Health and Social Services buildings; followed by the Courthouse, Register of Deeds, Tax, and GIS Mapping in 2002. This next phase will be a building which will relocate the Library and Administrative offices to the main campus.
- Overhills High School Cafeteria. This project consists of the design and construction of an expansion of the current cafeteria.

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

Improvements also continue in a variety of departments and in a variety of service areas. Several ordinances and planning policies continue to be revised and strengthened to deal with ongoing development issues and challenges. Finally, in regard to overall public service, departments continue to strive to improve the level of service provided our citizens. As a result, Harnett County Government has become a model for other counties in our State. This recognition, as well as the enhanced services we provide our citizens, is the result of these efforts and the dedication of our employees.

## **FINANCIAL INFORMATION**

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

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

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

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

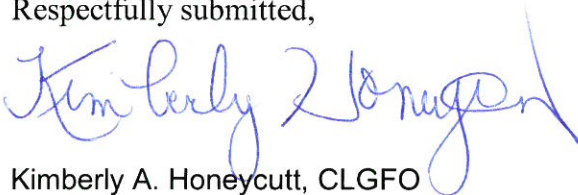
The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The County is self insured for workers compensation up to \$1,000,000 per loss and excess coverage is through Safety National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

### **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, 2017. This was the twenty-fourth 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, 2017**

*Christopher P. Morill*

Executive Director/CEO



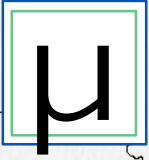
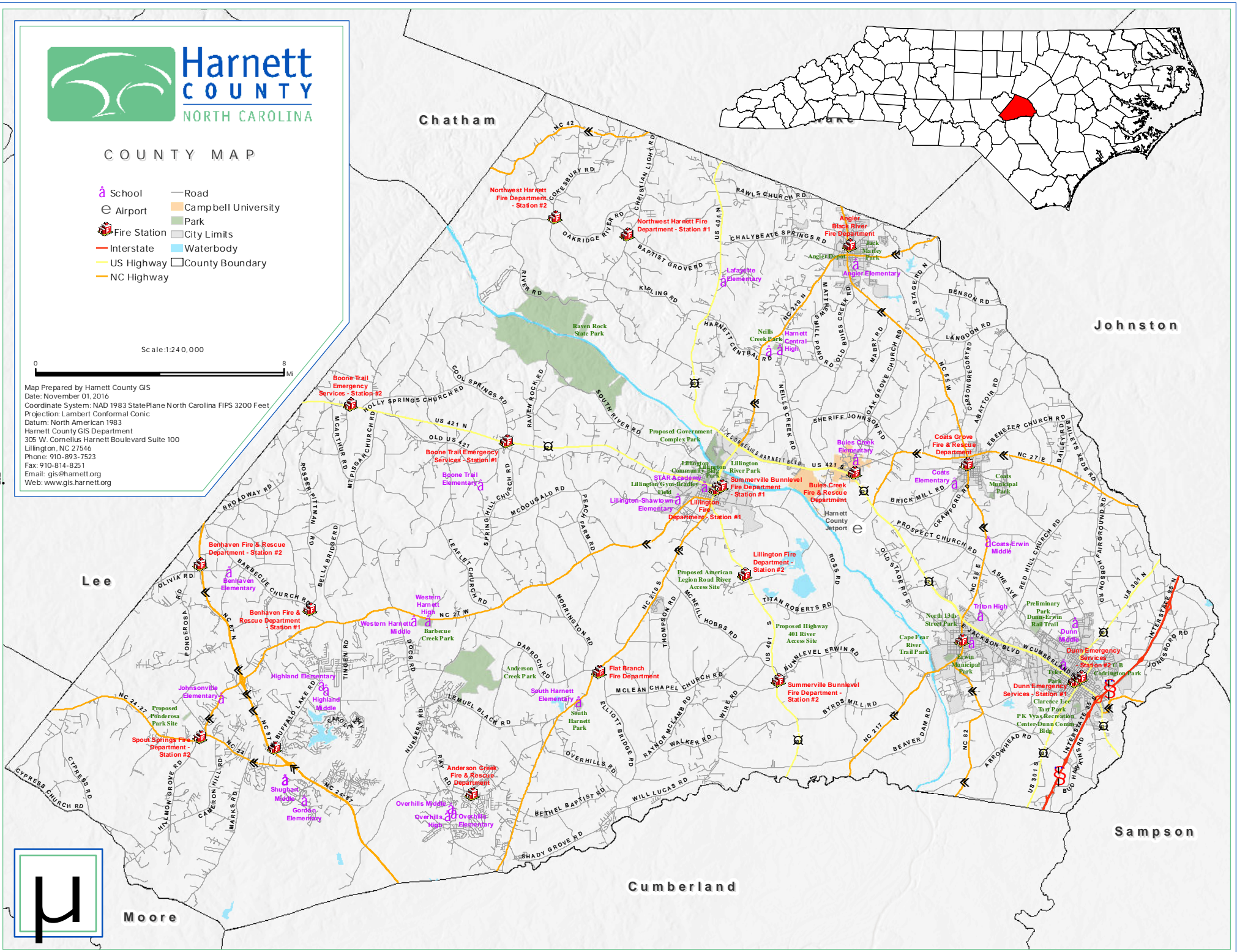


COUNTY MAP

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

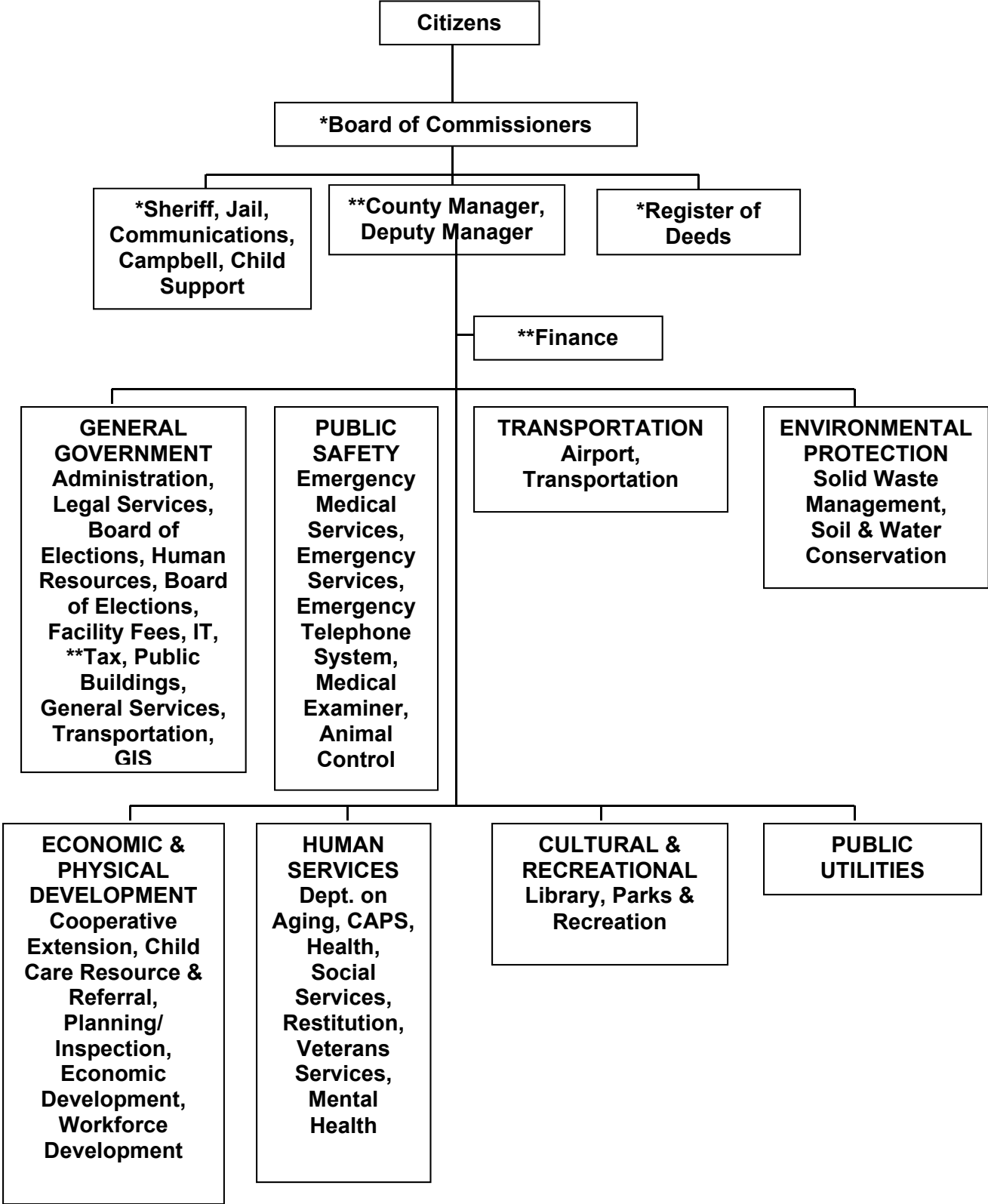
Scale: 1:240,000

Map Prepared by Harnett County GIS  
 Date: November 01, 2016  
 Coordinate System: NAD 1983 StatePlane North Carolina FIPS 3200 Feet  
 Projection: Lambert Conformal Conic  
 Datum: North American 1983  
 Harnett County GIS Department  
 305 W. Cornelius Harnett Boulevard Suite 100  
 Lillington, NC 27546  
 Phone: 910-893-7523  
 Fax: 910-814-8251  
 Email: gis@harnett.org  
 Web: www.gis.harnett.org



Moore

**HARNETT COUNTY  
ORGANIZATIONAL CHART**



\* Elected Positions  
\*\* Appointed Positions

# HARNETT COUNTY, NORTH CAROLINA

## Board of County Commissioners



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

Barbara McKoy, District 1

Abe Elmore, District 2

Howard Penny, District 3

Joe Miller, District 5  
*Vice-Chairman*

Gordon Springle, District 4  
*Chairman*

## County Officers

Paula K. Stewart, County Manager  
Brian Haney, Assistant County Manager  
Kimberly A. Honeycutt, CLGFO, Finance Officer  
Allen L. Coats, CLGFO, Finance Officer

Wayne A. Coats, Sheriff  
Kimberly S. Hargrove, Register of Deeds  
Dwight Snow, County Attorney  
James Currin, Chairman, Board of Elections  
Bain Buzzard & McRae, Public Utilities Attorney



strong roots • new growth

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# FINANCIAL SECTION

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

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

## **Independent Auditor's Report**

To the Board of Commissioners  
Harnett County  
Lillington, North Carolina

### **Report On the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina, as of and for the year ended June 30, 2018, 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, 2018, 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.

## ***Change in Accounting Principle***

As discussed in Note 5 to the financial statements, for fiscal year ended June 30, 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

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



The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and the 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 statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019, on our consideration of Harnett County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harnett County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harnett County's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 30, 2019

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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, 2018. 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.

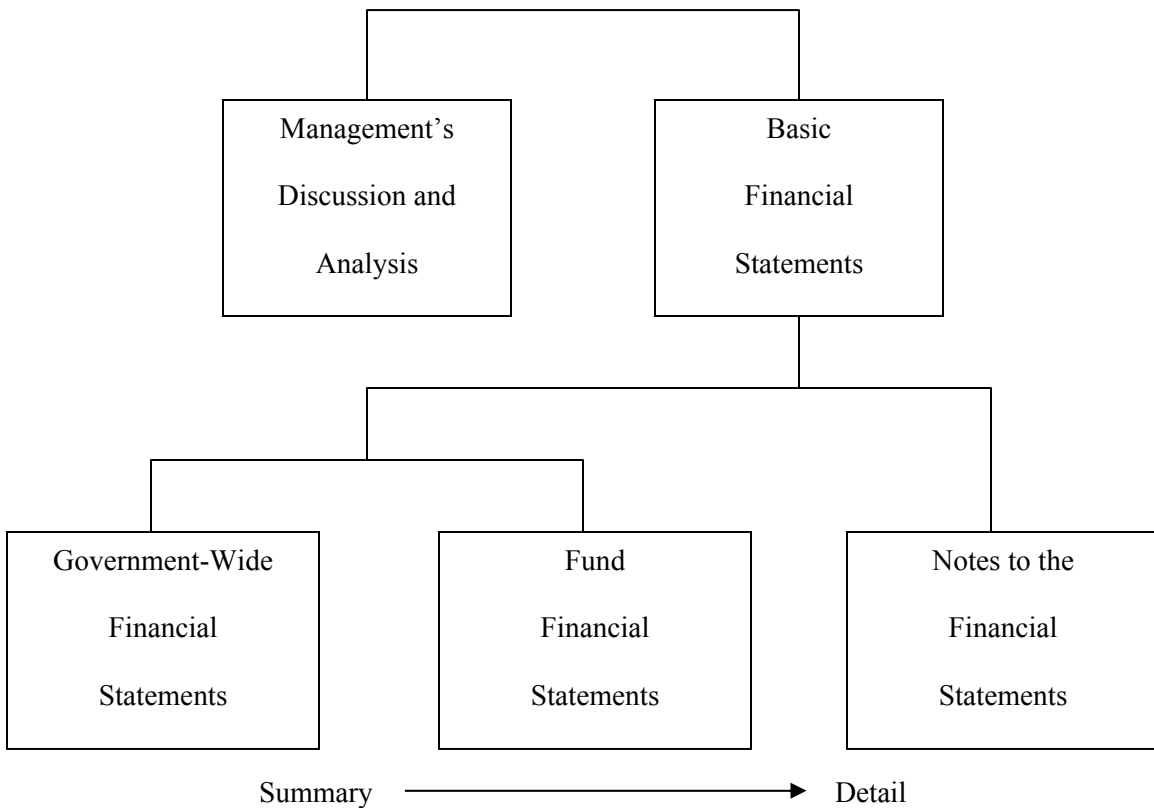
### Financial Highlights

- 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 \$321,994,723 (net position).
- The government's total net position increased by \$2,735,528. 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 \$117.3 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 \$66,823,737, a decrease of \$16,746,676 in comparison with the prior year. Approximately 45% of this total amount, or \$30,343,505, 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 \$32,201,423, or 25.39%, of total General Fund expenditures for the fiscal year.
- Harnett County's long-term obligations decreased by \$16,245,372 (7.08%) during the current fiscal year. This decrease was due to current year principal reduction and minimal debt issuance.
- 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 \$321,994,723 as of June 30, 2018. The County's net position increased by \$2,735,528 for the fiscal year ended June 30, 2018.

The largest portion totaling \$335,944,035 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 \$17,376,057 (5.40%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(31,325,369) is unrestricted.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Cash and cash equivalents	\$ 60,937,317	\$ 54,857,947	\$ 54,607,778	\$ 49,756,016	\$ 115,545,095	\$ 104,613,963
Taxes receivable, net	500,127	477,730	-	-	500,127	477,730
Accounts receivable, net	14,379,297	12,096,005	4,883,859	4,430,350	19,263,156	16,526,355
Due from other governments	9,271,193	8,852,364	87,907	125,724	9,359,100	8,978,088
Internal balance	(1,184,895)	(1,039,360)	1,184,895	1,039,360	-	-
Inventories	11,189	14,899	624,477	588,671	635,666	603,570
Prepaid items	218,776	240,600	13,046	-	231,822	240,600
Restricted assets:						
Cash and cash equivalents	12,495,152	32,198,503	2,106,766	2,046,805	14,601,918	34,245,308
Net pension asset	213,296	227,037	-	-	213,296	227,037
Capital assets:						
Land and construction						
in progress	7,142,560	12,570,397	11,458,997	80,130,489	18,601,557	92,700,886
Other capital assets, net	88,857,489	82,728,146	325,910,724	257,386,200	414,768,213	340,114,346
Total assets	192,841,501	203,224,268	400,878,449	395,503,615	593,719,950	598,727,883
<b>Deferred Outflows of Resources</b>	14,927,989	18,066,104	2,381,760	2,942,876	17,309,749	21,008,980
<b>Liabilities</b>						
Accounts payable	8,261,295	4,903,980	3,785,758	1,343,583	12,047,053	6,247,563
Customer deposits	-	-	2,106,766	2,046,805	2,106,766	2,046,805
Unearned revenue	-	-	180,000	153,615	180,000	153,615
Current portion of						
compensated absences	2,210,521	2,272,576	650,322	619,960	2,860,843	2,892,536
Claims payable - current	893,000	929,301	-	-	893,000	929,301
Long-term liabilities:						
Non-current portion of						
compensated absences	736,840	757,525	216,774	206,653	953,614	964,178
Claims payable - non-current	1,587,470	1,644,064	-	-	1,587,470	1,644,064
Due in less than one year	14,569,407	14,133,502	3,748,912	3,707,051	18,318,319	17,840,553
Due in more than one year	185,924,990	184,718,354	60,858,912	62,060,665	246,783,902	246,779,019
Total liabilities	214,183,523	209,359,302	71,547,444	70,138,332	285,730,967	279,497,634
<b>Deferred Inflows of Resources</b>	2,894,426	1,052,229	409,583	93,163	3,304,009	1,145,392
<b>Net Position</b>						
Net investment in capital assets	54,269,404	51,770,803	281,674,631	278,274,105	335,944,035	330,044,908
Restricted for:						
Stabilization for State statute	12,998,676	11,366,994	-	-	12,998,676	11,366,994
Register of Deeds	427,519	466,062	-	-	427,519	466,062
General government	152,465	35,192	-	-	152,465	35,192
Education	610,066	441,191	-	-	610,066	441,191
Public safety	3,187,331	2,013,375	-	-	3,187,331	2,013,375
Unrestricted	(80,953,920)	(55,214,776)	49,628,551	49,940,891	(31,325,369)	(5,273,885)
Total net position	\$ (9,308,459)	\$ 10,878,841	\$ 331,303,182	\$ 328,214,996	\$ 321,994,723	\$ 339,093,837

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 \$117.3 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 99.53% 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.
- 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	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 18,246,612	\$ 20,636,171	\$ 45,124,852	\$ 41,971,847	\$ 63,371,464	\$ 62,608,018
Operating grants and contributions	19,958,635	21,588,997	28,680	75,793	19,987,315	21,664,790
Capital grants and contributions	146,228	22,252	622,358	2,218,064	768,586	2,240,316
General revenues:						
Property taxes	70,459,916	70,197,361	-	-	70,459,916	70,197,361
Local option sales tax	21,796,176	20,518,531	-	-	21,796,176	20,518,531
Other taxes and licenses	9,215,929	8,538,405	258,016	282,599	9,473,945	8,821,004
Unrestricted intergovernmental	56,135	120,415	-	-	56,135	120,415
Investment earnings	950,379	280,826	29,994	2,548	980,373	283,374
Total revenues	140,830,010	141,902,958	46,063,900	44,550,851	186,893,910	186,453,809
<b>Expenses:</b>						
General government	16,113,489	14,655,806	-	-	16,113,489	14,655,806
Public safety	42,464,618	40,417,079	-	-	42,464,618	40,417,079
Transportation	1,183,864	999,651	-	-	1,183,864	999,651
Environmental protection	166,931	181,452	-	-	166,931	181,452
Economic and physical development	4,249,021	4,033,214	-	-	4,249,021	4,033,214
Human services	26,671,296	29,721,428	-	-	26,671,296	29,721,428
Cultural and recreation	2,938,458	2,236,204	-	-	2,938,458	2,236,204
Education	45,366,104	27,934,947	-	-	45,366,104	27,934,947
Interest on long-term debt	5,443,930	4,825,862	-	-	5,443,930	4,825,862
Landfill	-	-	5,423,198	5,338,278	5,423,198	5,338,278
Water and sewer	-	-	34,137,473	32,111,467	34,137,473	32,111,467
Total expenses	144,597,711	125,005,643	39,560,671	37,449,745	184,158,382	162,455,388
Change in net position	(3,369,887)	16,897,315	6,105,415	7,101,106	2,735,528	23,998,421
Net position, July 1	10,878,841	(4,616,718)	328,214,996	321,113,890	339,093,837	316,497,172
Restatement	(16,817,413)	(1,401,756)	(3,017,229)	-	(19,834,642)	(1,401,756)
Net position, July 1	(5,938,572)	(6,018,474)	325,197,767	321,113,890	319,259,195	315,095,416
Net position, June 30	\$ (9,308,459)	\$ 10,878,841	\$ 331,303,182	\$ 328,214,996	\$ 321,994,723	\$ 339,093,837

**Governmental Activities.** Governmental activities decreased the County's net position by \$3,369,887. Key elements of this increase are as follows:

- The most significant impact in the County's change in net position was due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, for the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for governmental activities decreased \$16,817,413 and \$3,017,229 for the business-type activities. Despite the negative impact that this restatement had to the County's net position, the County still recognized an increase in net position of \$2,735,528.
- Increases to the change included the collection of local option sales tax which increased from \$20,518,531 to \$21,796,176. Other taxes and licenses also significantly impacted this change with a 7.9% increase to \$9,215,929.
- The most significant impact in revenues was attributed to a 238% increase in investment earnings over the prior year. Over the past five years, the County has worked diligently to improve their financial health through the issuance of financial policies and procedures which were a direct result of the economic down-turn. Through a defined plan of action, the County has worked to invest in its human and capital assets while at the same time, setting aside funds to meet needs which previously would not have been possible unless through the issuance of debt. An integral part of this plan also included an investment policy which allows the County to invest idle funds.
- Expenses for Governmental Activities increased to \$144,597,711 or 15.67% over the prior year. While the County recognized a full year of the salary study implementation during this fiscal year, the increase also included the following:
  - i) The largest portion of this increase was for Education. The construction of the new Benhaven Elementary School, which will house 881 students in the western portion of the county, began to near completion in anticipation of opening for the fall of 2018. Also included in the education spending, was an increase in current expense and capital outlay funds remitted to, or expended on behalf of, the Harnett County Board of Education as the County continues the development of an educational funding formula.
  - ii) General Government expenses increased 9.9% to \$16,113,489 as a result of the cost associated with the implementation of a new county-wide financial software package as well as new software for Development Services. This investment will enable the departments to operate more efficiently in servicing the citizens of Harnett County.
  - iii) Public Safety expenses increased 5% to \$42,464,618 as the result in the addition of employees and the purchase of vehicles for the Sheriff and EMS Departments.

Property taxes increased slightly by \$262,555 or .4%. The County remains strong in its collection of taxes as evidenced by an increase of the collection rate to 99.53% from the prior year of 99.46%

**Business-Type Activities.** Business-type activities increased Harnett County's net position by \$6,105,415. Key elements of this increase are as follows:

- An increase in charges for services in the Business-Type Activities by \$3,153,005 to \$45,124,852. Activity for water, sewer and landfill services contributed as follows:

- The significant driver for this increase was the water and sewer services that Public Utilities provides for its citizens, in residential water sales, as well as neighboring counties in the sale of water to Moore and Johnston County. This activity makes Public Utilities one of the largest providers in the state. With that distinction, the number of customers and service connections continue to grow significantly from year to year. Public Utilities' continually monitors the impact of their fee structure each year and its impact on the associated revenue bonds. In response, fees are adjusted to maintain the required debt coverage and to maintain consistency with cost of living impact.
- The landfill services provided by Solid Waste continue to positively impact the revenue generated. Solid Waste continues to improve their financial position through the collection of accounts receivable and landfill activity,

Capital grants and contributions decreased \$1,595,706, or 71.9%, due to the reduction in the activity associated with various Public Utilities projects which are closing.

### **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 \$32,624,339, while total fund balance reached \$43,178,492, an increase of 3.18%. 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 2018, the County's Tax Collection Rate was 99.53%. The County currently ranks 8<sup>th</sup> in the state in tax collections. The revenue from the receipt of sales tax increased 6.2%. 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 \$280,826 to \$950,379, an increase of 238% 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 25.73% of General Fund expenditures and transfers to other funds, while total fund balance represents 34.05% of that same amount.

At June 30, 2018, the governmental funds of Harnett County reported a combined fund balance of \$66,823,737, a 20% decrease over last year. The primary reason for this decrease was due to the large capital expenditures related to 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 \$57,848, and those for the Water and Sewer Fund equaled \$48,385,808. The total growth in net position for both funds was \$642,481 and \$5,317,399, 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 \$5,990,114. Following are the main components of this increase:

- \$1,182,287 for Public Safety expenditures due to the purchase of capital for the Sheriff and EMS Departments.
- \$1,393,059 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.
- \$907,245 for Cultural and Recreation expenditures. The County continued to expend capital toward 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 in the prior year to offer recreation and cultural resources and events to the citizens of that community. As this partnership continues, the County continues to invest funds in enhancement of new and existing recreational facilities.
- The remaining budget adjustments were for various amounts and across all functional areas of the County and were to adjust appropriations as necessary to maintain services.

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

**Capital Assets.** Harnett County's capital assets for its governmental and business-type activities as of June 30, 2018, totals \$433,369,770 (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 Social Services, Development Services and Finance 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 6,775,454	\$ 6,745,454	\$ 2,760,532	\$ 2,530,526	\$ 9,535,986	\$ 9,275,980
Plant, distribution, and collection systems	-	-	306,051,994	237,058,463	306,051,994	237,058,463
Buildings	68,448,003	68,416,245	16,985,494	17,157,359	85,433,497	85,573,604
Land improvements	8,969,913	9,825,444	-	-	8,969,913	9,825,444
Furniture, fixtures, and equipment	7,179,009	763,758	2,264,728	2,439,357	9,443,737	3,203,115
Computer software	1,100,263	906,662	-	-	1,100,263	906,662
Vehicles	3,160,301	2,816,037	608,508	731,021	3,768,809	3,547,058
Construction in progress	367,106	5,824,943	8,698,465	77,599,963	9,065,571	83,424,906
<b>Total</b>	<u>\$ 96,000,049</u>	<u>\$ 95,298,543</u>	<u>\$ 337,369,721</u>	<u>\$ 337,516,689</u>	<u>\$ 433,369,770</u>	<u>\$ 432,815,232</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, 2018, Harnett County had total debt outstanding of \$213,056,426. Of this amount, \$40,404,000 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, 2018, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Installment purchase	\$ 108,667,198	\$ 118,994,621	\$ 1,712,075	\$ 1,923,554	\$ 110,379,273	\$ 120,918,175
General obligation bonds	28,025,000	29,500,000	12,379,000	12,595,000	40,404,000	42,095,000
Capitalized leases	20,710,289	21,516,887	26,041	180,836	20,736,330	21,697,723
Limited obligation bonds	-	-	16,570,000	17,340,000	16,570,000	17,340,000
Special obligation bonds	-	-	929,000	1,102,000	929,000	1,102,000
Revenue bonds	-	-	9,585,000	10,418,000	9,585,000	10,418,000
State bond loan	-	-	14,452,823	15,730,900	14,452,823	15,730,900
<b>Total</b>	<u>\$ 157,402,487</u>	<u>\$ 170,011,508</u>	<u>\$ 55,653,939</u>	<u>\$ 59,290,290</u>	<u>\$ 213,056,426</u>	<u>\$ 229,301,798</u>

Harnett County's total debt decreased by \$16,245,372 (7.08%) during the past fiscal year, primarily due to principal payments and minimal debt issuance 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 \$425,824,903.

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 ad valorem tax rate will remain the same at 75 cents per \$100 property valuation
- The proposed budget seeks to address a number of the priorities established by the Board in areas of education, public safety, employee training, customer service, capital maintenance and cultural/recreational efforts, while doing so in a fiscally accountable manner.
- The largest expenditures by percentage are education at 25%, public safety at 23% and Health and Human Services at 19%.

### **Budget Highlights for the Fiscal Year Ending June 30, 2019**

**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.

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 2018-2019 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 2019 Budget contains an appropriation from fund balance in the amount of \$422,916.

**Business-Type Activities.** For water and sewer no appropriation of fund balance is recommended. No rate increases are included for residential, bulk water, or bulk sewer. Two waterline projects are scheduled for FY 2019 – one along N.C. 87 to Western Harnett Innovation Park for the new Benhaven Elementary School and one for Bunnlevel for hydraulic purposes. For Solid Waste a proposed increase is included for the municipal solid waste fees to \$45/ton, up from \$40/ton. This is based primarily on annual CPI increases in hauling contracts.

## **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**

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

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## HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 60,937,317	\$ 54,607,778	\$ 115,545,095
Taxes receivable, net	500,127	-	500,127
Accounts receivable, net	14,379,297	4,883,859	19,263,156
Due from other governments	9,271,193	87,907	9,359,100
Internal balance	(1,184,895)	1,184,895	-
Inventories	11,189	624,477	635,666
Prepaid items	218,776	13,046	231,822
Restricted assets:			
Cash and cash equivalents	12,495,152	2,106,766	14,601,918
Total current assets	96,628,156	63,508,728	160,136,884
Non-current assets:			
Net pension asset	213,296	-	213,296
Capital assets:			
Land and construction in progress	7,142,560	11,458,997	18,601,557
Other capital assets, net	88,857,489	325,910,724	414,768,213
Total non-current assets	96,213,345	337,369,721	433,583,066
Total assets	192,841,501	400,878,449	593,719,950
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	6,678,305	1,117,411	7,795,716
OPEB deferrals	835,578	147,455	983,033
Charge on refunding	7,414,106	1,116,894	8,531,000
Total deferred outflows of resources	14,927,989	2,381,760	17,309,749
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	8,261,295	3,785,758	12,047,053
Customer deposits payable from restricted assets	-	2,106,766	2,106,766
Unearned revenues	-	180,000	180,000
Current portion of compensated absences	2,210,521	650,322	2,860,843
Claims payable current	893,000	-	893,000
Due within one year	14,569,407	3,748,912	18,318,319
Total current liabilities	25,934,223	10,471,758	36,405,981
Long-term liabilities:			
Non-current portion of compensated absences	736,840	216,774	953,614
Claims payable, non-current	1,587,470	-	1,587,470
Total pension liability - LEOSSA	2,802,164	-	2,802,164
Net pension liability - LGERS	8,179,528	1,443,447	9,622,975
Total OPEB liability	28,629,729	5,052,304	33,682,033
Due in more than one year	146,313,569	54,363,161	200,676,730
Total liabilities	214,183,523	71,547,444	285,730,967
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	380,780	58,556	439,336
OPEB deferrals	1,989,155	351,027	2,340,182
Prepaid taxes	524,491	-	524,491
Total deferred inflows of resources	2,894,426	409,583	3,304,009
<b>Net Position:</b>			
Net investment in capital assets	54,269,404	281,674,631	335,944,035
Restricted for:			
Stabilization by state statute	12,998,676	-	12,998,676
Register of Deeds' pension plan	277,875	-	277,875
Register of Deeds	149,644	-	149,644
General government	152,465	-	152,465
Education	610,066	-	610,066
Public safety	3,187,331	-	3,187,331
Unrestricted	(80,953,920)	49,628,551	(31,325,369)
Total net position	\$ (9,308,459)	\$ 331,303,182	\$ 321,994,723

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 16,113,489	\$ 8,063,442	\$ 1,539,880	\$ 117,150
Public safety	42,464,618	7,846,993	1,101,278	-
Transportation	1,183,864	3,790	552,814	-
Environmental protection	166,931	800	25,169	-
Economic and physical development	4,249,021	4,175	18,697	-
Human services	26,671,296	2,255,009	16,540,601	-
Cultural and recreational	2,938,458	72,403	180,196	29,078
Education	45,366,104	-	-	-
Interest on long-term debt	5,443,930	-	-	-
Total governmental activities	<u>144,597,711</u>	<u>18,246,612</u>	<u>19,958,635</u>	<u>146,228</u>
<b>Business-Type Activities:</b>				
Water and sewer	34,137,473	39,326,703	-	622,358
Solid waste	5,423,198	5,798,149	28,680	-
Total business-type activities	<u>39,560,671</u>	<u>45,124,852</u>	<u>28,680</u>	<u>622,358</u>
Total primary government	<u>\$ 184,158,382</u>	<u>\$ 63,371,464</u>	<u>\$ 19,987,315</u>	<u>\$ 768,586</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, 2018**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Functions/Programs:</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (6,393,017)	\$ -	\$ (6,393,017)
Public safety	(33,516,347)	-	(33,516,347)
Transportation	(627,260)	-	(627,260)
Environmental protection	(140,962)	-	(140,962)
Economic and physical development	(4,226,149)	-	(4,226,149)
Human services	(7,875,686)	-	(7,875,686)
Cultural and recreational	(2,656,781)	-	(2,656,781)
Education	(45,366,104)	-	(45,366,104)
Interest on long-term debt	(5,443,930)	-	(5,443,930)
Total governmental activities	<u>(106,246,236)</u>	<u>-</u>	<u>(106,246,236)</u>
<b>Business-Type Activities:</b>			
Water and sewer	-	5,811,588	5,811,588
Solid waste	-	403,631	403,631
Total business-type activities	<u>-</u>	<u>6,215,219</u>	<u>6,215,219</u>
Total primary government	<u>(106,246,236)</u>	<u>6,215,219</u>	<u>(100,031,017)</u>
<b>General Revenues:</b>			
Ad valorem taxes	70,459,916	-	70,459,916
Local option sales tax	21,796,176	-	21,796,176
Other taxes and licenses	9,215,929	258,016	9,473,945
Unrestricted intergovernmental revenues	56,135	-	56,135
Interest earned on investments, unrestricted	950,379	29,994	980,373
Total general revenues	<u>102,478,535</u>	<u>288,010</u>	<u>102,766,545</u>
Transfers	<u>397,814</u>	<u>(397,814)</u>	<u>-</u>
Total general revenues and transfers	<u>102,876,349</u>	<u>(109,804)</u>	<u>102,766,545</u>
Change in net position	<u>(3,369,887)</u>	<u>6,105,415</u>	<u>2,735,528</u>
<b>Net Position:</b>			
Beginning of year - July 1	10,878,841	328,214,996	339,093,837
Restatement	<u>(16,817,413)</u>	<u>(3,017,229)</u>	<u>(19,834,642)</u>
Beginning of year - restated	<u>(5,938,572)</u>	<u>325,197,767</u>	<u>319,259,195</u>
End of year - June 30	<u>\$ (9,308,459)</u>	<u>\$ 331,303,182</u>	<u>\$ 321,994,723</u>

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

HARNETT COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>General</u>	<u>Benhaven Elementary School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and investments	\$ 37,029,744	\$ 1,401,659	\$ 10,603,242	\$ 49,034,645
Taxes receivable, net	404,071	-	96,056	500,127
Accounts receivable, net	11,718,396	-	2,660,901	14,379,297
Due from other funds	458,941	-	-	458,941
Due from other governments	9,271,193	-	-	9,271,193
Inventories	11,189	-	-	11,189
Prepaid items	205,189	-	4,212	209,401
Restricted assets:				
Restricted cash and cash equivalents	-	12,486,517	8,635	12,495,152
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total assets	<u>\$ 59,098,723</u>	<u>\$ 13,888,176</u>	<u>\$ 13,373,046</u>	<u>\$ 86,359,945</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 3,880,914	\$ 2,346,205	\$ 714,775	\$ 6,941,894
Due to other funds	-	-	458,941	458,941
Total liabilities	<u>3,880,914</u>	<u>2,346,205</u>	<u>1,173,716</u>	<u>7,400,835</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	524,491	-	-	524,491
Unavailable revenue	11,110,755	-	-	11,110,755
Property tax receivable	404,071	-	96,056	500,127
Total deferred inflows of resources	<u>12,039,317</u>	<u>                  </u>	<u>96,056</u>	<u>12,135,373</u>
<b>Fund Balances:</b>				
Non-spendable:				
Inventories	11,189	-	-	11,189
Prepaid items	205,189	-	4,212	209,401
Restricted:				
Restricted for stabilization for state statute	10,337,775	-	2,660,901	12,998,676
Restricted for Register of Deeds	-	-	149,644	149,644
Restricted for general government	-	-	152,465	152,465
Restricted for education	-	12,486,517	618,701	13,105,218
Restricted for public safety	-	-	3,187,331	3,187,331
Committed for economic development	-	-	197,814	197,814
Assigned	422,916	-	6,045,578	6,468,494
Unassigned	32,201,423	(944,546)	(913,372)	30,343,505
Total fund balances	<u>43,178,492</u>	<u>11,541,971</u>	<u>12,103,274</u>	<u>66,823,737</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 59,098,723</u>	<u>\$ 13,888,176</u>	<u>\$ 13,373,046</u>	<u>\$ 86,359,945</u>

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

**HARNETT COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<u><b>Total Governmental Funds</b></u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - modified accrual	\$ 66,823,737
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	96,000,049
Net pension asset	213,296
Net pension liability - LGERS	(8,179,528)
Total pension liability - LEOSSA	(2,802,164)
Total OPEB liability	(28,629,729)
Deferred outflows of resources related to pensions are not reported in the funds.	6,678,305
Deferred outflows of resources related to OPEB are not reported in the funds.	835,578
Deferred inflows of resources related to pensions are not reported in the funds.	(380,780)
Deferred inflows of resources related to OPEB are not reported in the funds.	(1,989,155)
Deferred outflow related to bond refunding not available to pay for current-period expenditures and, therefore, are deferred in the funds.	7,414,106
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	(160,882,976)
Compensated absences	(2,947,361)
Accrued interest payable	(361,323)
Consolidation of Internal Service Fund	7,288,604
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>11,610,882</u>
Net position of governmental activities (Exhibit A)	<u>\$ (9,308,459)</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, 2018

	<u>General</u>	<u>Benhaven Elementary School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 63,099,033	\$ -	\$ 7,338,486	\$ 70,437,519
Other taxes and licenses	23,169,428	-	7,842,677	31,012,105
Unrestricted intergovernmental revenues	56,135	-	-	56,135
Restricted intergovernmental revenues	17,671,651	-	2,171,799	19,843,450
Permits and fees	2,505,411	-	1,318,820	3,824,231
Sales and services	7,718,750	-	75,000	7,793,750
Investment earnings	616,260	281,056	53,063	950,379
Other general revenues	4,070,980	-	42,600	4,113,580
Total revenues	<u>118,907,648</u>	<u>281,056</u>	<u>18,842,445</u>	<u>138,031,149</u>
<b>Expenditures:</b>				
Current:				
General government	16,260,531	-	1,592,425	17,852,956
Public safety	31,730,943	-	10,012,278	41,743,221
Transportation	472,869	-	-	472,869
Environmental protection	166,931	-	-	166,931
Economic and physical development	3,968,497	-	173,959	4,142,456
Human services	25,870,415	-	-	25,870,415
Cultural and recreation	2,774,154	-	85,282	2,859,436
Education	25,783,213	18,832,028	750,863	45,366,104
Debt service:				
Principal repayments	14,511,974	-	-	14,511,974
Interest and fees	4,547,767	-	-	4,547,767
Total expenditures	<u>126,087,294</u>	<u>18,832,028</u>	<u>12,614,807</u>	<u>157,534,129</u>
Revenues over (under) expenditures	<u>(7,179,646)</u>	<u>(18,550,972)</u>	<u>6,227,638</u>	<u>(19,502,980)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	1,902,953	-	-	1,902,953
Transfers to other funds	(726,667)	(832,520)	(7,091,678)	(8,650,865)
Transfers from other funds	7,334,024	-	2,170,192	9,504,216
Total other financing sources (uses)	<u>8,510,310</u>	<u>(832,520)</u>	<u>(4,921,486)</u>	<u>2,756,304</u>
Net change in fund balances	1,330,664	(19,383,492)	1,306,152	(16,746,676)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>41,847,828</u>	<u>30,925,463</u>	<u>10,797,122</u>	<u>83,570,413</u>
End of year - June 30	<u>\$ 43,178,492</u>	<u>\$ 11,541,971</u>	<u>\$ 12,103,274</u>	<u>\$ 66,823,737</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, 2018**

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) \$ (16,746,676)

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	22,397
Ambulance/other miscellaneous revenues	1,127,278

Expenses related to compensated absences and debt premiums that do not require current financial resources are not reported as expenditures in the governmental funds statement.	344,847
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Pension expense - LEOSSA	(80,052)
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Pension expense - LGERS	(135,827)
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Pension expense - ROD	(21,201)
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OPEB plan expense	(1,268,981)
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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.	30,600
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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.	5,551,899
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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.	(4,566,899)
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Loss on sale of asset	(283,494)
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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.	14,511,974
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Consolidation of Internal Service Fund	973,964
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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>(1,902,953)</u>
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Change in net position of governmental activities (Exhibit B)	<u><u>\$ (3,369,887)</u></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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 61,539,984	\$ 61,539,984	\$ 63,099,033	\$ 1,559,049
Other taxes and licenses	21,980,250	21,980,250	23,169,428	1,189,178
Unrestricted intergovernmental revenues	43,500	43,500	56,135	12,635
Restricted intergovernmental revenues	22,800,391	24,290,659	17,671,651	(6,619,008)
Permits and fees	2,847,140	2,874,890	2,505,411	(369,479)
Sales and services	7,852,471	7,923,483	7,718,750	(204,733)
Investment earnings	225,500	225,500	616,260	390,760
Other general revenues	6,327,083	6,563,244	4,070,980	(2,492,264)
Total revenues	<u>123,616,319</u>	<u>125,441,510</u>	<u>118,907,648</u>	<u>(6,533,862)</u>
<b>Expenditures:</b>				
General government	16,278,131	18,559,254	16,260,531	2,298,723
Public safety	32,563,156	33,745,443	31,730,943	2,014,500
Transportation	472,674	562,175	472,869	89,306
Environmental protection	202,518	202,518	166,931	35,587
Economic and physical development	4,329,064	4,579,117	3,968,497	610,620
Human services	30,097,168	31,490,227	25,870,415	5,619,812
Cultural and recreation	2,318,305	3,225,550	2,774,154	451,396
Education	26,247,477	26,643,339	25,783,213	860,126
Debt service:				
Principal repayments	14,260,306	14,596,843	14,511,974	84,869
Interest and fees	5,030,842	4,704,305	4,547,767	156,538
Total expenditures	<u>132,318,657</u>	<u>138,308,771</u>	<u>126,087,294</u>	<u>12,221,477</u>
Revenues over (under) expenditures	<u>(8,702,338)</u>	<u>(12,867,261)</u>	<u>(7,179,646)</u>	<u>5,687,615</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(1,026,667)	(4,551,687)	(726,667)	3,825,020
Transfers from other funds	7,501,005	9,183,815	7,334,024	(1,849,791)
Long-term debt issued	1,950,000	1,950,000	1,902,953	(47,047)
Appropriated fund balance	278,000	6,285,133	-	(6,285,133)
Total other financing sources (uses)	<u>8,702,338</u>	<u>12,867,261</u>	<u>8,510,310</u>	<u>(4,356,951)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,330,664	<u>\$ 1,330,664</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>41,847,828</u>	
End of year - June 30			<u>\$ 43,178,492</u>	

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

## HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
<b>Assets:</b>				
Current assets:				
Cash and cash investments	\$ 52,102,997	\$ 2,504,781	\$ 54,607,778	\$ 11,902,672
Accounts receivable, net	4,733,511	150,348	4,883,859	-
Restricted intergovernmental receivables	-	87,907	87,907	-
Prepaid items	-	13,046	13,046	9,375
Inventory	624,477	-	624,477	-
Restricted assets:				
Cash and investments, restricted	2,106,766	-	2,106,766	-
Total current assets	59,567,751	2,756,082	62,323,833	11,912,047
Non-current assets:				
Land and construction in progress	9,905,408	1,553,589	11,458,997	-
Other capital assets, net	320,748,871	5,161,853	325,910,724	-
Total non-current assets	330,654,279	6,715,442	337,369,721	-
Total assets	390,222,030	9,471,524	399,693,554	11,912,047
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	968,424	148,987	1,117,411	-
OPEB deferrals	127,794	19,661	147,455	-
Charge on refunding	1,116,894	-	1,116,894	-
Total deferred outflows of resources	2,213,112	168,648	2,381,760	-
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,099,300	494,673	3,593,973	958,078
Claims payable	-	-	-	893,000
Accrued interest	179,310	12,475	191,785	-
Prepaid fees	129,536	50,464	180,000	-
Customer deposits payable from restricted assets	2,106,766	-	2,106,766	-
Compensated absences, current	583,969	66,353	650,322	-
Current portion of long-term debt	3,266,237	482,675	3,748,912	-
Total current liabilities	9,365,118	1,106,640	10,471,758	1,851,078
Non-current liabilities:				
Compensated absences, non-current	194,656	22,118	216,774	-
Claims payable	-	-	-	1,587,470
Non-current portion of long-term debt	51,200,739	3,162,422	54,363,161	-
Total OPEB liability	4,378,664	673,640	5,052,304	-
Net pension liability	1,250,987	192,460	1,443,447	-
Total non-current liabilities	57,025,046	4,050,640	61,075,686	1,587,470
Total liabilities	66,390,164	5,157,280	71,547,444	3,438,548
<b>Deferred Inflows of Resources:</b>				
OPEB deferrals	304,224	46,803	351,027	-
Pension deferrals	50,749	7,807	58,556	-
Total deferred inflows of resources	354,973	54,610	409,583	-
<b>Net Position:</b>				
Net investment in capital assets	277,304,197	4,370,434	281,674,631	-
Unrestricted	48,385,808	57,848	48,443,656	8,473,499
Total net position	\$ 325,690,005	\$ 4,428,282	330,118,287	\$ 8,473,499
Adjustment to reflect consolidation of internal service funds			1,184,895	
Net position			\$ 331,303,182	

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, 2018

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
<b>Operating Revenues:</b>				
Charges for services	\$ 35,199,569	\$ 5,743,509	\$ 40,943,078	\$ -
Water and sewer taps	392,954	-	392,954	-
Johnson County	3,703	-	3,703	-
County contributions	-	-	-	12,323,150
Other operating revenues	3,607,332	32,250	3,639,582	-
Total operating revenues	<u>39,203,558</u>	<u>5,775,759</u>	<u>44,979,317</u>	<u>12,323,150</u>
<b>Operating Expenses:</b>				
Water distribution and sewage treatment	22,945,987	-	22,945,987	-
Solid waste	-	4,753,060	4,753,060	-
Benefits and premiums	-	-	-	10,748,114
Depreciation	9,749,950	607,405	10,357,355	-
Total operating expenses	<u>32,695,937</u>	<u>5,360,465</u>	<u>38,056,402</u>	<u>10,748,114</u>
Operating income (loss)	<u>6,507,621</u>	<u>415,294</u>	<u>6,922,915</u>	<u>1,575,036</u>
<b>Non-Operating Revenues (Expenses):</b>				
Miscellaneous	-	28,680	28,680	-
Solid waste disposal tax	-	258,016	258,016	-
Interest earned on investments	26,770	3,224	29,994	-
Interest and fees	(1,441,536)	(62,733)	(1,504,269)	-
Total non-operating revenues (expenses)	<u>(1,414,766)</u>	<u>227,187</u>	<u>(1,187,579)</u>	<u>-</u>
Income (loss) before capital contributions	5,092,855	642,481	5,735,336	1,575,036
Capital contributions	<u>622,358</u>	<u>-</u>	<u>622,358</u>	<u>-</u>
Income (loss) before transfers	<u>5,715,213</u>	<u>642,481</u>	<u>6,357,694</u>	<u>1,575,036</u>
<b>Transfers:</b>				
Transfers out	(397,814)	-	(397,814)	(455,537)
Total transfers	<u>(397,814)</u>	<u>-</u>	<u>(397,814)</u>	<u>(455,537)</u>
Change in net position	<u>5,317,399</u>	<u>642,481</u>	<u>5,959,880</u>	<u>1,119,499</u>
<b>Net Position:</b>				
Beginning of year - July 1	322,919,633	4,256,003		7,354,000
Restatement	(2,547,027)	(470,202)		-
Beginning of year - restated	<u>320,372,606</u>	<u>3,785,801</u>		<u>7,354,000</u>
End of year - June 30	<u>\$ 325,690,005</u>	<u>\$ 4,428,282</u>		<u>\$ 8,473,499</u>
Adjustment to reflect consolidation of internal service funds			<u>145,535</u>	
Change in net position			<u>\$ 6,105,415</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, 2018

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 38,799,079	\$ 5,790,933	\$ 44,590,012	\$ 12,323,150
Cash paid for goods and services	(10,947,179)	(3,607,271)	(14,554,450)	(10,690,690)
Cash paid to employees for services	(9,405,924)	(968,103)	(10,374,027)	-
Other revenues	-	286,696	286,696	-
Customer deposits received	59,961	-	59,961	-
Net cash provided (used) by operating activities	<u>18,505,937</u>	<u>1,502,255</u>	<u>20,008,192</u>	<u>1,632,460</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Transfers	(397,814)	-	(397,814)	(455,537)
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(9,097,175)	(490,854)	(9,588,029)	-
Principal paid on long-term debt	(3,162,027)	(474,324)	(3,636,351)	-
Interest and fees	(1,441,536)	(62,733)	(1,504,269)	-
Net cash provided (used) for capital and related financing activities	<u>(13,700,738)</u>	<u>(1,027,911)</u>	<u>(14,728,649)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	26,770	3,224	29,994	-
Net increase (decrease) in cash and cash equivalents	4,434,155	477,568	4,911,723	1,176,923
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	<u>49,775,608</u>	<u>2,027,213</u>	<u>51,802,821</u>	<u>10,725,749</u>
End of year - June 30	<u>\$ 54,209,763</u>	<u>\$ 2,504,781</u>	<u>\$ 56,714,544</u>	<u>\$ 11,902,672</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 6,507,621	\$ 415,294	\$ 6,922,915	\$ 1,575,036
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	9,749,950	607,405	10,357,355	-
Other revenues	-	286,696	286,696	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(411,052)	10,721	(400,331)	13,581
(Increase) decrease in deferred outflow	159,557	-	159,557	-
Increase (decrease) in accounts payable and accrued liabilities	2,190,179	69,207	2,259,386	37,876
Increase (decrease) in prepaid items	-	(13,046)	(13,046)	5,967
Increase (decrease) in unearned revenues	21,932	4,453	26,385	-
(Increase) decrease in inventory	(35,806)	-	(35,806)	-
Increase (decrease) in customer deposits	59,961	-	59,961	-
(Increase) decrease in deferred outflows - pension	475,812	73,202	549,014	-
(Increase) decrease in deferred outflows of resources for OPEB	(127,794)	(19,661)	(147,455)	-
Increase (decrease) in deferred inflows of resources for OPEB	304,224	46,804	351,028	-
Increase (decrease) in net pension liability	(425,045)	(65,391)	(490,436)	-
Increase (decrease) deferred inflows - pension	(29,993)	(4,614)	(34,607)	-
Increase (decrease) in accrued vacation pay	48,741	88,470	137,211	-
Increase (decrease) in OPEB payable	17,650	2,715	20,365	-
Net cash provided (used) by operating activities	<u>\$ 18,505,937</u>	<u>\$ 1,502,255</u>	<u>\$ 20,008,192</u>	<u>\$ 1,632,460</u>
<b>Non-Cash Transactions:</b>				
Contributed capital from developers	<u>\$ 622,358</u>	<u>\$ -</u>	<u>\$ 622,358</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, 2018**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ <u>180,589</u>
<b>Liabilities:</b>	
Accounts payable	\$ <u>180,589</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, 2018

### 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, 2018

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, 2018

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 special revenue funds: Article 44 \*524; Article 46 Sales Tax; Special Districts; Emergency Telephone System; Law Enforcement; 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: Government Complex Park; Government Complex South; Essential Family Rehabilitation; Campbell Stadium Sidewalk; Overhills High School Cafeteria; Brightwater Phase II; Airport Capital Reserve; Radio Upgrade; Jetport terminal; Sherriff Training Facility; 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, 2018

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

MGD Water Treatment Plant Expansion, WHIP Transmission Line, South Central Transmission Line Project; North Harnett WW Upgrade Project; Fort Bragg Water & Wastewater Project; Brightwater Infrastructure Project; Campbell Osteopathic; 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, 2018

### 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, 2018

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, 2018

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) government money market fund, 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, 2018

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	\$ 12,486,517
QSCB 2016 Project Fund:	
Capital outlays - unexpended bond proceeds	<u>8,635</u>
Total governmental activities	<u>12,495,152</u>

#### Business-Type Activities:

Water and Sewer Fund:	
Customer deposits	<u>2,106,766</u>
Total business-type activities	<u>2,106,766</u>
Total restricted cash	<u>\$ 14,601,918</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, 2017 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, 2018

### 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, 2018

### **Deferred Outflows/Inflows of Resources**

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

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

### **Long-Term Obligations**

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

In the fund financial statements for the governmental fund types, the face amount of debt issued is reported as 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 31<sup>st</sup> of each calendar year. On December 31<sup>st</sup>, all vacation leave exceeding 240 hours per employee is transferred to sick leave. For the government-wide financial statements and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

### **Net Position/Fund Balances**

#### **Net Position**

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



# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 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 \$12,495,152 and Register of Deeds' Pension Plan of \$277,875 for a net difference of \$12,217,277 at June 30, 2018.

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

*Committed for Economic Development* – portion of fund balance that can only be used for economic development. This includes the Brightwater Phase II project.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

*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, 2018 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Subsequent year's expenditures	\$ 422,916	\$ -
Public safety	-	32,238
Education Special Revenue Fund	-	6,013,340
<b>Total</b>	<u>\$ 422,916</u>	<u>\$ 6,045,578</u>

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

Harnett County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local 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, 2018

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	\$ 43,178,492
<b>Less:</b>	
Prepays	205,189
Inventory	11,189
Stabilization by State statute	10,337,775
Total available fund balance	<u>\$ 32,624,339</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 Cost Sharing 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, 2018

### 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, 2018, the County's deposits had a carrying amount of \$103,279,754 and a bank balance of \$104,538,288. Of the bank balance, \$2,841,606 was covered by federal depository insurance and \$101,696,682 was covered by collateral held under the Pooling Method.

At June 30, 2018, Harnett County has \$5,072 cash on hand.

#### B. Investments

At June 30, 2018, the County's investments of \$27,042,776 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, 2018

*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.

<b>Year Levied</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 5,193,616	\$ 1,778,294	\$ 6,971,910
2015	5,075,530	1,281,571	6,357,101
2016	5,582,517	907,159	6,489,676
2017	<u>4,850,029</u>	<u>351,627</u>	<u>5,201,656</u>
Total	<u>\$ 20,701,692</u>	<u>\$ 4,318,651</u>	<u>\$ 25,020,343</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:

<b>Fund</b>	<b>Allowance for Doubtful Accounts</b>
General	\$ 12,254,886
Nonmajor governmental	<u>88,332</u>
Governmental activities	<u>12,343,218</u>
Public utility	918,405
Solid waste	<u>155,160</u>
Business-type activities	<u>1,073,565</u>
Total	<u>\$ 13,416,783</u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### Due from Other Governments – Disaggregate Information

Due from other governments at the government-wide level at June 30, 2018:

<u>Governmental Activities</u>	
Local option sales tax	\$ 5,176,146
Other taxes and licenses	597,365
DSS receivable	1,719,355
Sales tax refund receivable	<u>1,778,327</u>
Total	<u>\$ 9,271,193</u>

<u>Business-Type Activities</u>	
Solid waste disposal tax	<u>\$ 87,907</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>
Pension deferrals	\$ 7,795,716
OPEB deferrals	983,033
Charge on refunding	<u>8,531,000</u>
Total	<u>\$ 17,309,749</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)	\$ 524,491
Accounts receivable (General)	11,110,755
Pension deferrals (Governmental)	439,336
OPEB deferrals	2,340,182
Taxes receivable, net (General)	404,071
Taxes receivable, net (Other governmental funds)	<u>96,056</u>
Total	<u>\$ 14,914,891</u>

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

#### E. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 6,745,454	\$ 30,000	\$ -	\$ -	\$ 6,775,454
Construction in progress	<u>5,824,943</u>	<u>443,494</u>	<u>-</u>	<u>(5,901,331)</u>	<u>367,106</u>
Total non-depreciable capital assets	<u>12,570,397</u>	<u>473,494</u>	<u>-</u>	<u>(5,901,331)</u>	<u>7,142,560</u>
<b>Depreciable Capital Assets:</b>					
Buildings	87,564,084	2,013,474	(1,151,909)	-	88,425,649
Land improvements	18,351,872	-	-	124,522	18,476,394
Furniture	163,011	-	-	-	163,011
Equipment	4,980,969	985,750	-	5,776,809	11,743,528
Computer hardware	345,065	-	-	-	345,065
Computer software	3,825,260	793,867	-	-	4,619,127
Vehicles	<u>9,765,270</u>	<u>1,285,314</u>	<u>-</u>	<u>-</u>	<u>11,050,584</u>
Total depreciable capital assets	<u>124,995,531</u>	<u>5,078,405</u>	<u>(1,151,909)</u>	<u>5,901,331</u>	<u>134,823,358</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	19,147,839	1,698,222	(868,415)	-	19,977,646
Land improvements	8,526,428	980,053	-	-	9,506,481
Furniture	87,145	11,507	-	-	98,652
Equipment	4,293,077	335,801	-	-	4,628,878
Computer hardware	345,065	-	-	-	345,065
Computer software	2,918,598	600,266	-	-	3,518,864
Vehicles	<u>6,949,233</u>	<u>941,050</u>	<u>-</u>	<u>-</u>	<u>7,890,283</u>
Total accumulated depreciation	<u>42,267,385</u>	<u>\$ 4,566,899</u>	<u>\$ (868,415)</u>	<u>\$ -</u>	<u>45,965,869</u>
Total depreciable capital assets, net	<u>82,728,146</u>				<u>88,857,489</u>
Governmental activities capital assets, net	<u>\$ 95,298,543</u>				<u>\$ 96,000,049</u>

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

<u>Depreciation Expense by Function</u>	
General government	\$ 1,288,995
Public safety	1,836,035
Transportation	839,323
Economic and physical development	101,132
Human services	379,242
Cultural and recreational	122,172
Total	<u>\$ 4,566,899</u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### Business-Type Capital Assets:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Business-Type Activities:</b>					
<b>Public Utilities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,206,943	\$ -	\$ -	\$ -	\$ 1,206,943
Construction in progress	77,599,963	8,376,931	-	(77,278,429)	8,698,465
Total non-depreciable capital assets	<u>78,806,906</u>	<u>8,376,931</u>	<u>-</u>	<u>(77,278,429)</u>	<u>9,905,408</u>
<b>Depreciable Capital Assets:</b>					
Plant, distribution, and collection systems	319,692,739	622,358	-	77,278,429	397,593,526
Buildings and building improvements	14,774,441	-	-	-	14,774,441
Furniture, fixtures, and equipment	1,934,143	523,102	-	-	2,457,245
Vehicles	1,772,750	197,142	-	-	1,969,892
Total depreciable capital assets	<u>338,174,073</u>	<u>1,342,602</u>	<u>-</u>	<u>77,278,429</u>	<u>416,795,104</u>
<b>Less Accumulated Depreciation:</b>					
Plant, distribution, and collection systems	82,634,276	8,907,256	-	-	91,541,532
Buildings and building improvements	1,539,016	295,596	-	-	1,834,612
Furniture, fixtures, and equipment	823,469	288,319	-	-	1,111,788
Vehicles	1,299,522	258,779	-	-	1,558,301
Total accumulated depreciation	<u>86,296,283</u>	<u>\$ 9,749,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>96,046,233</u>
Total depreciable capital assets, net	<u>251,877,790</u>				<u>320,748,871</u>
Public utilities capital assets, net	<u>330,684,696</u>				<u>330,654,279</u>
<b>Solid Waste Management:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	1,323,583	\$ 230,006	\$ -	\$ -	1,553,589
Construction in progress	-	-	-	-	-
Total non-depreciable capital assets	<u>1,323,583</u>	<u>230,006</u>	<u>-</u>	<u>-</u>	<u>1,553,589</u>
<b>Depreciable Capital Assets:</b>					
Buildings and building improvements	4,783,071	188,994	-	-	4,972,065
Furniture, fixtures, and equipment	2,361,678	71,854	-	-	2,433,532
Vehicles	414,255	-	-	-	414,255
Total depreciable capital assets	<u>7,559,004</u>	<u>260,848</u>	<u>-</u>	<u>-</u>	<u>7,819,852</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and building improvements	861,137	65,263	-	-	926,400
Furniture, fixtures, and equipment	1,032,995	481,266	-	-	1,514,261
Vehicles	156,462	60,876	-	-	217,338
Total accumulated depreciation	<u>2,050,594</u>	<u>\$ 607,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,657,999</u>
Total depreciable capital assets, net	<u>5,508,410</u>				<u>5,161,853</u>
Solid waste management capital assets, net	<u>6,831,993</u>				<u>6,715,442</u>
Business-type activities capital assets, net	<u>\$ 337,516,689</u>				<u>\$ 337,369,721</u>



## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

At June 30, 2018, construction in progress for the business-type activities consists of the following projects:

	<b>Project Authorization</b>	<b>Expended To Date</b>
West Central Transmission	\$ 8,509,216	\$ 7,687,653
WHIP Transmission Line	1,215,650	479,633
South Central Transmission	1,027,900	367,971
North Harnett WW Upgrade	5,773,752	163,208
Total	\$ 16,526,518	\$ 8,698,465

#### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2018 is composed of the following elements:

	<b>Governmental</b>	<b>Business-Type</b>		<b>Total Business-Type</b>
		<b>Water/Sewer</b>	<b>Solid Waste</b>	
Capital assets	\$ 96,000,049	\$ 330,654,279	\$ 6,715,442	\$ 337,369,721
Total debt	160,882,976	54,466,976	2,345,008	56,811,984
Capital related deferred charge on refunding	1,897,479	1,116,894	-	1,116,894
Debt not related to capital assets	117,254,852	-	-	-
Capital related unspent debt proceeds	-	-	-	-
Total capital debt	41,730,645	53,350,082	2,345,008	55,695,090
Net investment in capital assets	\$ 54,269,404	\$ 277,304,197	\$ 4,370,434	\$ 281,674,631

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### F. Payables

Payables at the government-wide level at June 30, 2018 were as follows:

	Accounts Payable Note Disclosure					
	Governmental Activities			Business-Type Activities		
	General Fund	Benhaven Elementary School	Nonmajor	Public Utilities	Solid Waste	Total
<b>Payables:</b>						
Accounts and vouchers	\$ 2,068,331	\$ 2,346,205	\$ 694,102	\$ 2,794,695	\$ 455,736	\$ 8,359,069
Accrued payroll and related liabilities	1,812,583	-	20,673	304,605	38,937	2,176,798
Accrued interest payable	-	-	-	179,310	12,475	191,785
Total accounts payable and accrued liabilities	\$ 3,880,914	\$ 2,346,205	\$ 714,775	\$ 3,278,610	\$ 507,148	\$ 10,727,652

Adjustments to full-accrual include \$361,323 related to recording accrued interest on general long-term debt and accounts and vouchers related to the internal service funds of \$958,078. Finally, the fiduciary fund financial statements include \$180,589 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, 2018

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, 2018, a liability for claims of \$2,480,470 included on the accompanying Statement of Net Position for governmental activities. An analysis for the County is presented below:

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
Liability as of beginning of the year	\$ 2,573,365	\$ 2,839,689
Current year claims and changes in estimates	635,262	927,002
Actual claim payments	(728,157)	(1,193,326)
Liability as of end of the year	\$ 2,480,470	\$ 2,573,365

### H. Capital Lease Obligations

The County has entered into agreements to lease certain equipment. At June 30, 2018, the original cost of equipment under the leases is approximately \$30,442,590. Title passes to the County at the end of the lease term. These agreements are in substance lease purchases.

	<b>Original Issue</b>	<b>Interest Rate</b>	<b>Final Maturity</b>	<b>Amount Outstanding</b>	
				<b>Governmental</b>	<b>Business-Type</b>
<b>Capitalized Lease Obligations:</b>					
Motorola solutions radio lease	\$ 5,059,009	0.98%	December 2018	\$ 1,149,924	\$ -
Red Rock Science Center	21,910,705	6.84%	June 2038	18,254,087	-
EMS remount/sheriff vehicles	830,160	1.70%	September 2018	43,906	-
Solid waste equipment lease	739,763	1.70%	August 2018	-	26,041
Accounting Software/equipment	1,902,953	1.70%	August 2020	1,262,372	-
Total	\$ 30,442,590			\$ 20,710,289	\$ 26,041

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

<u>Year Ending</u>	<u>Future Payments</u>
2019	\$ 2,703,229
2020	1,489,646
2021	855,897
2022	870,875
2023	886,116
2024-2028	4,668,683
2029-2033	5,091,743
2034-2038	5,553,139
	-
Total minimum lease payments	22,119,328
Less amount representing interest	(1,382,998)
Present value of the minimum lease payments	<u>\$ 20,736,330</u>

At June 30, 2018, the net book value of capital assets (cost and accumulated depreciation) associated with leases is \$26,383,311.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 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
<b>Governmental</b>						
<b>Installment Purchase Agreements:</b>						
2015 Refinancing of						
Agriculture Center	August 2015	\$ 1,274,000	1.49%	June 2020	\$ 494,000	\$ -
2015 HFTC Land Acquisition	August 2015	4,664,000	2.42%	June 2025	3,263,000	-
COPS 2011 Refunding (2002)						
97% Construction of School Facilities	November 2011	24,033,690		December 2023	11,688,500	-
3% Public Utilities Projects		743,310	2.535%	December 2023	-	361,500
COPS 2007						
53% Jail Facility	May 2007	23,220,225	4%-5%	December 2027	-	-
42% Construction of School Facilities		18,279,775			-	-
5% Solid Waste Transfer Station		2,000,000			-	-
Partial Refunding of COPS 2000		4,765,000			-	-
2016 Refinancing of COPS 2009						
School Construction	April 2016	31,080,000	2.20%	June 2029	25,908,000	-
2010 Refinancing						
Angier Elementary School	November 2010	14,004,000	3.35%	June 2028	7,725,000	-
COPS 2015 Refunding (2007)						
53% Jail Facility	April 2015	16,279,246	2.52%	December 2027	15,680,346	-
42% Construction of School Facilities		12,815,593	2.52%	December 2027	12,344,080	-
5% Solid Waste Transfer Station		1,402,161	2.52%	December 2027	-	1,350,575
Qualified Zone Academy Bonds	May 2004	4,000,000	0.00%	May 2020	1,230,942	-
Qualified Zone Academy Bonds	October 2005	789,500	0.00%	October 2021	303,031	-
Qualified School						
Construction Bonds (Taxable)	November 2012	29,435,000	4.638%	November 2035	28,270,299	-
Qualified Zone Academy Bonds	May 2016	2,200,000	0.00%	May 2026	1,760,000	-
<b>Total</b>		<u>\$ 190,985,500</u>			<u>\$ 108,667,198</u>	<u>\$ 1,712,075</u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

General obligation bonds for the governmental activities are as follows:

<b>Governmental - General Obligation Bonds</b>					<b>Amount</b>
<b>Issue</b>	<b>Original</b>	<b>Interest</b>	<b>Final</b>	<b>Outstanding</b>	
<b>Date</b>	<b>Issue</b>	<b>Rate</b>	<b>Maturity</b>	<b>Governmental-Type</b>	
<b>General Obligation Bonds:</b>					
Benhaven Elementary School	May 2017	\$ 29,500,000	3.000%	May 2037	\$ 28,025,000

### 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.

<b>Enterprise - General Obligation Bonds</b>					<b>Amount</b>
<b>Issue</b>	<b>Original</b>	<b>Interest</b>	<b>Final</b>	<b>Outstanding</b>	
<b>Date</b>	<b>Issue</b>	<b>Rate</b>	<b>Maturity</b>	<b>Business-Type</b>	
<b>General Obligation Bonds:</b>					
South Central Water & Sewer 2013 Series A	January 2013	\$ 3,449,000	3.125%	June 2052	\$ 3,242,000
South Central Water & Sewer 2013 Series B	January 2013	3,937,000	3.125%	June 2052	3,704,000
South Central Water & Sewer 2013 Series C	January 2013	3,239,000	2.50%	June 2052	3,022,000
South Central Water & Sewer 2013 Series D	January 2013	2,586,000	2.50%	June 2052	2,411,000
South Central Refunding Series 2013	April 2013	10,395,000	2.5%-5.00%	June 2043	9,245,000
West Central Refunding Series 2013	April 2013	1,485,000	3.00%-5.00%	June 2028	1,100,000
Northwest Refunding Series 2013	April 2013	1,085,000	2.00%-5.00%	June 2028	595,000
Southwest Refunding Series 2013	April 2013	2,315,000	3.00%-5.00%	June 2028	1,680,000
Southeast Refunding Series 2013	April 2013	1,000,000	2.00%-5.00%	June 2033	785,000
East Central Refunding Series 2013	April 2013	2,765,000	2.00%-5.00%	June 2035	2,265,000
Riverside Refunding Series 2013	April 2013	1,020,000	2.00%-5.00%	June 2041	900,000
Total		\$ 33,276,000			\$ 28,949,000

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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:**

	<u>Issue Date</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Amount Outstanding Business-Type</u>
<b>Enterprise System</b>					
<b>Revenue Bond Loans:</b>					
Series 2015 (Tax Exempt)	April 2015	<u>10,673,000</u>	2.53%	May 2028	<u>\$ 9,585,000</u>
Total business-type activities revenue bond loans		<u>\$ 10,673,000</u>			<u>\$ 9,585,000</u>
<b>State Bond Loans:</b>					
Erwin WW Project Revolving Loan	February 2012	6,195,019	2.46%	May 2033	\$ 4,646,262
East Central Project Revolving Loan	February 2011	4,366,515	2.22%	May 2032	3,056,561
Harnett County Sanitary Sewer Revolving Loan	March 2005	<u>15,000,000</u>	2.21%	May 2027	<u>6,750,000</u>
Total business-type activities State bond loans		<u>\$ 25,561,534</u>			<u>\$ 14,452,823</u>
<b>Special Obligation Bonds</b>					
<b>Enterprise Fund Special Obligation Bond Loan:</b>					
Solid Waste Fund	January 2013	<u>\$ 1,750,000</u>	2.49%	February 2023	<u>\$ 929,000</u>
Total business-type activities special obligation bond loans		<u>\$ 1,750,000</u>			<u>\$ 929,000</u>
<b>Limited Obligation Bonds</b>					
<b>Enterprise Fund Limited</b>					
Public Utilities Fund Series 2013	April 2013	<u>\$ 20,065,000</u>	2.00%-5.00%	June 2043	<u>\$ 16,570,000</u>
Total business-type activities special obligation bond loans		<u>\$ 20,065,000</u>			<u>\$ 16,570,000</u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2018</u>	<u>Due in Less Than One Year</u>
<b>Governmental Activities:</b>					
Capitalized leases	\$ 21,516,887	\$ 1,902,953	\$ 2,709,551	\$ 20,710,289	\$ 2,589,486
Installment purchase agreements	118,994,621	-	10,327,423	108,667,198	10,242,813
General obligations	29,500,000	-	1,475,000	28,025,000	1,475,000
Premium	3,742,596	-	262,107	3,480,489	262,108
Gross debt	<u>173,754,104</u>	<u>1,902,953</u>	<u>14,774,081</u>	<u>160,882,976</u>	<u>14,569,407</u>
Total debt	173,754,104	1,902,953	14,774,081	160,882,976	14,569,407
Other long-term liabilities:					
Compensated absences	3,030,101	120,457	203,197	2,947,361	2,210,521
Total Law Enforcement Officers'					
Special Separation Allowance	2,442,174	359,990	-	2,802,164	-
Net pension (LGERS)	10,958,666	-	2,779,138	8,179,528	-
Total Other post-employment benefits	<u>28,844,012</u>	<u>115,405</u>	<u>329,688</u>	<u>28,629,729</u>	<u>-</u>
Total	<u>\$219,029,057</u>	<u>\$ 2,498,805</u>	<u>\$ 18,086,104</u>	<u>\$ 203,441,758</u>	<u>\$ 16,779,928</u>

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2018</u>	<u>Due in Less Than One Year</u>
<b>Water and Sewer Fund:</b>					
Installment purchase agreements	\$ 426,451	\$ -	\$ 64,950	\$ 361,501	\$ 63,660
Limited obligation bonds	17,340,000	-	770,000	16,570,000	780,000
Premium	1,185,152	-	66,500	1,118,652	66,500
General obligations	12,595,000	-	216,000	12,379,000	223,000
Revenue bonds	10,418,000	-	833,000	9,585,000	855,000
State bond loans	15,730,900	-	1,278,077	14,452,823	1,278,077
Gross debt	<u>57,695,503</u>	<u>-</u>	<u>3,228,527</u>	<u>54,466,976</u>	<u>3,266,237</u>
Total debt	57,695,503	-	3,228,527	54,466,976	3,266,237
Other long-term liabilities:					
Compensated absences	729,884	81,199	32,458	778,625	583,969
Net pension (LGERS)	1,676,032	-	425,045	1,250,987	-
Total Other post-employment benefits	<u>4,411,437</u>	<u>17,650</u>	<u>50,423</u>	<u>4,378,664</u>	<u>-</u>
Total	<u>\$ 64,512,856</u>	<u>\$ 98,849</u>	<u>\$ 3,736,453</u>	<u>\$ 60,875,252</u>	<u>\$ 3,850,206</u>



# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2018</u>	<u>Due in Less Than One Year</u>
<b>Solid Waste Fund:</b>					
Capitalized leases	\$ 180,836	\$ -	\$ 154,795	\$ 26,041	\$ 26,041
Installment purchase agreements	1,497,103	-	146,529	1,350,574	145,425
Premium	43,593	-	4,200	39,393	4,200
Special obligation bonds	<u>1,102,000</u>	<u>-</u>	<u>173,000</u>	<u>929,000</u>	<u>177,000</u>
Gross debt	<u>2,823,532</u>	<u>-</u>	<u>478,524</u>	<u>2,345,008</u>	<u>352,666</u>
Total debt	2,823,532	-	478,524	2,345,008	352,666
Other long-term liabilities:					
Accrued landfill closure and post-closure care costs					
	1,300,089	-	-	1,300,089	130,009
Compensated absences	96,729	21,546	29,804	88,471	66,353
Net pension (LGERS)	257,851	-	65,391	192,460	-
Total other post-employment benefits	<u>678,683</u>	<u>2,715</u>	<u>7,758</u>	<u>673,640</u>	<u>-</u>
Total	<u>\$ 5,156,884</u>	<u>\$ 24,261</u>	<u>\$ 581,477</u>	<u>\$ 4,599,668</u>	<u>\$ 549,028</u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The following is a summary of the future maturities for the long-term obligations for the year ended June 30, 2018:

	<u>Installment 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>
<b>Governmental Activities :</b>								
2019	\$ 10,242,813	\$ 3,144,426	\$ 1,475,000	\$ 1,117,313	\$ 2,589,486	\$ 87,650	\$ -	\$ -
2020	10,970,626	2,926,642	1,475,000	1,058,313	1,420,518	69,128	-	-
2021	9,664,359	2,712,558	1,475,000	999,313	797,354	58,543	-	-
2022	9,702,001	2,504,543	1,475,000	925,563	811,307	59,568	-	-
2023	9,399,131	2,299,602	1,475,000	851,813	825,505	60,610	-	-
2024-2028	37,562,337	8,945,688	7,375,000	3,152,813	4,349,345	319,338	-	-
2029-2033	13,693,179	6,871,935	7,375,000	1,613,281	4,743,468	348,275	-	-
2034-2038	7,432,752	3,412,988	5,900,000	466,469	5,173,306	379,835	-	-
	-	-	-	-	-	-	-	-
Total governmental activities	<u>108,667,198</u>	<u>32,818,382</u>	<u>28,025,000</u>	<u>10,184,878</u>	<u>20,710,289</u>	<u>1,382,947</u>	<u>-</u>	<u>-</u>
	<u>Installment 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>
<b>Business-Type Activities :</b>								
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	197,254	20,114	250,000	-	-	-	944,000	152,736
2024-2028	698,181	40,433	1,314,000	-	-	-	5,093,000	392,909
2029-2033	-	-	1,514,000	-	-	-	-	-
2034-2038	-	-	1,740,000	-	-	-	-	-
2039-2043	-	-	2,003,000	-	-	-	-	-
2044-2048	-	-	2,306,000	-	-	-	-	-
2049-2052	-	-	2,325,000	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total business-type activities	<u>1,712,075</u>	<u>191,699</u>	<u>12,379,000</u>	<u>-</u>	<u>26,041</u>	<u>52</u>	<u>9,585,000</u>	<u>1,383,810</u>
Total government	<u>\$ 110,379,273</u>	<u>\$ 33,010,081</u>	<u>\$ 40,404,000</u>	<u>\$ 10,184,878</u>	<u>\$ 20,736,330</u>	<u>\$ 1,382,999</u>	<u>\$ 9,585,000</u>	<u>\$ 1,383,810</u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Limited Obligation Bonds		Special Obligation Bonds		State Bond Loan		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<b>Governmental Activities:</b>								
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,307,299	\$ 4,349,389
2020	-	-	-	-	-	-	13,866,144	4,054,083
2021	-	-	-	-	-	-	11,936,713	3,770,414
2022	-	-	-	-	-	-	11,988,308	3,489,674
2023	-	-	-	-	-	-	11,699,636	3,212,025
2024-2028	-	-	-	-	-	-	49,286,682	12,417,839
2029-2033	-	-	-	-	-	-	25,811,647	8,833,491
2034-2038	-	-	-	-	-	-	18,506,058	4,259,292
2038	-	-	-	-	-	-	-	-
Total governmental activities	-	-	-	-	-	-	157,402,487	44,386,207
	Limited Obligation Bonds		Special Obligation Bonds		State Bond Loan		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<b>Business-Type Activities:</b>								
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	865,000	497,450	195,000	4,856	1,278,077	214,804	3,729,331	889,960
2024-2028	4,640,000	1,903,700	-	-	6,390,384	639,190	18,135,565	2,976,232
2029-2033	2,830,000	1,184,300	-	-	1,672,054	162,534	6,016,054	1,346,834
2034-2038	2,480,000	713,288	-	-	-	-	4,220,000	713,288
2039-2043	2,515,000	274,050	-	-	-	-	4,518,000	274,050
2044-2048	-	-	-	-	-	-	2,306,000	-
2049-2052	-	-	-	-	-	-	2,325,000	-
Total business-type activities	16,570,000	6,943,288	929,000	70,518	14,452,823	2,165,632	55,653,939	10,754,999
Total government	\$ 16,570,000	\$ 6,943,288	\$ 929,000	\$ 70,518	\$ 14,452,823	\$ 2,165,632	\$ 213,056,426	\$ 55,141,206

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, 2018, such statutory limit for the County was \$654,277,329 providing a legal debt margin of approximately \$425,824,903.

As of June 30, 2018, 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.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted to \$29,212,931.

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$10,673,000 in enterprise system revenue bonds issued May 2015. Proceeds from the bonds provided financing for extensions, additions, and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the enterprise systems. The bonds are payable only from water and sewer customer net revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require less than 6% of net revenues. The total principal and interest remaining to be paid on the bonds is \$10,968,810. Principal and interest paid for the current year and total customer revenues were \$1,096,575 and \$39,203,558, 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>\$ 9,585,000</u>
Total	<u>\$ 9,585,000</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 2015A (Tax Exempt), 2015B (Taxable) since their adoption.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 is as follows:

Operating revenues	\$ 39,203,558
Operations and maintenance expenses	<u>(22,945,987)</u>
Operating income before depreciation & amortization	16,257,571
Depreciation and amortization expense	<u>(9,749,950)</u>
Operating income	6,507,621
Non-operating revenues	26,770
Non-operating expenses	<u>(1,441,536)</u>
Net income	<u>\$ 5,092,855</u>

Determination of income available for debt service

Net income	\$ 5,092,855
Adjustments:	
Bond interest expense	1,441,536
Bond service expense	<u>3,162,027</u>
Income available for debt service	9,696,418
20% of unrestricted net assets	<u>9,677,162</u>
Income available for debt service plus 20% of unrestricted net assets	<u>\$ 19,373,580</u>

Debt service requirements and coverage

Parity debt service:	
Revenue bonds	<u>\$ 1,096,575</u>
Debt service coverage - parity indebtedness	17.667
Revenue bond covenant requirement	1.200
Other indebtedness:	
Installment purchases	\$ 73,102
GO bonds	<u>1,982,000</u>
Sum of parity and GO debt service	<u>\$ 2,055,102</u>
Debt service coverage - sum of parity and system GO indebtedness	9.427
Revenue bond covenant requirement	1.000

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### J. Pension Plan Obligations

#### a. Multiple-Employer Plans

##### Plan Description

##### Local Governmental Employees' Retirement System

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

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

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 was 8.25% of compensation for law enforcement officers and 7.56% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,098,299 for the year ended June 30, 2018.

*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, 2018, the County reported a liability of \$9,622,975 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 0.62989%, which was an increase of 0.022420% from its proportion measured as of June 30, 2016.

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

For the year ended June 30, 2018, the County recognized pension expense of \$3,258,093. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 554,372	\$ 272,396
Changes of assumptions	1,374,294	-
Net difference between projected and actual earnings on pension plan investments	2,336,470	-
Changes in proportion and differences between County contributions and proportionate share of contributions	85,980	117,980
County contributions subsequent to the measurement date	<u>3,098,299</u>	<u>-</u>
Total	<u>\$ 7,449,415</u>	<u>\$ 390,376</u>

\$3,098,299 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, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2019	\$ 489,139
2020	2,764,363
2021	1,405,218
2022	(697,980)
2023	-
Thereafter	-
Total	<u>\$ 3,960,740</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2016 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	7.20 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, 2018

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, 2016 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, 2017 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 2017 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, 2018**

**Discount Rate.** The discount rate used to measure the total pension liability was 7.20%. 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 7.20%, 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 (6.20%) or one percentage point higher (8.20%) than the current rate:

	<b>1%</b>	<b>Discount</b>	<b>1%</b>
	<b>Decrease</b>	<b>Rate</b>	<b>Increase</b>
	<b>(6.20%)</b>	<b>(7.20%)</b>	<b>(8.20%)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
County's proportionate share of the net pension liability (asset)	<u>\$ 28,888,387</u>	<u>\$ 9,622,975</u>	<u>\$ (6,457,563)</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. A separate report was not issued for the plan.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>124</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, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20 Year High Grade Rate Index.

*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.

*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.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

*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 \$129,094 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, 2018, the County reported a total pension liability of \$2,802,164. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$267,986.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 44,112	\$ -
Changes of assumptions	167,295	42,349
County benefit payments and plan administrative expense made subsequent to the measurement date	63,704	-
<b>Total</b>	<b>\$ 275,111</b>	<b>\$ 42,349</b>

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

\$63,704 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2019	\$ 33,454
2020	33,454
2021	33,454
2022	33,454
2023	35,242
Thereafter	<u>-</u>
Total	<u>\$ 169,058</u>

*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 3.16%, 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 (2.16%) or one percentage point higher (4.16%) than the current rate:

	<b>1% Decrease (2.16%)</b>	<b>Discount Rate (3.16%)</b>	<b>1% Increase (4.16%)</b>
Total pension liability	<u>\$ 3,053,498</u>	<u>\$ 2,802,164</u>	<u>\$ 2,573,176</u>

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

	<u>2018</u>
Beginning balance	\$ 2,442,174
Service cost	142,756
Interest on the total pension liability	91,776
Changes of benefit terms	-
Differences between expected and actual experience	53,115
Changes of assumptions or other inputs	201,437
Benefit payments	<u>(129,094)</u>
Ending balance of the total pension liability	<u>\$ 2,802,164</u>

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, 2016 valuation were based on the results of an actuarial experience study for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$9,622,975	\$ -	\$(213,296)	\$ 9,409,679
Proportion of the net pension liability (asset)	0.62989%	NA	-1.24961%	
Total pension liability	-	2,802,164	-	2,802,164
Pension expense	3,258,093	267,986	31,474	3,557,553

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 554,372	\$ 44,112	\$ 3,661	\$ 602,145
Changes of assumptions	1,374,294	167,295	35,989	1,577,578
Net difference between projected and actual earnings on pension plan investments	2,336,470	-	18,132	2,354,602
Changes in proportion and differences between County contributions and proportionate share of contributions	85,980	-	3,139	89,119
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>3,098,299</u>	<u>63,704</u>	<u>10,269</u>	<u>3,172,272</u>
	<u>\$ 7,449,415</u>	<u>\$ 275,111</u>	<u>\$ 71,190</u>	<u>\$ 7,795,716</u>

**Deferred Inflows of Resources**

Differences between expected and actual experience	\$ 272,396	\$ -	\$ 687	\$ 273,083
Changes of assumptions	-	42,349	-	42,349
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>117,980</u>	<u>-</u>	<u>5,924</u>	<u>123,904</u>
	<u>\$ 390,376</u>	<u>\$ 42,349</u>	<u>\$ 6,611</u>	<u>\$ 439,336</u>

## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

#### 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, 2018 were \$474,428, which consisted of \$301,125 from the County and \$173,303 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, 2018 were \$1,427,216, which consisted of \$526,313 from the County and \$900,903 from employee contributions. No amounts were forfeited.



# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

**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 \$10,269 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$213,296 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 1.24961%, which was an increase of 0.035250% from its proportion measured as of June 30, 2016.

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

For the year ended June 30, 2018, the County recognized pension expense of \$31,474. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,661	\$ 687
Changes of assumptions	35,989	-
Net difference between projected and actual earnings on pension plan investments	18,132	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,139	5,924
County contributions subsequent to the measurement date	<u>10,269</u>	<u>-</u>
Total	<u>\$ 71,190</u>	<u>\$ 6,611</u>

\$10,269 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, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2019	\$ 32,167
2020	15,445
2021	2,074
2022	4,624
2023	-
Thereafter	<u>-</u>
Total	<u>\$ 54,310</u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**Actuarial Assumptions.** The total pension liability in the December 31, 2016 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, 2016 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, 2017 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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, 2018

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

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

	<b>1% Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ 167,648</u>	<u>\$ 213,296</u>	<u>\$ 251,684</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, 2018

### K. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. 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:

Inactive employees or beneficiaries	
Currently receiving benefits	133
Active employees	<u>813</u>
Total	<u><u>946</u></u>

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**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.

### **Total OPEB Liability**

The County’s total OPEB liability of \$33,682,033 was measured as of June 30, 2016 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50%-7.75%, including wage inflation
Discount rate	3.56 percent
Healthcare cost trend rates	Pre-Medicare - 7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022 Medicare - 5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

### **Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Beginning Balance</b>	<u>\$ 33,934,132</u>
<b>Changes for the year:</b>	
Service cost	1,784,904
Interest	1,015,623
Changes of benefit terms	-
Differences between expected and actual experience	(411,268)
Changes of assumptions or other inputs	(2,253,489)
Benefit payments	<u>(387,869)</u>
<b>Net changes</b>	<u>(252,099)</u>
<b>Ending Balance</b>	<u><u>\$ 33,682,033</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.01% to 3.56%.

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	<b>1% Decrease (2.56%)</b>	<b>Discount Rate (3.56%)</b>	<b>1% Increase (4.56%)</b>
Total OPEB liability	\$ 37,926,109	\$ 33,682,033	\$ 30,033,976

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	\$ 30,508,468	\$ 33,682,033	\$ 37,482,784

**HARNETT COUNTY, NORTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the County recognized OPEB expense of \$2,475,952. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 361,174
Changes of assumptions	-	1,979,008
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>983,033</u>	<u>-</u>
Total	<u>\$ 983,033</u>	<u>\$ 2,340,182</u>

\$983,033 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2019	\$ (324,575)
2020	(324,575)
2021	(324,575)
2022	(324,575)
2023	(324,575)
Thereafter	<u>(717,307)</u>
Total	<u>\$ (2,340,182)</u>



## HARNETT COUNTY, NORTH CAROLINA

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

State and federal laws and regulations require the County to close, or in other words, place a final protective containment cover on each phase of the landfill at both the Dunn-Erwin Solid Waste Facility and the Anderson Creek Solid Waste Facility when each phase of the landfills stop accepting waste and to perform certain maintenance and monitoring functions at the site of the 30-years after closure. Although a majority of closure costs will be paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used and phases that have been closed as of each financial statement date. Post-closure care costs begin immediately upon each phase closure and per state and federal regulations; post-closure care must be maintained for a minimum of a 30-year timeframe after closure. No expenditures have been applied to the liability during the current fiscal year. The \$1,300,089 post-closure care liability at June 30, 2018 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 2018. 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, 2018**

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

The County had commitments under uncompleted construction contracts in the enterprise funds totaling \$7,828,053 and in the governmental funds totaling \$21,049,265 at June 30, 2018.

#### **O. Arbitrage**

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

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

At June 30, 2018, 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.

#### **Q. Federal and State-Assisted Programs**

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

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### R. Interfund Balances and Activities

Transfers in (out) for the year ended June 30, 2018, are summarized below:

From the General Fund to:

The Governmental Complex Capital Project to fund startup costs	\$ 300,000
The Governmental Complex Park Project to fund startup costs	400,000
The Airport Capital Reserve Fund for the County's contribution to the fund	<u>26,667</u>
Total transfers out from the General Fund	<u>726,667</u>

From nonmajor governmental funds to:

The General Fund from the Article 46 Sales Tax Fund for education debt	2,529,968
The General Fund from the Article 44*524 Sales Tax Expansion Fund for education activity	2,738,603
The General Fund from the Asset Forfeiture Fund for law enforcement supplies	22,000
The General Fund from Airport Capital Reserve to close fund	218,309
The General Fund from Radio Upgrade to close fund	1,360,595
The General fund from Workers Compensation for reserves	455,537
Overhills High School Cafeteria Project from the Benhaven Elementary fund for capital	832,520
The Asset forfeiture fund from Sheriff Training facility to close fund	194,011
The Jetport Terminal from Airport Capital Reserve to close fund	19,180
The General Fund from the Airport Capital Reserve to close fund	<u>9,012</u>
Total transfer out from nonmajor governmental funds	<u>8,379,735</u>

From public utilities to the following funds:

Brightwater Phase II for construction costs	197,814
Campbell Stadium Sidewalk Project for construction costs	<u>200,000</u>
Total transfers out from Public Utilities Fund	<u>397,814</u>

Total transfers to/from Public Utilities Fund	<u>397,814</u>
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Total	<u><u>\$ 9,504,216</u></u>
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# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Interfund balances at June 30, 2018 consist of the following:

Due to the General Fund from:	
Nonmajor Governmental Funds:	
WIA Youth Program Fund	\$ 343,315
Sheriff Execution Fund	2,067
Veteran's Court Fund	<u>113,559</u>
Total due to the General Fund	<u>\$ 458,941</u>

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

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

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

### 3. Joint Ventures

The County, in conjunction with seven other counties, participates in the Sandhills Center for Mental Health, Development Disabilities & Substance Abuse Services, an Area Authority/Local Management Entity. Harnett County appoints four members to the 26-member Board. The Authority is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility for the continued funding. The County contributed \$199,679 to the Authority during the fiscal year ended June 30, 2018. 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, 2018. 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

# HARNETT COUNTY, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 \$1,080,450 to the community college for operating purposes during the fiscal year ended June 30, 2018. 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, 2018. 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 \$576,325 to the Authority during the fiscal year ended June 30, 2018.

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, 2018. Complete financial statements for the Authority can be obtained from the Dunn Area Chamber of Commerce at 209 West Divine Street, Post Office Box 548, Dunn, North Carolina 28335.

#### **4. Jointly Governed Organization**

The County, in conjunction with two other counties and 20 municipalities, established the Mid-Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$31,482 to the Council during fiscal year ended June 30, 2018.

#### **5. Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for governmental activities decreased \$16,817,413 and \$3,017,229 for the business-type activities.

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## **REQUIRED SUPPLEMENTARY FINANCIAL DATA**

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

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

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**HARNETT COUNTY, NORTH CAROLINA****SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST TWO FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>	
	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 2,442,174	\$ 2,409,096
Service cost	142,756	136,917
Interest on the total pension liability	91,776	83,758
Difference between expected and actual experience	53,115	-
Changes in assumptions or other inputs	201,437	(61,731)
Benefit payments	(129,094)	(125,866)
Ending balance of the total pension liability	<u>\$ 2,802,164</u>	<u>\$ 2,442,174</u>

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

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  
LAST TWO FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>	
	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,802,164	\$ 2,442,174
Covered payroll	6,106,799	5,599,863
Total pension liability as a percentage of covered payroll	45.89%	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  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
 FOR THE YEAR ENDED JUNE 30, 2018**

<b>Other Post-Employment Benefits</b>	
	<u><b>2018</b></u>
Service cost	\$ 1,784,904
Interest	1,015,623
Differences between expected and actual experience	(411,268)
Changes of assumptions or other inputs	(2,253,489)
Benefit payments	<u>(387,869)</u>
Net change in total OPEB liability	(252,099)
Total OPEB liability - beginning	<u>33,934,132</u>
Total OPEB liability - ending	<u><u>\$ 33,682,033</u></u>
Covered payroll	\$ 37,145,779
Total OPEB liability as a percentage of covered payroll	90.68%

**Notes to the Required Schedules:**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Harnett County's proportion of the net pension liability (asset) (%)	0.62989%	0.60747%	0.60626%	0.61359%	0.60720%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ 9,622,975	\$ 12,892,549	\$ 2,720,859	\$ (3,618,622)	\$ 7,319,092
Harnett County's covered-employee payroll	\$ 38,174,729	\$ 35,357,790	\$ 33,805,772	\$ 33,682,244	\$ 31,375,274
Harnett County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.21%	36.46%	8.05%	( 10.74%)	23.33%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

## HARNETT COUNTY, NORTH CAROLINA

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

## LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,098,299	\$ 2,837,412	\$ 2,405,538	\$ 2,408,212	\$ 2,392,465
Contributions in relation to the contractually required contribution	<u>3,098,299</u>	<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>	<u>\$ -</u>
Harnett County's covered-employee payroll	\$ 40,417,021	\$ 38,174,729	\$ 35,357,790	\$ 33,805,772	\$ 33,682,244
Contributions as a percentage of covered-employee payroll	7.67%	7.43%	6.80%	7.12%	7.10%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Harnett County's proportion of the net pension liability (asset) (%)	1.24961%	1.21436%	1.24646%	1.21801%	1.27830%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ (213,296)	\$ (227,037)	\$ (288,855)	\$ (276,087)	\$ (273,045)
Harnett County's covered-employee payroll	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000
Harnett County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-269.99%	-287.39%	-365.64%	-349.48%	-345.63%
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 10,269	\$ 10,053	\$ 9,920	\$ 9,974	\$ 9,945
Contributions in relation to the contractually required contribution	<u>10,269</u>	<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>	<u>\$ -</u>
Harnett County's covered-employee payroll	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000
Contributions as a percentage of covered-employee payroll	13.00%	12.73%	12.56%	12.63%	12.59%

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

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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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over /Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 61,434,984	\$ 62,996,604	\$ 1,561,620	\$ 62,868,664
Penalties and interest	105,000	102,429	(2,571)	104,811
Total	61,539,984	63,099,033	1,559,049	62,973,475
<b>Other Taxes and Licenses:</b>				
Local option sales tax	20,655,250	21,796,176	1,140,926	20,518,531
Cable franchise license	250,000	194,145	(55,855)	199,443
Occupancy taxes	575,000	588,940	13,940	536,184
Excise stamp - real property	500,000	590,167	90,167	524,096
Total	21,980,250	23,169,428	1,189,178	21,778,254
<b>Unrestricted Intergovernmental:</b>				
ABC Boards	20,000	21,605	1,605	81,569
Controlled substance	15,000	28,962	13,962	31,856
Civil license revenue	8,500	5,568	(2,932)	6,990
Total	43,500	56,135	12,635	120,415
<b>Restricted Intergovernmental:</b>				
Federal and State grants	23,709,159	16,878,528	(6,830,631)	21,089,121
Court facility fees	581,500	793,123	211,623	643,971
Total	24,290,659	17,671,651	(6,619,008)	21,733,092
<b>Permits and Fees:</b>				
Filing and registration fees	150,000	142,178	(7,822)	138,748
Dog warden fees	172,400	70,291	(102,109)	74,081
Register of Deeds' fees	662,500	607,345	(55,155)	616,892
Inspection fees	1,286,850	1,186,309	(100,541)	1,032,462
Planning fees	200,000	151,839	(48,161)	123,401
Other fees	403,140	347,449	(55,691)	351,728
Total	2,874,890	2,505,411	(369,479)	2,337,312
<b>Sales and Services:</b>				
Rents, concessions, and fees	115,308	129,931	14,623	132,296
Court costs and fees	220,000	192,956	(27,044)	200,331
Jail fees	70,000	45,106	(24,894)	119,087
Ambulance fees	6,032,126	5,322,662	(709,464)	5,271,511
Library fees	24,500	23,341	(1,159)	24,228
Health fees	1,461,549	2,004,754	543,205	1,778,027
Total	7,923,483	7,718,750	(204,733)	7,525,480

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Over /Under	2017
	Budget	Actual		Actual
<b>Investment Earnings</b>	225,500	616,260	390,760	248,007
<b>Other General Revenues:</b>				
Sale of assets	2,537,625	48,419	(2,489,206)	61,688
Miscellaneous revenues	3,885,184	3,883,074	(2,110)	3,386,663
Donations	140,435	139,487	(948)	154,185
Total	6,563,244	4,070,980	(2,492,264)	3,602,536
Total revenues	125,441,510	118,907,648	(6,533,862)	120,318,571
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	142,781	137,498		88,141
Other operating expenditures	182,370	116,035		184,549
Total	325,151	253,533	71,618	272,690
<b>Administration:</b>				
Salaries and employee benefits	413,929	352,982		362,156
Other operating expenditures	89,700	34,836		51,509
Total	503,629	387,818	115,811	413,665
<b>Legal Services:</b>				
Salaries and employee benefits	133,594	130,522		26,214
Other operating expenditures	36,442	27,080		64,578
Total	170,036	157,602	12,434	90,792
<b>Human Resources:</b>				
Salaries and employee benefits	245,265	233,915		173,465
Other operating expenditures	66,850	46,811		83,601
Total	312,115	280,726	31,389	257,066
<b>Board of Elections:</b>				
Salaries and employee benefits	351,943	289,885		313,068
Other operating expenditures	178,823	100,790		105,392
Total	530,766	390,675	140,091	418,460
<b>Finance:</b>				
Salaries and employee benefits	1,319,703	1,251,940		1,102,741
Other operating expenditures	281,133	250,855		222,033
Capital outlay	1,500,000	1,306,311		-
Total	3,100,836	2,809,106	291,730	1,324,774

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Over /Under	2017
	Budget	Actual		Actual
<b>Facility Fees:</b>				
Other operating expenditures	122,625	120,465		92,784
Total	122,625	120,465	2,160	92,784
<b>IT:</b>				
Salaries and employee benefits	910,658	902,962		870,623
Other operating expenditures	1,592,349	1,302,355		1,092,154
Capital outlay	1,226,500	1,059,702		-
Total	3,729,507	3,265,019	464,488	1,962,777
<b>Tax:</b>				
Salaries and employee benefits	349,372	258,735		260,971
Other operating expenditures	1,332,023	1,295,251		1,266,327
Total	1,681,395	1,553,986	127,409	1,527,298
<b>Register of Deeds:</b>				
Salaries and employee benefits	610,083	601,093		571,711
Other operating expenditures	227,585	200,417		197,910
Total	837,668	801,510	36,158	769,621
<b>Public Buildings:</b>				
Salaries and employee benefits	619,632	612,813		634,418
Other operating expenditures	2,944,021	2,177,555		2,065,669
Capital outlay	440,855	334,987		-
Total	4,004,508	3,125,355	879,153	2,700,087
<b>General Services:</b>				
Salaries and employee benefits	371,808	376,140		304,039
Other operating expenditures	455,312	429,530		392,924
Capital outlay	182,000	181,709		-
Total	1,009,120	987,379	21,741	696,963
<b>Transportation:</b>				
Salaries and employee benefits	927,679	935,457		836,326
Other operating expenditures	647,515	567,905		699,364
Total	1,575,194	1,503,362	71,832	1,707,476
<b>GIS:</b>				
Salaries and employee benefits	605,078	602,643		577,997
Other operating expenditures	51,626	21,352		14,939
Total	656,704	623,995	32,709	592,936
Total general government	18,559,254	16,260,531	2,298,723	12,827,389

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Budget	Actual	Actual
<b>Public Safety:</b>			
<b>Sheriff:</b>			
Salaries and employee benefits	9,968,108	9,539,448	9,101,998
Other operating expenditures	1,510,363	1,385,451	1,235,978
Capital outlay	518,816	457,101	469,336
Total	11,997,287	11,382,000	10,807,312
<b>Campbell Campus Deputies:</b>			
Salaries and employee benefits	463,748	458,222	444,263
Other operating expenditures	57,900	17,363	16,865
Total	521,648	475,585	461,128
<b>Sheriff Department Grants:</b>			
Other operating expenditures	22,240	22,202	19,237
Total	22,240	22,202	19,237
<b>Communications:</b>			
Salaries and employee benefits	1,658,612	1,566,785	1,406,199
Other operating expenditures	266,868	254,454	242,562
Total	1,925,480	1,821,239	1,648,761
<b>Jail:</b>			
Salaries and employee benefits	3,638,938	3,304,443	3,177,746
Other operating expenditures	1,780,590	1,796,171	1,491,745
Total	5,419,528	5,100,614	4,669,491
<b>Child Support Enforcement:</b>			
Salaries and employee benefits	72,119	70,874	70,175
Other operating expenditures	12,528	2,590	9,206
Total	84,647	73,464	79,381
<b>Emergency Services:</b>			
Salaries and employee benefits	780,153	686,672	685,949
Other operating expenditures	379,608	176,268	143,596
Total	1,159,761	862,940	829,545
<b>Emergency Medical Services:</b>			
Salaries and employee benefits	6,455,113	6,063,060	5,696,110
Other operating expenditures	734,327	645,336	599,377
Capital outlay	954,327	949,522	1,071,423
Total	8,143,767	7,657,918	7,366,910

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Over /Under	2017
	Budget	Actual		Actual
<b>Emergency Medical Transport:</b>				
Salaries and employee benefits	-	-		14
Other operating expenditures	1	-		975
Total	1	-	1	989
<b>Rescue Districts:</b>				
Other operating expenditures	3,462,557	3,462,557	-	3,361,704
<b>Medical Examiner:</b>				
Other operating expenditures	110,000	98,350	11,650	65,900
<b>Public Safety Appropriations:</b>				
Other operating expenditures	92,240	66,159		80,377
Total	92,240	66,159	26,081	80,377
<b>Emergency Services Grant:</b>				
Other operating expenditures	54,017	48,218		58,000
Total	54,017	48,218	5,799	58,000
<b>Animal Control:</b>				
Salaries and employee benefits	406,055	399,998		356,768
Other operating expenditures	158,615	132,347		80,961
Total	628,970	588,894	40,076	437,729
Total public safety	33,745,443	31,730,943	2,014,500	29,886,464
<b>Transportation Administration:</b>				
Airport:				
Other operating expenditures	277,898	257,534	20,364	247,359
<b>Transportation:</b>				
Airport:				
Other operating expenditures	284,277	215,335	68,942	189,136
Total transportation	562,175	472,869	89,306	436,495
<b>Environmental Protection:</b>				
<b>Soil and Water:</b>				
Salaries and employee benefits	183,370	153,651		160,923
Other operating expenditures	15,148	9,280		16,529
Total	198,518	162,931	35,587	177,452

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Over /Under	2017
	Budget	Actual		Actual
<b>Environmental Protection Allocation:</b>				
Salaries and employee benefits				
Other operating expenditures	4,000	4,000		4,000
Total	4,000	4,000	-	4,000
Total environmental protection	202,518	166,931	35,587	181,452
<b>Economic and Physical Development:</b>				
<b>Planning and Inspections:</b>				
Salaries and employee benefits	1,388,317	1,339,713		1,292,049
Other operating expenditures	188,051	84,047		110,659
Capital outlay	169,729	148,427		109,271
Total	1,746,097	1,572,187	173,910	1,511,979
<b>Economic Development:</b>				
Salaries and employee benefits	320,704	314,213		261,309
Other operating expenditures	945,663	643,112		756,124
Total	1,266,367	957,325	309,042	1,017,433
<b>Cooperative Extension:</b>				
Salaries and employee benefits	478,021	371,078		412,209
Other operating expenditures	174,395	152,930		122,781
Total	652,416	524,008	128,408	534,990
<b>Abandoned Manufactured Homes:</b>				
Salaries and employee benefits	24,126	22,899		23,216
Total	24,126	22,899	1,227	23,216
<b>Forestry Program:</b>				
Operating expenditures	115,111	108,296	6,815	100,108
<b>Economic and Physical Development:</b>				
<b>Appropriations:</b>				
Operating expenditures	775,000	783,782	(8,782)	575,679
Total economic and physical development	4,579,117	3,968,497	610,620	3,763,405



HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Over /Under	2017
	Budget	Actual		Actual
<b>Human Services:</b>				
<b>Health:</b>				
Salaries and employee benefits	4,398,244	4,244,553		4,148,794
Other operating expenditures	1,955,566	1,403,741		1,596,992
Capital outlay	40,830	38,580		-
Total	6,394,640	5,686,874	707,766	5,745,786
<b>Social Services:</b>				
Salaries and employee benefits	11,708,867	11,322,443		10,441,303
Other operating expenditures	801,339	767,512		875,722
Capital outlay	204,889	45,512		899,096
Total	12,715,095	12,135,467	579,628	12,216,121
<b>Restitution:</b>				
Salaries and employee benefits	77,812	73,706		87,465
Operating expenditures	16,771	12,825		14,298
Total	120,949	112,897	8,052	101,763
<b>Veterans Services:</b>				
Salaries and employee benefits	255,304	243,169		202,074
Other operating expenditures	15,168	12,968		11,728
Total	270,472	256,137	14,335	213,802
<b>Department on Aging:</b>				
Salaries and employee benefits	155,752	152,852		142,864
Other operating expenditures	182,346	182,016		174,002
Total	338,098	334,868	3,230	316,866
<b>Nutrition:</b>				
Salaries and employee benefits	67,999	66,941		62,972
Other operating expenditures	373,271	360,237		342,439
Total	441,270	427,178	14,092	405,411
<b>Community Alternatives Program:</b>				
Salaries and employee benefits	300,723	287,534		260,181
Other operating expenditures	73,322	63,764		64,618
Total	374,045	351,298	22,747	324,799
<b>Mental Health:</b>				
Other operating expenditures	605,679	605,679		605,679
Total	605,679	605,679	-	605,679

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Budget	Actual	Variance Over /Under
<b>RSVP:</b>			
Salaries and employee benefits	73,714	73,234	67,614
Other operating expenditures	16,514	15,823	16,250
Total	90,228	89,057	1,171
<b>Family Caregivers Grant:</b>			
Salaries and employee benefits	57,504	56,679	53,862
Other operating expenditures	17,416	16,331	13,756
Total	74,920	73,010	1,910
<b>Human Services Appropriations:</b>			
Other operating expenditures	45,000	31,130	35,964
Total	45,000	31,130	13,870
<b>Public Assistance:</b>			
TANF	5,000	-	-
Aid to the aged and blind	950,000	830,955	890,527
Medicaid	11,100	10,743	2,274
Aid to the blind	6,000	4,301	3,987
County assistance	8,000	1,250	1,341
CP&L Project SHARE	6,922	6,071	6,652
Crisis intervention	502,496	502,114	553,082
Adoption Assistance - IV-B	130,000	96,160	102,075
Adoption IV-B vendor	40,000	7,225	11,524
Adoption IV-E vendor	20,000	12,399	5,850
Adoption assistance -IV- E	280,000	165,419	177,728
Foster care - other	4,000	3,511	3,403
Title IV-E - foster care	660,000	392,165	385,592
Foster care County payments	5,000	1,209	761
State foster home care	970,000	658,251	870,537
Special services - foster care	33,000	10,972	12,356
Vendor transportation	600,000	349,001	674,342
Independent living - foster care	8,000	5,338	3,691
Day care	5,027,265	2,133,968	4,945,586
All County clothing allowance	15,000	14,150	11,324
Professional services	20,000	8,572	4,110
WorkFirst - emergency cash	5,000	4,972	4,289
WorkFirst	59,000	50,224	19,952

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		Variance Over /Under	2017
	Budget	Actual		Actual
Contracted services	52,600	43,401		44,550
Child support enforcement	59,451	38,522		31,474
LIEAP	419,983	373,700		306,500
Donations	14,614	6,514		4,043
Food stamp issuance	38,900	30,563		34,762
Special needs adoption	68,500	5,150		5,922
Total	10,019,831	5,766,820	4,253,011	9,118,234
Total human services	31,490,227	25,870,415	5,619,812	29,235,907
<b>Cultural and Recreation:</b>				
<b>Parks and Recreation:</b>				
Salaries and employee benefits	632,057	609,159		498,215
Other operating expenditures	407,645	366,595		397,052
Total	1,878,733	1,546,974	331,759	974,983
<b>Libraries:</b>				
Salaries and benefits	800,632	776,712		684,625
Other operating expenditures	362,171	266,454		287,033
Total	1,162,803	1,043,166	119,637	971,658
<b>Culture and Recreation Appropriations:</b>				
Other operating expenditures	184,014	184,014	-	185,000
Total cultural and recreation	3,225,550	2,774,154	451,396	2,131,641
<b>Education:</b>				
CCCC campus	1,080,450	1,080,450		1,019,467
CCCC campus capital outlay	30,000	28,595		26,197
Public schools - current expenses	23,368,306	23,350,892		22,547,880
Public schools - capital outlay	2,164,583	1,323,276		122,625
Total education	26,643,339	25,783,213	860,126	23,716,169
<b>Debt Service:</b>				
Principal retirement	14,596,843	14,511,974		13,660,527
Interest and fees	4,704,305	4,547,767		3,849,231
Total debt service	19,301,148	19,059,741	241,407	17,509,758
Total expenditures	138,308,771	126,087,294	12,221,477	119,688,680

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over /Under	Actual
Revenues over (under) expenditures	<u>(12,867,261)</u>	<u>(7,179,646)</u>	<u>5,687,615</u>	<u>629,891</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	(4,551,687)	(726,667)	3,825,020	(3,628,409)
Transfer in	9,183,815	7,334,024	(1,849,791)	5,149,740
Long-term debt issued	1,950,000	1,902,953	(47,047)	-
Appropriated fund balance	<u>6,285,133</u>	<u>-</u>	<u>(6,285,133)</u>	<u>-</u>
Total other financing sources (uses)	<u>12,867,261</u>	<u>8,510,310</u>	<u>(4,356,951)</u>	<u>1,521,331</u>
Net change in fund balance	<u>\$ -</u>	<u>1,330,664</u>	<u>\$ 1,330,664</u>	<u>2,151,222</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>41,847,828</u>		<u>39,696,606</u>
End of year - June 30		<u>\$ 43,178,492</u>		<u>\$ 41,847,828</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, 2018**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 19,351	\$ 281,056	\$ 300,407	\$ 300,407
Total revenues	-	19,351	281,056	300,407	300,407
<b>Expenditures:</b>					
Education:					
Legal and administrative	1,378,960	1,123,557	191,827	1,315,384	63,576
Construction	29,818,189	-	18,640,201	18,640,201	11,177,988
Total expenditures	31,197,149	1,123,557	18,832,028	19,955,585	11,241,564
Revenues over (under) expenditures	(31,197,149)	(1,104,206)	(18,550,972)	(19,655,178)	11,541,971
<b>Other Financing Sources (Uses):</b>					
Bond proceeds	29,500,000	29,500,000	-	29,500,000	-
Transfer out	(832,520)	-	(832,520)	(832,520)	-
Bond premium	2,529,669	2,529,669	-	2,529,669	-
Total other financing sources (uses)	31,197,149	32,029,669	(832,520)	31,197,149	-
Net change in fund balance	\$ -	\$ 30,925,463	(19,383,492)	\$ 11,541,971	\$ 11,541,971
<b>Fund Balance:</b>					
Beginning of year - July 1			30,925,463		
End of year - June 30			\$ 11,541,971		

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## HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
<b>Assets:</b>			
Cash and investments	\$ 8,971,949	\$ 1,631,293	\$ 10,603,242
Taxes receivable, net	96,056	-	96,056
Accounts receivable, net	2,654,446	6,455	2,660,901
Prepaid items	4,212	-	4,212
Cash and cash equivalents, restricted	-	8,635	8,635
	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total assets	<u>\$ 11,726,663</u>	<u>\$ 1,646,383</u>	<u>\$ 13,373,046</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 542,635	\$ 172,140	\$ 714,775
Due to other funds	458,941	-	458,941
Total liabilities	<u>1,001,576</u>	<u>172,140</u>	<u>1,173,716</u>
<b>Deferred Inflows of Resources:</b>			
Property tax receivable	96,056	-	96,056
Total deferred inflows of resources	<u>96,056</u>	<u>-</u>	<u>96,056</u>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	4,212	-	4,212
Restricted for stabilization for state statute	2,654,446	6,455	2,660,901
Restricted for Register of Deeds	149,644	-	149,644
Restricted for general government	6,212	146,253	152,465
Restricted for education	-	618,701	618,701
Restricted for public safety	2,668,213	519,118	3,187,331
Committed for economic development	-	197,814	197,814
Assigned	6,045,578	-	6,045,578
Unassigned	(899,274)	(14,098)	(913,372)
Total fund balances	<u>10,629,031</u>	<u>1,474,243</u>	<u>12,103,274</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,726,663</u>	<u>\$ 1,646,383</u>	<u>\$ 13,373,046</u>

## HARNETT COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
<b>Revenues:</b>			
Ad valorem taxes	\$ 7,338,486	\$ -	\$ 7,338,486
Other taxes and licenses	7,842,677	-	7,842,677
Restricted intergovernmental	2,014,232	157,567	2,171,799
Permits and fees	1,318,820	-	1,318,820
Sales and services	75,000	-	75,000
Investment earnings	53,050	13	53,063
Total revenues	<u>18,642,265</u>	<u>200,180</u>	<u>18,842,445</u>
<b>Expenditures:</b>			
Current:			
General government	1,338,691	253,734	1,592,425
Public safety	10,012,278	-	10,012,278
Economic and physical development	5,214	168,745	173,959
Education	271,309	479,554	750,863
Total expenditures	<u>11,627,492</u>	<u>987,315</u>	<u>12,614,807</u>
Revenues over (under) expenditures	<u>7,014,773</u>	<u>(787,135)</u>	<u>6,227,638</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	194,011	1,976,181	2,170,192
Transfers (out)	<u>(5,290,571)</u>	<u>(1,801,107)</u>	<u>(7,091,678)</u>
Total other financing sources (uses)	<u>(5,096,560)</u>	<u>175,074</u>	<u>(4,921,486)</u>
Net change in fund balances	1,918,213	(612,061)	1,306,152
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>8,710,818</u>	<u>2,086,304</u>	<u>10,797,122</u>
End of year - June 30	<u>\$ 10,629,031</u>	<u>\$ 1,474,243</u>	<u>\$ 12,103,274</u>



## 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.

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HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018

	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
<b>Assets:</b>							
Cash and investments	\$ 1,965,407	\$ 76,275	\$ 4,047,933	\$ 40,216	\$ 407,837	\$ 475,961	\$ 149,644
Taxes receivable, net	-	96,056	-	-	-	-	-
Accounts receivable, net	1,049,783	447,043	575,044	-	66,096	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 3,015,190</u>	<u>\$ 619,374</u>	<u>\$ 4,622,977</u>	<u>\$ 40,216</u>	<u>\$ 473,933</u>	<u>\$ 475,961</u>	<u>\$ 149,644</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ 462,343	\$ -	\$ 21,790	\$ -	\$ 2,763	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>462,343</u>	<u>-</u>	<u>21,790</u>	<u>-</u>	<u>2,763</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>							
Property tax receivable	-	96,056	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>96,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>							
Non-spendable							
Prepaid items	-	-	-	-	-	-	-
Restricted for stabilization							
for state statute	1,049,783	447,043	575,044	-	66,096	-	-
Restricted for Register of Deeds	-	-	-	-	-	-	149,644
Restricted for general government	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	407,837	473,198	-
Assigned	1,965,407	-	4,047,933	18,426	-	-	-
Unassigned	-	(386,068)	-	-	-	-	-
Total fund balances	<u>3,015,190</u>	<u>60,975</u>	<u>4,622,977</u>	<u>18,426</u>	<u>473,933</u>	<u>473,198</u>	<u>149,644</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,015,190</u>	<u>\$ 619,374</u>	<u>\$ 4,622,977</u>	<u>\$ 40,216</u>	<u>\$ 473,933</u>	<u>\$ 475,961</u>	<u>\$ 149,644</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018

	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
<b>Assets:</b>									
Cash and investments	\$ 15,286	\$ -	\$ 45	\$ -	\$ 1,787,178	\$ -	\$ 5,982	\$ 185	\$ 8,971,949
Taxes receivable, net	-	-	-	-	-	-	-	-	96,056
Accounts receivable, net	-	370,679	-	145,801	-	-	-	-	2,654,446
Prepaid items	-	-	-	-	-	4,212	-	-	4,212
Total assets	<u>\$ 15,286</u>	<u>\$ 370,679</u>	<u>\$ 45</u>	<u>\$ 145,801</u>	<u>\$ 1,787,178</u>	<u>\$ 4,212</u>	<u>\$ 5,982</u>	<u>\$ 185</u>	<u>\$ 11,726,663</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 1,474	\$ 21,216	\$ -	\$ 32,242	\$ -	\$ 807	\$ -	\$ -	\$ 542,635
Due to other funds	-	343,315	-	113,559	-	2,067	-	-	458,941
Total liabilities	<u>1,474</u>	<u>364,531</u>	<u>-</u>	<u>145,801</u>	<u>-</u>	<u>2,874</u>	<u>-</u>	<u>-</u>	<u>1,001,576</u>
<b>Deferred Inflows of Resources:</b>									
Property tax receivable	-	-	-	-	-	-	-	-	96,056
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,056</u>
<b>Fund Balances:</b>									
Non-spendable									
Prepaid items	-	-	-	-	-	4,212	-	-	4,212
Restricted for stabilization									
for state statute	-	370,679	-	145,801	-	-	-	-	2,654,446
Restricted for Register of Deeds	-	-	-	-	-	-	-	-	149,644
Restricted for general government	-	-	45	-	-	-	5,982	185	6,212
Restricted for public safety	-	-	-	-	1,787,178	-	-	-	2,668,213
Assigned	13,812	-	-	-	-	-	-	-	6,045,578
Unassigned	-	(364,531)	-	(145,801)	-	(2,874)	-	-	(899,274)
Total fund balances	<u>13,812</u>	<u>6,148</u>	<u>45</u>	<u>-</u>	<u>1,787,178</u>	<u>1,338</u>	<u>5,982</u>	<u>185</u>	<u>10,629,031</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,286</u>	<u>\$ 370,679</u>	<u>\$ 45</u>	<u>\$ 145,801</u>	<u>\$ 1,787,178</u>	<u>\$ 4,212</u>	<u>\$ 5,982</u>	<u>\$ 185</u>	<u>\$ 11,726,663</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, 2018

	Article 44 *524	Article 46 Sales Tax	Special Districts Fund	Law Enforcement Fund	Emergency Telephone System Fund	Emergency Radio System Fund	Automation Enhancement and Preservation Fund	Emergency Response Planning Fund
<b>Revenues:</b>								
Ad valorem taxes	\$ -	\$ -	\$ 7,338,486	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	4,144,565	2,239,660	1,458,452	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-	-
Permits and fees	-	-	-	114,495	793,157	355,016	56,147	-
Sales and services	-	-	-	-	-	-	-	75,000
Investment earnings	-	53,050	-	-	-	-	-	-
Total revenues	<u>4,144,565</u>	<u>2,292,710</u>	<u>8,796,938</u>	<u>114,495</u>	<u>793,157</u>	<u>355,016</u>	<u>56,147</u>	<u>75,000</u>
<b>Expenditures:</b>								
General government	-	-	-	-	-	-	73,488	-
Public safety	-	-	8,537,746	114,415	863,193	229,977	-	119,583
Economic and physical development	-	-	-	-	-	-	-	-
Education	-	-	271,309	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>8,809,055</u>	<u>114,415</u>	<u>863,193</u>	<u>229,977</u>	<u>73,488</u>	<u>119,583</u>
Revenues over (under) expenditures	<u>4,144,565</u>	<u>2,292,710</u>	<u>(12,117)</u>	<u>80</u>	<u>(70,036)</u>	<u>125,039</u>	<u>(17,341)</u>	<u>(44,583)</u>
<b>Other Financing Sources (Uses):</b>								
Transfers (out)	(2,738,603)	(2,529,968)	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(2,738,603)</u>	<u>(2,529,968)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,405,962	(237,258)	(12,117)	80	(70,036)	125,039	(17,341)	(44,583)
<b>Fund Balances:</b>								
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 3,015,190</u>	<u>\$ 4,622,977</u>	<u>\$ 60,975</u>	<u>\$ 18,426</u>	<u>\$ 473,933</u>	<u>\$ 473,198</u>	<u>\$ 149,644</u>	<u>\$ 13,812</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, 2018

	WIA Youth Program Fund	Veterans Park Fund	Veterans Court Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Wings Over Harnett Fund	Electronics Management Fund	Total
<b>Revenues:</b>								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,338,486
Other taxes and licenses	-	-	-	-	-	-	-	7,842,677
Restricted intergovernmental	765,648	-	473,680	655,556	119,348	-	-	2,014,232
Permits and fees	-	-	-	-	-	5	-	1,318,820
Sales and services	-	-	-	-	-	-	-	75,000
Investment earnings	-	-	-	-	-	-	-	53,050
Total revenues	<u>765,648</u>	<u>-</u>	<u>473,680</u>	<u>655,556</u>	<u>119,348</u>	<u>5</u>	<u>-</u>	<u>18,642,265</u>
<b>Expenditures:</b>								
General government	765,081	27,343	472,779	-	-	-	-	1,338,691
Public safety	-	-	-	25,000	122,364	-	-	10,012,278
Economic and physical development	-	-	-	-	-	-	5,214	5,214
Education	-	-	-	-	-	-	-	271,309
Total expenditures	<u>765,081</u>	<u>27,343</u>	<u>472,779</u>	<u>25,000</u>	<u>122,364</u>	<u>-</u>	<u>5,214</u>	<u>11,627,492</u>
Revenues over (under) expenditures	<u>567</u>	<u>(27,343)</u>	<u>901</u>	<u>630,556</u>	<u>(3,016)</u>	<u>5</u>	<u>(5,214)</u>	<u>7,014,773</u>
<b>Other Financing Sources (Uses):</b>								
Transfers (out)	-	-	-	(22,000)	-	-	-	(5,290,571)
Transfers in	-	-	-	194,011	-	-	-	194,011
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,096,560)</u>
Net change in fund balances	567	(27,343)	901	802,567	(3,016)	5	(5,214)	1,918,213
<b>Fund Balances:</b>								
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 6,148</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ 1,787,178</u>	<u>\$ 1,338</u>	<u>\$ 5,982</u>	<u>\$ 185</u>	<u>\$ 10,629,031</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, 2018

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Other taxes and licenses	\$ 3,800,000	\$ 4,144,565	\$ 344,565	\$ 3,873,837
Total revenues	<u>3,800,000</u>	<u>4,144,565</u>	<u>344,565</u>	<u>3,873,837</u>
<b>Expenditures:</b>				
Education	-	-	-	929,737
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>929,737</u>
Revenues over (under) expenditures	<u>3,800,000</u>	<u>4,144,565</u>	<u>344,565</u>	<u>2,944,100</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	<u>(3,800,000)</u>	<u>(2,738,603)</u>	<u>1,061,397</u>	<u>(1,655,899)</u>
Total other financing sources (uses)	<u>(3,800,000)</u>	<u>(2,738,603)</u>	<u>1,061,397</u>	<u>(1,655,899)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,405,962</u>	<u>\$ 1,405,962</u>	<u>1,288,201</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,609,228</u>		<u>321,027</u>
End of year - June 30		<u>\$ 3,015,190</u>		<u>\$ 1,609,228</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, 2018  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Other taxes and licenses	\$ 2,529,968	\$ 2,239,660	\$ (290,308)	\$ 2,054,214
Investment earnings	-	53,050	53,050	13,332
Total revenues	<u>2,529,968</u>	<u>2,292,710</u>	<u>(237,258)</u>	<u>2,067,546</u>
Revenues over (under) expenditures	<u>2,529,968</u>	<u>2,292,710</u>	<u>(237,258)</u>	<u>2,067,546</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	<u>(2,529,968)</u>	<u>(2,529,968)</u>	-	-
Total other financing sources (uses)	<u>(2,529,968)</u>	<u>(2,529,968)</u>	-	-
Net change in fund balance	<u>\$ -</u>	<u>(237,258)</u>	<u>\$ (237,258)</u>	2,067,546
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>4,860,235</u>		<u>2,792,689</u>
End of year - June 30		<u>\$ 4,622,977</u>		<u>\$ 4,860,235</u>

## 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, 2018

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 7,938,111	\$ 7,338,486	\$ (599,625)	\$ 7,311,851
Other taxes and licenses	1,448,862	1,458,452	9,590	1,350,631
Total revenues	<u>9,386,973</u>	<u>8,796,938</u>	<u>(590,035)</u>	<u>8,662,482</u>
<b>Expenditures:</b>				
Public safety	9,096,928	8,537,746	559,182	8,385,495
Education	290,045	271,309	18,736	280,840
Total expenditures	<u>9,386,973</u>	<u>8,809,055</u>	<u>577,918</u>	<u>8,666,335</u>
Net change in fund balance	<u>\$ -</u>	(12,117)	<u>\$ (12,117)</u>	(3,853)
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>73,092</u>		<u>76,945</u>
End of year - June 30		<u>\$ 60,975</u>		<u>\$ 73,092</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, 2018

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Permits and fees	\$ 150,000	\$ 114,495	\$ (35,505)	\$ 97,177
Total revenues	<u>150,000</u>	<u>114,495</u>	<u>(35,505)</u>	<u>97,177</u>
<b>Expenditures:</b>				
Public safety:				
Other expenditures	150,000	114,415	35,585	89,080
Total expenditures	<u>150,000</u>	<u>114,415</u>	<u>35,585</u>	<u>89,080</u>
Net change in fund balance	<u>\$ -</u>	80	<u>\$ 80</u>	8,097
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>18,346</u>		<u>10,249</u>
End of year - June 30		<u>\$ 18,426</u>		<u>\$ 18,346</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, 2018**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018		2017	
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Permits and fees	\$ 793,157	\$ 793,157	\$ -	\$ 690,202
Total revenues	<u>793,157</u>	<u>793,157</u>	<u>-</u>	<u>690,202</u>
<b>Expenditures:</b>				
Public safety:				
Operating expenditures	890,819	863,193	27,626	795,066
Capital outlay	-	-	-	147,197
Total expenditures	<u>890,819</u>	<u>863,193</u>	<u>27,626</u>	<u>942,263</u>
Revenues over (under) expenditures	<u>(97,662)</u>	<u>(70,036)</u>	<u>27,626</u>	<u>(252,061)</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>97,662</u>	-	<u>(97,662)</u>	-
Total other financing sources (uses)	<u>97,662</u>	-	<u>(97,662)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(70,036)</u>	<u>\$ (70,036)</u>	<u>(252,061)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>543,969</u>		<u>796,030</u>
End of year - June 30		<u>\$ 473,933</u>		<u>\$ 543,969</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, 2018**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Permits and fees	\$ 343,500	\$ 355,016	\$ 11,516	\$ 342,677
Total revenues	<u>343,500</u>	<u>355,016</u>	<u>11,516</u>	<u>342,677</u>
<b>Expenditures:</b>				
Public safety:				
Operating expenditures	283,444	229,977	53,467	186,685
Capital outlay	<u>60,056</u>	<u>-</u>	<u>60,056</u>	<u>-</u>
Total expenditures	<u>343,500</u>	<u>229,977</u>	<u>113,523</u>	<u>186,685</u>
Net change in fund balance	<u>\$ -</u>	125,039	<u>\$ 125,039</u>	155,992
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>348,159</u>		<u>192,167</u>
End of year - June 30		<u>\$ 473,198</u>		<u>\$ 348,159</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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Permits and fees	\$ 78,500	\$ 56,147	\$ (22,353)	\$ 61,302
Total revenues	<u>78,500</u>	<u>56,147</u>	<u>(22,353)</u>	<u>61,302</u>
<b>Expenditures:</b>				
General government:				
Operating expenditures	<u>78,500</u>	<u>73,488</u>	<u>5,012</u>	<u>60,489</u>
Total expenditures	<u>78,500</u>	<u>73,488</u>	<u>5,012</u>	<u>60,489</u>
Net change in fund balance	<u>\$ -</u>	<u>(17,341)</u>	<u>\$ (17,341)</u>	813
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>166,985</u>		<u>166,172</u>
End of year - June 30		<u>\$ 149,644</u>		<u>\$ 166,985</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, 2018  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Other general revenues	\$ 74,958	\$ 75,000	\$ 42	\$ 79,300
Total revenues	<u>74,958</u>	<u>75,000</u>	<u>42</u>	<u>79,300</u>
<b>Expenditures:</b>				
Public safety:				
Salaries and fringe benefits	34,361	33,533	828	33,687
Other operating expenditures	97,798	86,050	11,748	36,420
Total expenditures	<u>132,159</u>	<u>119,583</u>	<u>12,576</u>	<u>70,107</u>
Net change in fund balance	<u>\$ -</u>	(44,583)	<u>\$ (44,583)</u>	9,193
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>58,395</u>		<u>49,202</u>
End of year - June 30		<u>\$ 13,812</u>		<u>\$ 58,395</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, 2018

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,113,170	\$ 765,648	\$ (347,522)	\$ 582,419
Total revenues	<u>1,113,170</u>	<u>765,648</u>	<u>(347,522)</u>	<u>582,419</u>
<b>Expenditures:</b>				
General government:				
Operating expenditures	<u>1,113,170</u>	<u>765,081</u>	<u>348,089</u>	<u>582,417</u>
Total expenditures	<u>1,113,170</u>	<u>765,081</u>	<u>348,089</u>	<u>582,417</u>
Net change in fund balance	<u>\$ -</u>	<u>567</u>	<u>\$ 567</u>	<u>2</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>5,581</u>		<u>5,579</u>
End of year - June 30		<u>\$ 6,148</u>		<u>\$ 5,581</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, 2018**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 700,000	\$ 222,114	\$ 473,680	\$ 695,794	\$ (4,206)
Total revenues	<u>700,000</u>	<u>222,114</u>	<u>473,680</u>	<u>695,794</u>	<u>(4,206)</u>
<b>Expenditures:</b>					
General government:					
Operating expenditures	700,000	223,015	472,779	695,794	4,206
Total expenditures	<u>700,000</u>	<u>223,015</u>	<u>472,779</u>	<u>695,794</u>	<u>4,206</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (901)</u>	901	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>(901)</u>		
End of year - June 30			<u>\$ -</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, 2018**

	<b>Project Authorization</b>	<b>Actual</b>		<b>Total to Date</b>	<b>Variance Over/Under</b>
	<b>Prior Years</b>	<b>Current Year</b>			
<b>Revenues:</b>					
Restricted intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
<b>Expenditures:</b>					
General government:					
Operating expenditures	<u>77,388</u>	<u>22,612</u>	<u>27,343</u>	<u>49,955</u>	<u>27,433</u>
Total expenditures	<u>77,388</u>	<u>22,612</u>	<u>27,343</u>	<u>49,955</u>	<u>27,433</u>
<b>Other Financing Sources (Uses):</b>					
Appropriated fund balance	<u>27,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,388)</u>
Total other financing sources (uses)	<u>27,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,388)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,388</u>	<u>(27,343)</u>	<u>\$ 45</u>	<u>\$ 45</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>27,388</u>		
End of year - June 30			<u>\$ 45</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, 2018  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ 655,556	\$ 655,556	\$ 153,694
Total revenues	-	655,556	655,556	153,694
<b>Expenditures:</b>				
General government:				
Operating expenditures	151,342	25,000	126,342	-
Total expenditures	151,342	25,000	126,342	-
Revenues over (under) expenditures	(151,342)	630,556	781,898	153,694
<b>Other Financing Sources (Uses):</b>				
Transfer (out)	(22,000)	(22,000)	-	94,567
Appropriated fund balance	173,342	-	(173,342)	-
Transfer in	-	194,011	194,011	-
Total other financing sources (uses)	151,342	172,011	20,669	94,567
Net change in fund balance	\$ -	802,567	\$ 802,567	248,261
<b>Fund Balance:</b>				
Beginning of year - July 1		984,611		736,350
End of year - June 30		\$ 1,787,178		\$ 984,611

## 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, 2018

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 350,000	\$ 119,348	\$ (230,652)	\$ 86,898
Total revenues	<u>350,000</u>	<u>119,348</u>	<u>(230,652)</u>	<u>86,898</u>
<b>Expenditures:</b>				
Public safety:				
Operating expenditures	<u>350,000</u>	<u>122,364</u>	<u>227,636</u>	<u>80,674</u>
Total expenditures	<u>350,000</u>	<u>122,364</u>	<u>227,636</u>	<u>80,674</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,016)</u>	<u>\$ (3,016)</u>	6,224
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>4,354</u>		<u>(1,870)</u>
End of year - June 30		<u>\$ 1,338</u>		<u>\$ 4,354</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, 2018

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Permits and fees	\$ 18,300	\$ 5	\$ (18,295)	\$ 16,205
Total revenues	<u>18,300</u>	<u>5</u>	<u>(18,295)</u>	<u>16,205</u>
<b>Expenditures:</b>				
Economic and physical development:				
Other expenditures	18,300	-	18,300	12,717
Total expenditures	<u>18,300</u>	<u>-</u>	<u>18,300</u>	<u>12,717</u>
Net change in fund balance	<u>\$ -</u>	<u>5</u>	<u>\$ 5</u>	<u>3,488</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>5,977</u>		<u>2,489</u>
End of year - June 30		<u>\$ 5,982</u>		<u>\$ 5,977</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, 2018**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 9,435
Total revenues	-	-	-	9,435
<b>Expenditures:</b>				
Economic and physical development:				
Operating expenditures	5,214	5,214	-	10,534
Total expenditures	5,214	5,214	-	10,534
Revenues over (under) expenditures	(5,214)	(5,214)	-	(1,099)
<b>Other Financing Sources (Uses):</b>				
Transfer (out)	(185)	-	185	-
Appropriated fund balance	5,399	-	(5,399)	-
Total other financing sources (uses)	5,214	-	(5,214)	-
Net change in fund balance	\$ -	(5,214)	\$ (5,214)	(1,099)
<b>Fund Balance:</b>				
Beginning of year - July 1		5,399		6,498
End of year - June 30		\$ 185		\$ 5,399

## 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, 2018

	<u>Government Complex Park</u>	<u>Government Complex South</u>	<u>Essential Family Rehabilitation</u>	<u>Jetport Terminal</u>	<u>Campbell Stadium Sidewalk</u>
<b>Assets:</b>					
Cash and investments	\$ 356,377	\$ 177,005	\$ -	\$ 9,709	\$ 176,150
Accounts receivable, net	-	-	5,969	486	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 356,377</u></b>	<b><u>\$ 177,005</u></b>	<b><u>\$ 5,969</u></b>	<b><u>\$ 10,195</u></b>	<b><u>\$ 176,150</u></b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 13,409	\$ 39,921	\$ 5,969	\$ 540	\$ -
<b>Total liabilities</b>	<b><u>13,409</u></b>	<b><u>39,921</u></b>	<b><u>5,969</u></b>	<b><u>540</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>					
Restricted for stabilization for state statute	-	-	5,969	486	-
Restricted for education	-	-	-	-	-
Restricted for culture and recreation	342,968	-	-	-	176,150
Restricted for general government	-	137,084	-	9,169	-
Committed for economic development	-	-	-	-	-
Unassigned	-	-	(5,969)	-	-
<b>Total fund balances</b>	<b><u>342,968</u></b>	<b><u>137,084</u></b>	<b><u>-</u></b>	<b><u>9,655</u></b>	<b><u>176,150</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 356,377</u></b>	<b><u>\$ 177,005</u></b>	<b><u>\$ 5,969</u></b>	<b><u>\$ 10,195</u></b>	<b><u>\$ 176,150</u></b>



HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018

	<u>Overhills High School Cafeteria</u>	<u>QSCB 2016 Capital Project Fund</u>	<u>Brightwater Phase II</u>	<u>Total</u>
<b>Assets:</b>				
Cash and investments	714,238	\$ -	\$ 197,814	\$ 1,631,293
Accounts receivable, net	-	-	-	6,455
Restricted assets:				
Cash and cash equivalents	-	8,635	-	8,635
<b>Total assets</b>	<b>\$ 714,238</b>	<b>\$ 8,635</b>	<b>\$ 197,814</b>	<b>\$ 1,646,383</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 104,172	\$ 8,129	\$ -	\$ 172,140
<b>Total liabilities</b>	<b>104,172</b>	<b>8,129</b>	<b>-</b>	<b>172,140</b>
<b>Fund Balances:</b>				
Restricted for stabilization for state statute	-	-	-	6,455
Restricted for education	610,066	8,635	-	618,701
Restricted for public safety	-	-	-	519,118
Restricted for general government	-	-	-	146,253
Committed for economic development	-	-	197,814	197,814
Unassigned	-	(8,129)	-	(14,098)
<b>Total fund balances</b>	<b>610,066</b>	<b>506</b>	<b>197,814</b>	<b>1,474,243</b>
<b>Total liabilities and fund balances</b>	<b>\$ 714,238</b>	<b>\$ 8,635</b>	<b>\$ 197,814</b>	<b>\$ 1,646,383</b>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Government Complex Park</u>	<u>Government Complex South</u>	<u>Essential Family Rehabilitation</u>	<u>Jetport Terminal</u>	<u>Sheriff Training Facility</u>	<u>Radio Upgrade</u>
<b>Revenues:</b>						
Restricted intergovernmental	\$ -	\$ -	\$ 40,417	\$ 117,150	\$ -	\$ -
Investment earnings	-	-	-	-	-	-
Miscellaneous	4,400	-	-	-	-	-
Total revenues	<u>4,400</u>	<u>-</u>	<u>40,417</u>	<u>117,150</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>						
Current:						
General government	-	162,916	-	-	-	90,818
Economic and physical development	-	-	40,417	128,328	-	-
Cultural and recreation	61,432	-	-	-	-	-
Education	-	-	-	-	-	-
Total expenditures	<u>61,432</u>	<u>162,916</u>	<u>40,417</u>	<u>128,328</u>	<u>-</u>	<u>90,818</u>
Revenues over (under) expenditures	<u>(57,032)</u>	<u>(162,916)</u>	<u>-</u>	<u>(11,178)</u>	<u>-</u>	<u>(90,818)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	400,000	300,000	-	19,180	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(194,011)</u>	<u>(1,360,595)</u>
Total other financing sources (uses)	<u>400,000</u>	<u>300,000</u>	<u>-</u>	<u>19,180</u>	<u>(194,011)</u>	<u>(1,360,595)</u>
Net change in fund balances	342,968	137,084	-	8,002	(194,011)	(1,451,413)
<b>Fund Balances:</b>						
Beginning of year - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,653</u>	<u>194,011</u>	<u>1,451,413</u>
End of year - June 30	<u>\$ 342,968</u>	<u>\$ 137,084</u>	<u>\$ -</u>	<u>\$ 9,655</u>	<u>\$ -</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, 2018

	<u>Campbell Stadium Sidewalk</u>	<u>Airport Capital Reserve</u>	<u>Overhills High School Cafeteria</u>	<u>QSCB 2016 Capital Project Fund</u>	<u>Brightwater Phase II</u>	<u>Total</u>
<b>Revenues:</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,567
Investment earnings	-	-	-	13	-	13
Miscellaneous	-	38,200	-	-	-	42,600
Total revenues	<u>-</u>	<u>38,200</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>200,180</u>
<b>Expenditures:</b>						
Current:						
General government	-	-	-	-	-	253,734
Economic and physical development	-	-	-	-	-	168,745
Cultural and recreation	23,850	-	-	-	-	85,282
Education	-	-	222,454	257,100	-	479,554
Total expenditures	<u>23,850</u>	<u>-</u>	<u>222,454</u>	<u>257,100</u>	<u>-</u>	<u>987,315</u>
Revenues over (under) expenditures	<u>(23,850)</u>	<u>38,200</u>	<u>(222,454)</u>	<u>(257,087)</u>	<u>-</u>	<u>(787,135)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	200,000	26,667	832,520	-	197,814	1,976,181
Transfers (out)	-	(246,501)	-	-	-	(1,801,107)
Total other financing sources (uses)	<u>200,000</u>	<u>(219,834)</u>	<u>832,520</u>	<u>-</u>	<u>197,814</u>	<u>175,074</u>
Net change in fund balances	176,150	(181,634)	610,066	(257,087)	197,814	(612,061)
<b>Fund Balances:</b>						
Beginning of year - July 1	-	181,634	-	257,593	-	2,086,304
End of year - June 30	<u>\$ 176,150</u>	<u>\$ -</u>	<u>\$ 610,066</u>	<u>\$ 506</u>	<u>\$ 197,814</u>	<u>\$ 1,474,243</u>

## HARNETT COUNTY, NORTH CAROLINA

GOVERNMENT COMPLEX PARK  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 400,000	\$ -	\$ -	\$ -	\$ (400,000)
Miscellaneous	-	-	4,400	4,400	4,400
Total revenues	<u>400,000</u>	<u>-</u>	<u>4,400</u>	<u>4,400</u>	<u>(395,600)</u>
<b>Expenditures:</b>					
Culture and Recreation:					
Engineering	135,000	-	61,432	61,432	73,568
Construction	<u>665,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,000</u>
Total expenditures	<u>800,000</u>	<u>-</u>	<u>61,432</u>	<u>61,432</u>	<u>738,568</u>
Revenues over (under) expenditures	<u>(400,000)</u>	<u>-</u>	<u>(57,032)</u>	<u>(57,032)</u>	<u>342,968</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total other financing sources (uses)	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>342,968</u>	<u>\$ 342,968</u>	<u>\$ 342,968</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 342,968</u>		

## HARNETT COUNTY, NORTH CAROLINA

GOVERNMENT COMPLEX SOUTH  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
General Government:					
Legal and administrative	\$ 30,000	\$ -	\$ 260	\$ 260	\$ 29,740
Engineering	2,036,395	-	162,656	162,656	1,873,739
Construction	17,288,605	-	-	-	17,288,605
Total expenditures	<u>19,355,000</u>	<u>-</u>	<u>162,916</u>	<u>162,916</u>	<u>19,192,084</u>
Revenues over (under) expenditures	<u>(19,355,000)</u>	<u>-</u>	<u>(162,916)</u>	<u>(162,916)</u>	<u>19,192,084</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	100,000	-	300,000	300,000	200,000
Loan proceeds	19,255,000	-	-	-	(19,255,000)
Total other financing sources (uses)	<u>19,355,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>(19,055,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	137,084	<u>\$ 137,084</u>	<u>\$ 137,084</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 137,084</u>		

## HARNETT COUNTY, NORTH CAROLINA

ESSENTIAL FAMILY CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 175,000	\$ -	\$ 40,417	\$ 40,417	\$ (134,583)
Total revenues	<u>175,000</u>	<u>-</u>	<u>40,417</u>	<u>40,417</u>	<u>(134,583)</u>
<b>Expenditures:</b>					
Economic and physical development:					
Rehabilitation	50,000	-	40,417	40,417	9,583
Construction	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Total expenditures	<u>175,000</u>	<u>-</u>	<u>40,417</u>	<u>40,417</u>	<u>134,583</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
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, 2018**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 215,379	\$ 11,333	\$ 117,150	\$ 128,483	\$ (86,896)
Total revenues	<u>215,379</u>	<u>11,333</u>	<u>117,150</u>	<u>128,483</u>	<u>(86,896)</u>
<b>Expenditures:</b>					
General government:					
Operating expenditures	<u>239,310</u>	<u>14,431</u>	<u>128,328</u>	<u>142,759</u>	<u>96,551</u>
Total expenditures	<u>239,310</u>	<u>14,431</u>	<u>128,328</u>	<u>142,759</u>	<u>96,551</u>
Revenues over (under) expenditures	<u>(23,931)</u>	<u>(3,098)</u>	<u>(11,178)</u>	<u>(14,276)</u>	<u>9,655</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>23,931</u>	<u>4,751</u>	<u>19,180</u>	<u>23,931</u>	<u>-</u>
Total other financing sources (uses)	<u>23,931</u>	<u>4,751</u>	<u>19,180</u>	<u>23,931</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,653</u>	<u>8,002</u>	<u>\$ 9,655</u>	<u>\$ 9,655</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>1,653</u>		
End of year - June 30			<u>\$ 9,655</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, 2018

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Expenditures:</b>					
Public safety:					
Engineering	\$ 13,666	\$ 13,666	\$ -	\$ 13,666	\$ -
Construction	<u>1,323</u>	<u>1,323</u>	<u>-</u>	<u>1,323</u>	<u>-</u>
Total expenditures	<u>14,989</u>	<u>14,989</u>	<u>-</u>	<u>14,989</u>	<u>-</u>
Revenues over (under) expenditures	<u>(14,989)</u>	<u>(14,989)</u>	<u>-</u>	<u>(14,989)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	209,000	209,000	-	209,000	-
Transfer (out)	<u>(194,011)</u>	<u>-</u>	<u>(194,011)</u>	<u>(194,011)</u>	<u>-</u>
Total other financing sources (uses)	<u>14,989</u>	<u>209,000</u>	<u>(194,011)</u>	<u>14,989</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 194,011</u>	<u>(194,011)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>194,011</u>		
End of year - June 30			<u>\$ -</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, 2018**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Sales tax refund	\$ 19,544	\$ 19,544	\$ -	\$ 19,544	\$ -
Total revenues	<u>19,544</u>	<u>19,544</u>	<u>-</u>	<u>19,544</u>	<u>-</u>
<b>Expenditures:</b>					
Capital outlay	<u>5,585,167</u>	<u>5,494,349</u>	<u>90,818</u>	<u>5,585,167</u>	<u>-</u>
Total expenditures	<u>5,585,167</u>	<u>5,494,349</u>	<u>90,818</u>	<u>5,585,167</u>	<u>-</u>
Revenues over (under) expenditures	<u>(5,565,623)</u>	<u>(5,474,805)</u>	<u>(90,818)</u>	<u>(5,565,623)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers (out)	(1,360,595)	-	(1,360,595)	(1,360,595)	-
Transfer in	1,867,209	1,867,209	-	1,867,209	-
Long-term debt issued	<u>5,059,009</u>	<u>5,059,009</u>	<u>-</u>	<u>5,059,009</u>	<u>-</u>
Total other financing sources (uses)	<u>5,565,623</u>	<u>6,926,218</u>	<u>(1,360,595)</u>	<u>5,565,623</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,451,413</u>	<u>(1,451,413)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>1,451,413</u>		
End of year - June 30			<u>\$ -</u>		

## HARNETT COUNTY, NORTH CAROLINA

CAMPBELL STADIUM SIDEWALK  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Expenditures:</b>					
Culture and Recreation:					
Legal and administrative	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Engineering	120,000	-	23,850	23,850	96,150
Capital outlay	60,000	-	-	-	60,000
Total expenditures	<u>200,000</u>	<u>-</u>	<u>23,850</u>	<u>23,850</u>	<u>176,150</u>
Revenues over (under) expenditures	<u>(200,000)</u>	<u>-</u>	<u>(23,850)</u>	<u>(23,850)</u>	<u>176,150</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>176,150</u>	<u>\$ 176,150</u>	<u>\$ 176,150</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 176,150</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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Miscellaneous	\$ 38,200	\$ 38,200	\$ -	\$ -
Total revenues	<u>38,200</u>	<u>38,200</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>38,200</u>	<u>38,200</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (out)	(355,003)	(246,501)	108,502	(6,465)
Transfers in	<u>316,803</u>	<u>26,667</u>	<u>(290,136)</u>	<u>144,765</u>
Total other financing sources (uses)	<u>(38,200)</u>	<u>(219,834)</u>	<u>(181,634)</u>	<u>138,300</u>
Net change in fund balance	<u>\$ -</u>	<u>(181,634)</u>	<u>\$ (181,634)</u>	<u>138,300</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>181,634</u>		<u>43,334</u>
End of year - June 30		<u>\$ -</u>		<u>\$ 181,634</u>

## HARNETT COUNTY, NORTH CAROLINA

**QSCB 2016 CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 242	\$ 161	\$ 13	\$ 174	\$ (68)
Total revenues	<u>242</u>	<u>161</u>	<u>13</u>	<u>174</u>	<u>(68)</u>
<b>Expenditures:</b>					
Education:					
Construction	2,160,211	1,902,537	257,100	2,159,637	574
Debt issue costs	<u>40,031</u>	<u>40,031</u>	<u>-</u>	<u>40,031</u>	<u>-</u>
Total expenditures	<u>2,200,242</u>	<u>1,942,568</u>	<u>257,100</u>	<u>2,199,668</u>	<u>574</u>
Revenues over (under) expenditures	<u>(2,200,000)</u>	<u>(1,942,407)</u>	<u>(257,087)</u>	<u>(2,199,494)</u>	<u>506</u>
<b>Other Financing Sources (Uses):</b>					
Debt issued	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>	<u>-</u>
Net change in fund balance	\$ -	\$ 257,593	(257,087)	\$ 506	\$ 506
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>257,593</u>		
End of year - June 30			<u>\$ 506</u>		

## HARNETT COUNTY, NORTH CAROLINA

**ECONOMIC DEVELOPMENT - BRIGHTWATER PHASE II**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Expenditures:</b>					
Economic and physical development:					
Construction	\$ 197,814	\$ -	\$ -	\$ -	\$ 197,814
Total expenditures	<u>197,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,814</u>
Revenues over (under) expenditures	<u>(197,814)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,814</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>197,814</u>	<u>-</u>	<u>197,814</u>	<u>197,814</u>	<u>-</u>
Total other financing sources (uses)	<u>197,814</u>	<u>-</u>	<u>197,814</u>	<u>197,814</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>197,814</u>	<u>\$ 197,814</u>	<u>\$ 197,814</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 197,814</u>		

## HARNETT COUNTY, NORTH CAROLINA

OVERHILLS HIGH SCHOOL CAFETERIA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Expenditures:</b>					
Education:					
Construction	\$ 832,520	\$ -	\$ 222,454	\$ 222,454	\$ 610,066
Total expenditures	<u>832,520</u>	<u>-</u>	<u>222,454</u>	<u>222,454</u>	<u>610,066</u>
Revenues over (under) expenditures	<u>(832,520)</u>	<u>-</u>	<u>(222,454)</u>	<u>(222,454)</u>	<u>610,066</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>832,520</u>	<u>-</u>	<u>832,520</u>	<u>832,520</u>	<u>-</u>
Total other financing sources (uses)	<u>832,520</u>	<u>-</u>	<u>832,520</u>	<u>832,520</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>610,066</u>	<u>\$ 610,066</u>	<u>\$ 610,066</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 610,066</u>		

# ENTERPRISE FUNDS

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Enterprise funds account for operations financed and operated in a manner similar to private business enterprises – where the costs of providing services are financed primarily through user charges. Harnett County maintains one enterprise fund to account for the operations of the water and sewer districts. The County maintains 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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Water and sewer sales	\$ 30,122,622	\$ 35,199,569	\$ 5,076,947
Water and sewer taps	217,000	392,954	175,954
Johnson County	3,703	3,703	-
Other operating revenues	2,469,283	3,607,332	1,138,049
Total operating revenues	<u>32,812,608</u>	<u>39,203,558</u>	<u>6,390,950</u>
Non-operating revenues:			
Interest earned on investments	-	26,770	26,770
Total revenues	<u>32,812,608</u>	<u>39,230,328</u>	<u>6,417,720</u>
<b>Expenditures:</b>			
Salaries and employee benefits	10,238,494	9,472,315	766,179
Purchased water	28,000	16,692	11,308
Sewage treatment	2,322,705	1,722,978	599,727
Other operating expenses	14,682,572	11,470,407	3,212,165
Capital outlay	720,244	720,244	-
Debt service:			
Debt principal	3,162,027	3,162,027	-
Interest and fees	1,658,566	1,266,620	391,946
Total expenditures	<u>32,812,608</u>	<u>27,831,283</u>	<u>4,981,325</u>
Revenues over (under) expenditures	<u>-</u>	<u>11,399,045</u>	<u>11,399,045</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated net position	1,996,590	-	(1,996,590)
Transfers in	-	4,100,456	4,100,456
Transfers out	(1,996,590)	(1,996,590)	-
Total other financing sources (uses)	<u>-</u>	<u>2,103,866</u>	<u>2,103,866</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 13,502,911</u>	<u>\$ 13,502,911</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 13,502,911	
Reconciling items:			
Debt principal		3,162,027	
Amortization of bond premium		66,500	
Amortization of deferred charge on refunding		(159,557)	
Change in accrued interest		(81,859)	
Increase in compensated absences		(48,741)	
Change in OPEB liability		(17,650)	
Change in deferred outflows of resources - OPEB		127,794	
Change in deferred inflows of resources - OPEB		(304,224)	
Change in deferred outflows - pension		(475,812)	
Change in net pension liability		425,045	
Change in deferred inflows - pension		29,993	
Contributed asset		622,358	
Interest and fees from project		(1,025,258)	
Lease revenue from districts		1,025,258	
Intrafund transfers		(2,501,680)	
Capital outlay		720,244	
Depreciation		<u>(9,749,950)</u>	
Change in net position		<u>\$ 5,317,399</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 476,000	\$ 476,000	\$ -
Interest and fees	<u>714,431</u>	<u>714,431</u>	<u>-</u>
Total expenditures	<u>1,190,431</u>	<u>1,190,431</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,190,431)</u>	<u>(1,190,431)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>1,190,431</u>	<u>714,431</u>	<u>(476,000)</u>
Total other financing sources (uses)	<u>1,190,431</u>	<u>714,431</u>	<u>(476,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (476,000)</u>	<u>\$ (476,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (476,000)	
Reconciling items:			
Debt principal		<u>476,000</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 100,000	\$ 100,000	\$ -
Interest and fees	<u>49,575</u>	<u>49,575</u>	<u>-</u>
Total expenditures	<u>149,575</u>	<u>149,575</u>	<u>-</u>
Revenues over (under) expenditures	<u>(149,575)</u>	<u>(149,575)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>149,575</u>	<u>49,575</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>149,575</u>	<u>49,575</u>	<u>(100,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (100,000)	
Reconciling items:			
Debt principal		<u>100,000</u>	
Change in net position		<u>\$ -</u>	

## HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - NORTHWEST  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 65,000	\$ 65,000	\$ -
Interest and fees	<u>27,238</u>	<u>27,238</u>	<u>-</u>
Total expenditures	<u>92,238</u>	<u>92,238</u>	<u>-</u>
Revenues over (under) expenditures	<u>(92,238)</u>	<u>(92,238)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>92,238</u>	<u>27,238</u>	<u>(65,000)</u>
Total other financing sources (uses)	<u>92,238</u>	<u>27,238</u>	<u>(65,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (65,000)	
Reconciling items:			
Debt principal		<u>65,000</u>	
Change in net position		<u>\$ -</u>	

## HARNETT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTHWEST  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 165,000	\$ 165,000	\$ -
Interest and fees	<u>76,213</u>	<u>76,213</u>	<u>-</u>
Total expenditures	<u>241,213</u>	<u>241,213</u>	<u>-</u>
Revenues over (under) expenditures	<u>(241,213)</u>	<u>(241,213)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>241,213</u>	<u>76,213</u>	<u>(165,000)</u>
Total other financing sources (uses)	<u>241,213</u>	<u>76,213</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>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 45,000	\$ 45,000	\$ -
Interest and fees	<u>32,450</u>	<u>32,450</u>	<u>-</u>
Total expenditures	<u>77,450</u>	<u>77,450</u>	<u>-</u>
Revenues over (under) expenditures	<u>(77,450)</u>	<u>(77,450)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>77,450</u>	<u>32,450</u>	<u>(45,000)</u>
Total other financing sources (uses)	<u>77,450</u>	<u>32,450</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>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 110,000	\$ 110,000	\$ -
Interest and fees	<u>90,963</u>	<u>90,963</u>	<u>-</u>
Total expenditures	<u>200,963</u>	<u>200,963</u>	<u>-</u>
Revenues over (under) expenditures	<u>(200,963)</u>	<u>(200,963)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>200,963</u>	<u>90,963</u>	<u>(110,000)</u>
Total other financing sources (uses)	<u>200,963</u>	<u>90,963</u>	<u>(110,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (110,000)</u>	<u>\$ (110,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (110,000)	
Reconciling items:			
Debt principal		<u>110,000</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Debt principal	\$ 25,000	\$ 25,000	\$ -
Interest and fees	<u>34,388</u>	<u>34,388</u>	<u>-</u>
Total expenditures	<u>59,388</u>	<u>59,388</u>	<u>-</u>
Revenues under expenditures	<u>(59,388)</u>	<u>(59,388)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Capital lease transfer in	<u>59,388</u>	<u>34,388</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>59,388</u>	<u>34,388</u>	<u>(25,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (25,000)	
Reconciling items:			
Debt principal		<u>25,000</u>	
Change in net position		<u>\$ -</u>	

## HARNETT COUNTY, NORTH CAROLINA

**WHIP TRANSMISSION LINE CAPITAL PROJECT  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Expenditures:</b>					
Construction	\$ 947,000	\$ -	\$ 363,656	\$ 363,656	\$ 583,344
Legal and administration	8,000	330	3,603	3,933	4,067
Engineering	150,300	72,520	39,524	112,044	38,256
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>72,850</u>	<u>406,783</u>	<u>479,633</u>	<u>736,017</u>
Revenues over (under) expenditures	<u>(1,215,650)</u>	<u>(72,850)</u>	<u>(406,783)</u>	<u>(479,633)</u>	<u>736,017</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	<u>1,215,650</u>	<u>1,215,650</u>	<u>-</u>	<u>1,215,650</u>	<u>-</u>
Total other financing sources (uses)	<u>1,215,650</u>	<u>1,215,650</u>	<u>-</u>	<u>1,215,650</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,142,800</u>	<u>\$ (406,783)</u>	<u>\$ 736,017</u>	<u>\$ 736,017</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, 2018**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Expenditures:</b>					
Construction	\$ 782,000	\$ -	\$ 260,413	\$ 260,413	\$ 521,587
Legal and administration	8,000	330	3,655	3,985	4,015
Engineering	135,800	68,125	34,123	102,248	33,552
Materials and supplies	45,000	-	-	-	45,000
Land	18,000	-	1,325	1,325	16,675
Contingency	39,100	-	-	-	39,100
Total expenditures	<u>1,027,900</u>	<u>68,455</u>	<u>299,516</u>	<u>367,971</u>	<u>659,929</u>
Revenues over (under) expenditures	<u>(1,027,900)</u>	<u>(68,455)</u>	<u>(299,516)</u>	<u>(367,971)</u>	<u>659,929</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	<u>1,027,900</u>	<u>1,027,900</u>	<u>-</u>	<u>1,027,900</u>	<u>-</u>
Total other financing sources (uses)	<u>1,027,900</u>	<u>1,027,900</u>	<u>-</u>	<u>1,027,900</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 959,445</u>	<u>\$ (299,516)</u>	<u>\$ 659,929</u>	<u>\$ 659,929</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, 2018**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Expenditures:</b>					
Construction	\$ 5,023,531	\$ -	\$ -	\$ -	\$ 5,023,531
Legal and administration	6,000	-	208	208	5,792
Engineering	423,000	-	163,000	163,000	260,000
Materials and supplies	70,000	-	-	-	70,000
Contingency	251,221	-	-	-	251,221
Total expenditures	<u>5,773,752</u>	<u>-</u>	<u>163,208</u>	<u>163,208</u>	<u>5,610,544</u>
Revenues over (under) expenditures	<u>(5,773,752)</u>	<u>-</u>	<u>(163,208)</u>	<u>(163,208)</u>	<u>5,610,544</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	<u>5,773,752</u>	<u>5,773,752</u>	<u>-</u>	<u>5,773,752</u>	<u>-</u>
Total other financing sources (uses)	<u>5,773,752</u>	<u>5,773,752</u>	<u>-</u>	<u>5,773,752</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,773,752</u>	<u>\$ (163,208)</u>	<u>\$ 5,610,544</u>	<u>\$ 5,610,544</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, 2018**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Sales tax refund	\$ 1,148,961	\$ 1,148,961	\$ -	\$ 1,148,961	\$ -
Investment earnings	35,710	35,710	-	35,710	-
Restricted intergovernmental	61,037,566	61,037,566	-	61,037,566	-
Total revenues	<u>62,222,237</u>	<u>62,222,237</u>	<u>-</u>	<u>62,222,237</u>	<u>-</u>
<b>Expenditures:</b>					
Construction	50,859,756	50,853,301	-	50,853,301	6,455
Legal and administration	16,739	15,802	-	15,802	937
Engineering	5,297,465	5,297,465	-	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>56,474,136</u>	<u>-</u>	<u>56,474,136</u>	<u>147,341</u>
Revenues over (under) expenditures	<u>5,600,760</u>	<u>5,748,101</u>	<u>-</u>	<u>5,748,101</u>	<u>147,341</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	450,000	450,000	-	450,000	-
Transfers out - Enterprise Fund	(6,050,760)	(450,000)	(5,748,101)	(6,198,101)	(147,341)
Total other financing sources (uses)	<u>(5,600,760)</u>	<u>-</u>	<u>(5,748,101)</u>	<u>(5,748,101)</u>	<u>(147,341)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,748,101</u>	<u>\$ (5,748,101)</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, 2018**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Sales tax refund	\$ 21,774	\$ 21,774	\$ -	\$ 21,774	\$ -
Investment earnings	1,122	1,122	-	1,122	-
Contribution First Choice	62,000	62,000	-	62,000	-
Contribution Town of Lillington	41,602	41,602	-	41,602	-
Restricted intergovernmental	2,627,620	2,627,620	-	2,627,620	-
Total revenues	<u>2,754,118</u>	<u>2,754,118</u>	<u>-</u>	<u>2,754,118</u>	<u>-</u>
<b>Expenditures:</b>					
Construction	2,547,385	2,506,556	40,829	2,547,385	-
Legal and administration	61,550	61,550	-	61,550	-
Utilities plus	86,171	86,171	-	86,171	-
Engineering	440,397	425,676	14,721	440,397	-
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>3,658,901</u>	<u>3,603,351</u>	<u>55,550</u>	<u>3,658,901</u>	<u>-</u>
Revenues over (under) expenditures	<u>(904,783)</u>	<u>(849,233)</u>	<u>(55,550)</u>	<u>(904,783)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	1,016,981	1,016,981	-	1,016,981	-
Transfers out - Enterprise Fund	(197,814)	-	(197,814)	(197,814)	-
Transfers in - General Fund	85,616	85,616	-	85,616	-
Total other financing sources (uses)	<u>904,783</u>	<u>1,102,597</u>	<u>(197,814)</u>	<u>904,783</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 253,364</u>	<u>\$ (253,364)</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Sales tax refund	\$ 8,288	\$ 8,288	\$ -	\$ 8,288	\$ -
Restricted intergovernmental	1,446,127	1,446,127	-	1,446,127	-
Total revenues	<u>1,454,415</u>	<u>1,454,415</u>	<u>-</u>	<u>1,454,415</u>	<u>-</u>
<b>Expenditures:</b>					
Construction	1,150,517	1,150,517	-	1,150,517	-
Legal and administration	14,506	14,506	-	14,506	-
Engineering	78,750	78,750	-	78,750	-
Total expenditures	<u>1,243,773</u>	<u>1,243,773</u>	<u>-</u>	<u>1,243,773</u>	<u>-</u>
Revenues over (under) expenditures	<u>210,642</u>	<u>210,642</u>	<u>-</u>	<u>210,642</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers out - Capital Project Fund	(199,999)	-	(199,999)	(199,999)	-
Transfers out - Enterprise Fund	<u>(10,643)</u>	<u>(8,288)</u>	<u>(2,355)</u>	<u>(10,643)</u>	<u>-</u>
Total other financing sources (uses)	<u>(210,642)</u>	<u>(8,288)</u>	<u>(202,354)</u>	<u>(210,642)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 202,354</u>	<u>\$ (202,354)</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Sales tax refund	\$ 71,846	\$ 71,846	\$ -	\$ 71,846	\$ -
Restricted intergovernmental	3,648,410	3,468,410	-	3,468,410	(180,000)
Total revenues	<u>3,720,256</u>	<u>3,540,256</u>	<u>-</u>	<u>3,540,256</u>	<u>(180,000)</u>
<b>Expenditures:</b>					
Construction	11,517,017	11,272,115	-	11,272,115	244,902
Legal and administration	124,767	124,767	-	124,767	-
Engineering	703,700	668,599	-	668,599	35,101
Total expenditures	<u>12,345,484</u>	<u>12,065,481</u>	<u>-</u>	<u>12,065,481</u>	<u>280,003</u>
Revenues over (under) expenditures	<u>(8,625,228)</u>	<u>(8,525,225)</u>	<u>-</u>	<u>(8,525,225)</u>	<u>100,003</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	8,575,226	6,578,636	1,996,590	8,575,226	-
Transfers out - Enterprise Fund	50,002	-	(50,001)	(50,001)	(100,003)
Total other financing sources (uses)	<u>8,625,228</u>	<u>6,578,636</u>	<u>1,946,589</u>	<u>8,525,225</u>	<u>(100,003)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,946,589)</u>	<u>\$ 1,946,589</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
Construction	\$ 7,713,539	\$ -	\$ 7,295,030	\$ 7,295,030	\$ 418,509
Legal and administration	10,000	75	19,751	19,826	(9,826)
Engineering	350,000	229,455	101,995	331,450	18,550
Materials and supplies	20,000	-	17,209	17,209	2,791
Land	30,000	6,250	17,888	24,138	5,862
Contingency	385,677	-	-	-	385,677
Total expenditures	<u>8,509,216</u>	<u>235,780</u>	<u>7,451,873</u>	<u>7,687,653</u>	<u>821,563</u>
Revenues over (under) expenditures	<u>(8,509,216)</u>	<u>(235,780)</u>	<u>(7,451,873)</u>	<u>(7,687,653)</u>	<u>821,563</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in - Enterprise Fund	8,509,216	8,509,216	-	8,509,216	-
Total other financing sources (uses)	<u>8,509,216</u>	<u>8,509,216</u>	<u>-</u>	<u>8,509,216</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 8,273,436</u>	<u>\$ (7,451,873)</u>	<u>\$ 821,563</u>	<u>\$ 821,563</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Solid waste fees	\$ 5,325,248	\$ 5,743,509	\$ 418,261
Other operating revenues	13,700	32,250	18,550
Total operating revenues	<u>5,338,948</u>	<u>5,775,759</u>	<u>436,811</u>
<b>Non-Operating Revenues:</b>			
Solid waste state taxes	250,000	258,016	8,016
Restricted intergovernmental	90,000	-	(90,000)
Interest earned on investments	1,500	3,224	1,724
Total non-operating revenues	<u>341,500</u>	<u>261,240</u>	<u>(80,260)</u>
Total revenues	<u>5,680,448</u>	<u>6,036,999</u>	<u>356,551</u>
<b>Expenditures:</b>			
Salaries and employee benefits	1,154,304	1,059,289	95,015
Other operating expenses	3,474,650	3,476,854	(2,204)
Capital outlay	685,007	682,974	2,033
Debt service:			
Debt principal and interest	540,352	524,049	16,303
Total expenditures	<u>5,854,313</u>	<u>5,743,166</u>	<u>111,147</u>
Revenues over (under) expenditures	<u>(173,865)</u>	<u>293,833</u>	<u>467,698</u>
<b>Other Financing Sources (Uses):</b>			
Sale of assets	-	28,680	28,680
Appropriated net position	173,865	-	(173,865)
Total other financing sources (uses)	<u>173,865</u>	<u>28,680</u>	<u>(145,185)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 322,513</u>	<u>\$ 322,513</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 322,513	
Reconciling items:			
Debt principal		474,324	
Change in deferred outflows - pension		(73,202)	
Increase in accrued interest		(17,208)	
Change in net pension liability		65,391	
Change in deferred inflows - pension		4,614	
Decrease in compensated absences		8,258	
Change in OPEB liability		(2,715)	
Change in deferred outflows of resources - OPEB		19,661	
Change in deferred inflows of resources - OPEB		(46,804)	
Amortization of premium		4,200	
Capital outlay		490,854	
Depreciation		<u>(607,405)</u>	
Change in net position		<u>\$ 642,481</u>	

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# INTERNAL SERVICE FUNDS

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

## **INDIVIDUAL FUND DESCRIPTIONS:**

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

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

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

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

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

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

## HARNETT COUNTY, NORTH CAROLINA

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<b>Workers' Compensation Fund</b>	<b>Group Insurance Fund</b>	<b>Employee Clinic Fund</b>	<b>Medical Insurance Fund</b>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 4,448,704	\$ 1,137,224	\$ 687,962	\$ 4,065,052
Prepays	9,375	-	-	-
Total assets	<u>4,458,079</u>	<u>1,137,224</u>	<u>687,962</u>	<u>4,065,052</u>
<b>Liabilities:</b>				
Current liabilities:				
Claims payable	893,000	-	-	-
Accounts payable	-	270	6,839	911,183
Total current liabilities	<u>893,000</u>	<u>270</u>	<u>6,839</u>	<u>911,183</u>
Non-current liabilities:				
Claims payable	<u>1,587,470</u>	-	-	-
Total liabilities	<u>2,480,470</u>	<u>270</u>	<u>6,839</u>	<u>911,183</u>
<b>Net Position:</b>				
Unrestricted	<u>\$ 1,977,609</u>	<u>\$ 1,136,954</u>	<u>\$ 681,123</u>	<u>\$ 3,153,869</u>

HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Dental Insurance Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 395,085	\$ 1,168,645	\$ 11,902,672
Prepays	<u>-</u>	<u>-</u>	<u>9,375</u>
Total assets	<u>395,085</u>	<u>1,168,645</u>	<u>11,912,047</u>
<b>Liabilities:</b>			
Current liabilities:			
Claims payable	-	-	893,000
Accounts payable	<u>39,786</u>	<u>-</u>	<u>958,078</u>
Total current liabilities	<u>39,786</u>	<u>-</u>	<u>1,851,078</u>
Non-current liabilities:			
Claims payable	<u>-</u>	<u>-</u>	<u>1,587,470</u>
Total liabilities	<u>39,786</u>	<u>-</u>	<u>3,438,548</u>
<b>Net Position:</b>			
Unrestricted	<u>\$ 355,299</u>	<u>\$ 1,168,645</u>	<u>\$ 8,473,499</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, 2018**

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
<b>Operating Revenues:</b>				
County contribution	\$ 1,090,606	\$ 1,142,259	\$ 160,355	\$ 9,271,737
<b>Operating Expenses:</b>				
Benefits and premiums	808,383	897,842	169,326	8,400,965
Total Expenditures	<u>808,383</u>	<u>897,842</u>	<u>169,326</u>	<u>8,400,965</u>
Operating income (loss) before transfers	282,223	244,417	(8,971)	870,772
Transfers in (out)	<u>(455,537)</u>	-	-	-
Change in net position	(173,314)	244,417	(8,971)	870,772
<b>Net Position:</b>				
Beginning of year - July 1	<u>2,150,923</u>	<u>892,537</u>	<u>690,094</u>	<u>2,283,097</u>
End of year - June 30	<u>\$ 1,977,609</u>	<u>\$ 1,136,954</u>	<u>\$ 681,123</u>	<u>\$ 3,153,869</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, 2018**

	<u>Dental Insurance Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
County contribution	\$ 472,087	\$ 186,106	\$ 12,323,150
<b>Operating Expenses:</b>			
Benefits and premiums	431,700	39,898	10,748,114
Total Expenditures	<u>431,700</u>	<u>39,898</u>	<u>10,748,114</u>
Operating income (loss) before transfers	40,387	146,208	1,575,036
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(455,537)</u>
Change in net position	40,387	146,208	1,119,499
<b>Net Position:</b>			
Beginning of year - July 1	<u>314,912</u>	<u>1,022,437</u>	<u>7,354,000</u>
End of year - June 30	<u>\$ 355,299</u>	<u>\$ 1,168,645</u>	<u>\$ 8,473,499</u>

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<b>Workers' Compensation Fund</b>	<b>Group Insurance Fund</b>	<b>Employee Clinic Fund</b>	<b>Medical Insurance Fund</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 1,090,606	\$ 1,142,259	\$ 160,355	\$ 9,271,737
Cash paid to suppliers	<u>(905,100)</u>	<u>(882,230)</u>	<u>(164,399)</u>	<u>(8,272,236)</u>
Net cash provided (used) by operating activities	<u>185,506</u>	<u>260,029</u>	<u>(4,044)</u>	<u>999,501</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Transfers to other funds	<u>(455,537)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>(455,537)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(270,031)	260,029	(4,044)	999,501
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	<u>4,718,735</u>	<u>877,195</u>	<u>692,006</u>	<u>3,065,551</u>
End of year - June 30	<u>\$ 4,448,704</u>	<u>\$ 1,137,224</u>	<u>\$ 687,962</u>	<u>\$ 4,065,052</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 282,223	\$ 244,417	\$ (8,971)	\$ 870,772
Change in prepaids	(9,375)	15,342	-	-
Change in accounts receivable	13,581	-	-	-
Change in claims payable	<u>(100,923)</u>	<u>270</u>	<u>4,927</u>	<u>128,729</u>
Net cash provided (used) by operating activities	<u>\$ 185,506</u>	<u>\$ 260,029</u>	<u>\$ (4,044)</u>	<u>\$ 999,501</u>

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<b>Dental Insurance Fund</b>	<b>Unemployment Insurance Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 472,087	\$ 186,106	\$ 12,323,150
Cash paid to suppliers	<u>(426,827)</u>	<u>(39,898)</u>	<u>(10,690,690)</u>
Net cash provided (used) by operating activities	<u>45,260</u>	<u>146,208</u>	<u>1,632,460</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>(455,537)</u>
Net increase (decrease) in cash and cash equivalents	45,260	146,208	1,176,923
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>349,825</u>	<u>1,022,437</u>	<u>10,725,749</u>
End of year - June 30	<u>\$ 395,085</u>	<u>\$ 1,168,645</u>	<u>\$ 11,902,672</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 40,387	\$ 146,208	\$ 1,575,036
Change in prepaids	-	-	5,967
Change in accounts receivable	-	-	13,581
Change in claims payable	<u>4,873</u>	<u>-</u>	<u>37,876</u>
Net cash provided (used) by operating activities	<u>\$ 45,260</u>	<u>\$ 146,208</u>	<u>\$ 1,632,460</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, 2018**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 175,301	\$ 160,355	\$ (14,946)
Total revenues	<u>175,301</u>	<u>160,355</u>	<u>(14,946)</u>
<b>Expenditures:</b>			
Benefits and premiums	<u>175,301</u>	<u>169,326</u>	<u>5,975</u>
Total expenditures	<u>175,301</u>	<u>169,326</u>	<u>5,975</u>
Change in net position	<u>\$ -</u>	<u>(8,971)</u>	<u>\$ (8,971)</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>690,094</u>	
End of year - June 30		<u>\$ 681,123</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, 2018**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 1,125,000	\$ 1,090,606	\$ (34,394)
Total revenues	<u>1,125,000</u>	<u>1,090,606</u>	<u>(34,394)</u>
<b>Expenditures:</b>			
Benefits and premiums	1,125,000	808,383	316,617
Total expenditures	<u>1,125,000</u>	<u>808,383</u>	<u>316,617</u>
Revenues over (under) expenditures	<u>-</u>	<u>282,223</u>	<u>282,223</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in (out)	(455,537)	(455,537)	-
Appropriated fund balance	<u>455,537</u>	<u>-</u>	<u>(455,537)</u>
Total other financing sources (uses)	<u>-</u>	<u>(455,537)</u>	<u>(455,537)</u>
Change in net position	<u>\$ -</u>	<u>(173,314)</u>	<u>\$ (173,314)</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>2,150,923</u>	
End of year - June 30		<u>\$ 1,977,609</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, 2018**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 1,485,000	\$ 1,142,259	\$ (342,741)
Total revenues	<u>1,485,000</u>	<u>1,142,259</u>	<u>(342,741)</u>
<b>Expenditures:</b>			
Benefits and premiums	<u>1,485,000</u>	<u>897,842</u>	<u>587,158</u>
Total expenditures	<u>1,485,000</u>	<u>897,842</u>	<u>587,158</u>
Change in net position	<u>\$ -</u>	<u>244,417</u>	<u>\$ 244,417</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>892,537</u>	
End of year - June 30		<u>\$ 1,136,954</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, 2018**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 200,000	\$ 186,106	\$ (13,894)
Total revenues	<u>200,000</u>	<u>186,106</u>	<u>(13,894)</u>
<b>Expenditures:</b>			
Benefits and premiums	<u>200,000</u>	<u>39,898</u>	<u>160,102</u>
Total expenditures	<u>200,000</u>	<u>39,898</u>	<u>160,102</u>
Change in net position	<u>\$ -</u>	<u>146,208</u>	<u>\$ 146,208</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>1,022,437</u>	
End of year - June 30		<u>\$ 1,168,645</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, 2018**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 8,142,000	\$ 9,271,737	\$ 1,129,737
Total revenues	<u>8,142,000</u>	<u>9,271,737</u>	<u>1,129,737</u>
<b>Expenditures:</b>			
Benefits and premiums	<u>8,142,000</u>	<u>8,400,965</u>	<u>(258,965)</u>
Total expenditures	<u>8,142,000</u>	<u>8,400,965</u>	<u>(258,965)</u>
Change in net position	<u>\$ -</u>	870,772	<u>\$ 870,772</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>2,283,097</u>	
End of year - June 30		<u>\$ 3,153,869</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, 2018**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
County contributions	\$ 475,000	\$ 472,087	\$ (2,913)
<b>Expenditures:</b>			
Benefits and premiums	475,000	431,700	43,300
Total expenditures	<u>475,000</u>	<u>431,700</u>	<u>43,300</u>
Change in net position	<u>\$ -</u>	40,387	<u>\$ 40,387</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>314,912</u>	
End of year - June 30		<u>\$ 355,299</u>	

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# AGENCY FUNDS

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

## **INDIVIDUAL FUND DESCRIPTIONS:**

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

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

**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, 2018

	<u>Social Services Trust Fund</u>	<u>Motor Vehicle Tax Fund</u>	<u>Jail Canteen Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and investments	\$ 66,807	\$ 23,083	\$ 90,699	\$ 180,589
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 66,807	\$ 23,083	\$ 90,699	\$ 180,589

## HARNETT COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and investments	\$ 73,701	\$ 469,241	\$ 476,135	\$ 66,807
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 73,701	\$ 469,241	\$ 476,135	\$ 66,807
<b>Motor Vehicle Tax Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 11,004,526	\$ 10,981,443	\$ 23,083
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 11,004,526	\$ 10,981,443	\$ 23,083
<b>State Motor Vehicle Tax Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 179,769	\$ -	\$ 179,769	\$ -
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 179,769	\$ -	\$ 179,769	\$ -
<b>Fines and Forfeitures Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 225	\$ -	\$ 225	\$ -
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 225	\$ -	\$ 225	\$ -
<b>Jail Canteen Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 25,308	\$ 401,190	\$ 335,799	\$ 90,699
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 25,308	\$ 401,190	\$ 335,799	\$ 90,699
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 279,003	\$ 11,874,957	\$ 11,973,371	\$ 180,589
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 279,003	\$ 11,874,957	\$ 11,973,371	\$ 180,589

# **OTHER SCHEDULES**

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Schedule of Ad Valorem Taxes Receivable – General Fund

Analysis of Current Tax Levy

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## HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND  
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 JUNE 30, 2018

Fiscal Year	Uncollected Balance July 1, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 63,211,354	\$ 62,911,822	\$ 299,532
2016-2017	338,568	-	161,995	176,573
2015-2016	142,268	-	48,613	93,655
2014-2015	97,870	-	31,406	66,464
2013-2014	115,861	-	17,683	98,178
2012-2013	125,344	-	13,350	111,994
2011-2012	105,796	-	8,720	97,076
2010-2011	91,939	-	6,654	85,285
2009-2010	98,537	-	5,610	92,927
2008-2009	73,176	-	10,200	62,976
2007-2008	81,214	-	81,214	-
Total	\$ 1,270,573	\$ 63,211,354	\$ 63,297,267	1,184,660
Less: allowance for uncollectible accounts - General Fund				780,589
Ad valorem taxes receivable, net - General Fund				\$ 404,071
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 63,099,033
Reconciling items:				
Interest collected				102,429
Taxes written off				81,214
Prior year releases				14,591
Total collections and credits				\$ 63,297,267

## HARNETT COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2018

	County-Wide		Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Total Levy		
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 8,657,405,867	\$ 0.7500	\$ 64,930,544	\$ 57,710,532	\$ 7,220,012
Total	<u>8,657,405,867</u>		<u>64,930,544</u>	<u>57,710,532</u>	<u>7,220,012</u>
<b>Discoveries:</b>					
Current years taxes	8,327,475	0.7500	111,033	111,033	-
Abatements	<u>(137,266,725)</u>		<u>(1,830,223)</u>	<u>(1,830,223)</u>	<u>-</u>
Total	<u>(128,939,250)</u>		<u>(1,719,190)</u>	<u>(1,719,190)</u>	<u>-</u>
Total property valuation	<u>\$ 8,528,466,617</u>				
<b>Net Levy</b>			63,211,354	55,991,342	7,220,012
Uncollected taxes at June 30, 2018			<u>(299,532)</u>	<u>(299,532)</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 62,911,822</u>	<u>\$ 55,691,810</u>	<u>\$ 7,220,012</u>
<b>Current Levy Collection Percentage</b>			<u>99.53%</u>	<u>99.47%</u>	<u>100.00%</u>

# STATISTICAL SECTION

## (unaudited)

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	173
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	180
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>	187
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>	191
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>	193

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ 63,157,501	\$ 36,370,124	\$ 36,054,811	\$ 37,298,229	\$ 62,464,192	\$ 50,365,917	\$ 44,566,178	\$ 55,813,622	\$ (68,658,054)	\$ 54,269,404
Restricted	-	-	14,023,136	10,537,181	10,997,970	11,787,945	15,913,835	17,766,806	44,513,234	17,376,057
Unrestricted	(82,235,980)	(77,060,014)	(89,050,481)	(81,052,839)	(105,671,907)	(94,656,353)	(88,995,853)	(78,490,540)	35,023,661	(80,953,920)
Total governmental activities net position	<u>\$ (19,078,479)</u>	<u>\$ (40,689,890)</u>	<u>\$ (38,972,534)</u>	<u>\$ (33,217,429)</u>	<u>\$ (32,209,745)</u>	<u>\$ (32,502,491)</u>	<u>\$ (28,515,840)</u>	<u>\$ (4,910,112)</u>	<u>\$ 10,878,841</u>	<u>\$ (9,308,459)</u>
Business-type activities										
Net investment in capital assets	\$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	\$281,674,631
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	49,628,551
Total business-type activities net position	<u>\$156,013,971</u>	<u>\$194,099,748</u>	<u>\$244,045,038</u>	<u>\$269,217,163</u>	<u>\$285,135,109</u>	<u>\$300,459,173</u>	<u>\$310,798,170</u>	<u>\$321,113,890</u>	<u>\$328,214,996</u>	<u>\$331,303,182</u>
Primary Government										
Net investment in capital assets	\$213,996,936	\$216,301,540	\$265,132,948	\$288,107,156	\$305,506,610	\$295,484,288	\$311,291,343	\$334,331,406	\$209,616,051	\$335,944,035
Restricted	-	-	14,023,136	10,537,181	10,997,970	11,787,945	15,913,835	17,766,806	44,513,234	17,376,057
Unrestricted	(77,061,444)	(62,891,682)	(74,083,580)	(62,644,603)	(63,579,216)	(39,315,551)	(44,922,848)	(35,894,434)	84,964,552	(31,325,369)
Total primary government net position	<u>\$136,935,492</u>	<u>\$153,409,858</u>	<u>\$205,072,504</u>	<u>\$235,999,734</u>	<u>\$252,925,364</u>	<u>\$267,956,682</u>	<u>\$282,282,330</u>	<u>\$316,203,778</u>	<u>\$339,093,837</u>	<u>\$321,994,723</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 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	\$ 16,113,489
Public Safety	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	42,464,618
Transportation	639,194	637,306	657,369	646,939	344,069	276,823	952,006	927,620	999,651	1,183,864
Environmental Protection	202,232	193,652	165,460	124,255	135,892	138,994	170,630	182,736	181,452	166,931
Economic & physical development	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	4,249,021
Human Services	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	26,671,296
Cultural & Recreational	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	2,938,458
Education	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	45,366,104
Debt Service:										
Interest and fees	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	5,443,930
Total governmental activities expenses	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	144,597,711
Business type activities										
Water and Sewer	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	34,137,473
Solid Waste	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	5,423,198
Total business-type activities	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	39,560,671
Total primary government expenses	\$ 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	\$ 184,158,382
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General government	\$ 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	\$ 8,063,442
Public Safety	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	7,846,993
Transportation	242,983	277,895	328,194	335,486	292,655	1,444	1,705	2,205	2,943	3,790
Environmental protection	-	-	-	-	-	-	3,963	8,438	2,400	800
Economic and physical development	2,652	2,638	22,128	16,013	4,148	8,085	10,766	20,714	24,814	4,175
Human services	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	2,255,009
Cultural and recreational	46,505	54,582	45,862	52,284	41,158	39,974	43,284	49,369	51,996	72,403
Education	439,948	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	286,678	1,574,076	999,908	904,224	1,175,405	1,874,813	1,593,065	1,634,027	1,510,115	1,539,880
Public Safety	1,565,755	1,890,581	1,904,951	1,628,139	1,899,606	747,873	648,901	1,022,612	579,565	1,101,278
Transportation	1,165,357	754,113	594,844	382,897	811,311	3,957,957	1,042,078	582,821	660,431	552,814
Environment protection	35,320	23,665	15,502	8,962	-	-	26,965	30,426	22,915	25,169
Economic and physical development	736,305	665,288	704,113	528,743	89,601	41,017	41,395	45,512	34,825	18,697
Human services	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	16,540,601
Cultural and recreational	182,360	180,991	196,413	149,410	161,039	162,175	164,619	161,213	168,442	180,196
Education	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	22,252	117,150
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	8,000	282,472	3,414	28,486	-	-	39,421	5,750	-	29,078
Total governmental activities programs revenues	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	38,351,475

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Business-type activities:										
Charges for services:										
Water and Sewer	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	39,326,703
Solid Waste	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	5,798,149
Operating grants and contributions:										
Water and Sewer	-	-	-	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-	-	268,549	75,793	28,680
Capital grants and contributions:										
Water and Sewer	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	622,358
Solid Waste	-	-	-	-	-	30,000	-	-	-	-
Total business-type activities program revenues	<u>56,354,279</u>	<u>62,797,848</u>	<u>93,083,778</u>	<u>52,875,930</u>	<u>50,324,678</u>	<u>48,610,882</u>	<u>41,903,420</u>	<u>46,757,047</u>	<u>44,268,722</u>	<u>45,775,890</u>
Total primary government program revenues	<u>\$ 91,303,083</u>	<u>\$ 111,021,690</u>	<u>\$ 130,954,504</u>	<u>\$ 90,655,975</u>	<u>\$ 91,645,184</u>	<u>\$ 88,456,676</u>	<u>\$ 77,522,699</u>	<u>\$ 90,967,575</u>	<u>\$ 86,516,142</u>	<u>\$ 84,127,365</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (106,246,236)
Business-type activities	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	6,215,219
Total primary government net expense	<u>\$ (60,049,626)</u>	<u>\$ (52,489,994)</u>	<u>\$ (16,229,246)</u>	<u>\$ (43,896,366)</u>	<u>\$ (56,765,072)</u>	<u>\$ (66,947,612)</u>	<u>\$ (67,901,562)</u>	<u>\$ (58,127,224)</u>	<u>\$ (75,939,246)</u>	<u>\$ (100,031,017)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Ad valorem taxes	\$ 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	\$ 70,459,916
Local option sales tax	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	21,796,176
Other taxes	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	9,215,929
Unrestricted grants and contributions	234,713	70,413	125,845	347,202	45,956	38,861	67,514	41,665	120,415	56,135
Investment earnings	451,055	91,358	33,012	15,492	18,991	2,677	11,672	102,503	280,826	950,379
Miscellaneous	2,149,503	-	-	-	-	-	-	-	-	-
Gain on sale of capital asset	13,850	-	-	-	-	-	-	-	-	-
Transfers	439,265	72,819	475,001	312,024	400,000	400,000	(2,030)	-	-	397,814
Total governmental activities	<u>67,720,482</u>	<u>71,007,123</u>	<u>71,194,288</u>	<u>74,892,256</u>	<u>76,805,708</u>	<u>82,141,090</u>	<u>86,633,882</u>	<u>92,572,049</u>	<u>99,655,538</u>	<u>102,876,349</u>
Business-type activities:										
Other taxes	160,785	210,121	264,145	236,713	227,228	237,297	234,276	268,129	282,599	258,016
Investment earnings	46,845	25,173	12,585	6,651	5,961	543	660	3,491	(470)	29,994
Miscellaneous	695,733	-	-	-	-	-	-	-	-	-
Gain on sale of capital asset	3,042	-	-	-	-	-	-	-	-	-
Transfers	(439,265)	(72,819)	(475,001)	(312,024)	(400,000)	(400,000)	2,030	-	-	(397,814)
Total business-type activities	<u>467,140</u>	<u>162,475</u>	<u>(198,271)</u>	<u>(68,660)</u>	<u>(166,811)</u>	<u>(162,160)</u>	<u>236,966</u>	<u>271,620</u>	<u>282,129</u>	<u>(109,804)</u>
Total primary government	<u>\$ 68,187,622</u>	<u>\$ 71,169,598</u>	<u>\$ 70,996,017</u>	<u>\$ 74,823,596</u>	<u>\$ 76,638,897</u>	<u>\$ 81,978,930</u>	<u>\$ 86,870,848</u>	<u>\$ 92,843,669</u>	<u>\$ 99,937,667</u>	<u>\$ 102,766,545</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (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	\$ (3,369,887)
Business-type activities	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	6,105,415
Total primary government	<u>\$ 8,137,996</u>	<u>\$ 18,679,604</u>	<u>\$ 54,766,771</u>	<u>\$ 30,927,230</u>	<u>\$ 19,873,825</u>	<u>\$ 15,031,318</u>	<u>\$ 18,969,286</u>	<u>\$ 34,716,445</u>	<u>\$ 23,998,421</u>	<u>\$ 2,735,528</u>

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>					<b>Business-type Activities</b>		<b>Total</b>
	<b>Ad Valorem</b>	<b>Sales Tax</b>	<b>Excise Stamp - Real Property</b>	<b>Occupancy Tax</b>	<b>Cable Franchise License</b>	<b>Solid Waste</b>		
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	
2018	70,459,916	21,796,176	590,167	588,940	194,145	258,016	93,887,360	



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

	<u>2009</u> <sup>1</sup>	<u>2010</u> <sup>2</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u> <sup>3</sup>	<u>2014</u> <sup>4</sup>	<u>2015</u>	<u>2016</u>	<u>2017</u> <sup>5</sup>	<u>2018</u> <sup>5</sup>
<b>General Fund</b>										
Reserved	\$ 9,113,259	\$ 7,586,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,327,602	8,858,325	-	-	-	-	-	-	-	-
Non Spendable	-	-	52,271	748,224	451,088	111,181	159,625	1,418,606	232,245	216,378
Restricted	-	-	7,347,530	8,789,704	9,433,149	9,260,952	11,496,063	11,966,027	9,068,575	10,337,775
Committed	-	-	-	574,133	-	-	-	-	-	-
Assigned	-	-	-	-	-	3,193,811	2,600,000	-	-	422,916
Unassigned	-	-	11,279,350	13,212,441	17,959,942	18,732,095	19,417,388	26,311,973	32,547,008	32,201,423
Total General Fund	<u>\$ 18,440,861</u>	<u>\$ 16,444,784</u>	<u>\$ 18,679,151</u>	<u>\$ 23,324,502</u>	<u>\$ 27,844,179</u>	<u>\$ 31,298,039</u>	<u>\$ 33,673,076</u>	<u>\$ 39,696,606</u>	<u>\$ 41,847,828</u>	<u>\$ 43,178,492</u>
<b>All other governmental funds</b>										
Reserved	\$ 1,001,871	\$ 524,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated reported in major governmental funds	2,870,399	-	-	-	-	-	-	-	-	-
Unreserved, reported in nonmajor:										
Special Revenue	975,147	718,299	-	-	-	-	-	-	-	-
Non Spendable	-	-	-	2,612	1,742	-	-	4,212	4,212	4,212
Restricted	-	-	6,700,404	2,212,333	23,331,386	12,479,663	8,809,048	7,594,332	37,153,665	19,255,559
Committed	-	-	198,652	103,168	471,969	440,695	24,102	122,485	181,634	197,814
Assigned	-	-	143,764	60,662	76,734	60,348	246,463	2,316,903	5,001,315	6,045,578
Unassigned	-	-	(974,816)	(470,924)	(444,222)	(1,869,528)	(881,516)	(895,755)	(618,241)	(1,857,918)
Capital Projects	28,479,842	10,366,092	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 33,327,259</u>	<u>\$ 11,608,606</u>	<u>\$ 6,068,004</u>	<u>\$ 1,907,851</u>	<u>\$ 23,437,609</u>	<u>\$ 11,111,178</u>	<u>\$ 8,198,097</u>	<u>\$ 9,142,177</u>	<u>\$ 41,722,585</u>	<u>\$ 23,645,245</u>

<sup>1</sup> 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

<sup>2</sup> The decrease in Fund Balance for all other governmental funds is due to the closing spend-down of escrow funds for several school construction projects.

<sup>3</sup> The increase in Fund Balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Highlands Middle School Capital

<sup>4</sup> The decrease in Fund Balance for all other governmental funds is due to the spend-down of escrow funds for the Highlands Middle School Capital Project.

<sup>5</sup> The increase in Fund Balance for all other governmental funds is due to the cash on deposit with an escrow agent for the Benhaven Elementary School Capital

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues</b>										
Ad valorem taxes	\$ 47,060,009	\$ 55,407,612	\$ 56,437,182	\$ 58,043,532	\$ 60,420,690	\$ 64,806,230	\$ 66,264,541	\$ 68,317,095	\$ 70,285,326	\$ 70,437,519
Other taxes and licenses	17,462,529	14,211,785	14,188,299	15,919,438	16,307,994	17,390,336	20,767,582	24,058,697	29,056,936	31,012,105
Unrestricted Intergovernmental	97,470	70,413	125,845	347,202	45,956	38,861	67,514	41,665	120,415	56,135
Restricted Intergovernmental	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	19,843,450
Permits and fees	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	3,824,231
Contributions	164,885	-	-	-	-	-	-	-	-	-
Sales and services	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	7,793,750
Investment earnings	470,083	91,358	33,012	15,492	18,991	2,677	11,672	102,503	280,826	950,379
Other general revenues	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	4,113,580
Total revenues	<u>101,632,806</u>	<u>105,403,927</u>	<u>107,691,205</u>	<u>110,122,787</u>	<u>115,433,988</u>	<u>121,889,139</u>	<u>124,026,022</u>	<u>131,485,625</u>	<u>137,407,419</u>	<u>138,031,149</u>
<b>Expenditures</b>										
General government	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	17,852,956
Public safety	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	41,743,221
Transportation	314,378	149,435	149,839	160,068	368,313	369,745	418,731	392,951	436,495	472,869
Environmental protection	192,134	184,147	163,285	118,166	123,598	128,133	165,801	182,736	181,452	166,931
Economic and physical development	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	4,142,456
Human services	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	25,870,415
Cultural and recreational	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	2,859,436
Education	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	45,366,104
Debt Service										
Principal	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	14,511,973
Interest and fees	4,911,009	4,562,224	6,032,825	5,139,600	5,062,698	6,491,804	5,575,501	4,959,473	3,849,231	4,547,768
Debt issuance cost	803,900	-	-	-	-	-	-	-	-	-
Total primary government expenses	<u>\$ 140,570,441</u>	<u>\$ 129,241,144</u>	<u>\$ 111,975,916</u>	<u>\$ 110,391,394</u>	<u>\$ 120,376,586</u>	<u>\$ 136,658,963</u>	<u>\$ 125,078,124</u>	<u>\$ 127,558,125</u>	<u>\$ 134,705,458</u>	<u>\$ 157,534,129</u>
Excess of revenues over (under) expenditures	<u>(38,937,635)</u>	<u>(23,837,217)</u>	<u>(4,284,711)</u>	<u>(268,607)</u>	<u>(4,942,598)</u>	<u>(14,769,824)</u>	<u>(1,052,102)</u>	<u>3,927,500</u>	<u>2,701,961</u>	<u>(19,502,980)</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Other financing sources (uses)</b>										
Bonds & capital lease issuance	\$ 35,290,378	\$ -	\$ 20,803,000	\$ 329,485	\$ 329,485	\$ 5,497,253	\$ -	\$ 2,200,000	\$ 29,500,000	\$ 1,902,953
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	5,987,531	2,647,655	1,942,917	3,763,894	2,105,699	2,595,269	4,172,536	1,207,791	386,398	9,504,216
Transfers out	(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)	(8,650,865)
Total other financing sources (uses)	<u>36,385,986</u>	<u>423,125</u>	<u>978,476</u>	<u>753,805</u>	<u>30,992,033</u>	<u>5,897,253</u>	<u>514,058</u>	<u>3,040,110</u>	<u>32,029,669</u>	<u>2,756,304</u>
Net change in fund balances	<u>\$ (2,551,649)</u>	<u>\$ (23,414,092)</u>	<u>\$ (3,306,235)</u>	<u>\$ 485,198</u>	<u>\$ 26,049,435</u>	<u>\$ (8,872,571)</u>	<u>\$ (538,044)</u>	<u>\$ 6,967,610</u>	<u>\$ 34,731,630</u>	<u>\$ (16,746,676)</u>
Debt service as a percentage of of noncapital expenditures	<u>9.72%</u>	<u>9.74%</u>	<u>11.41%</u>	<u>11.28%</u>	<u>9.69%</u>	<u>11.63%</u>	<u>13.29%</u>	<u>14.05%</u>	<u>14.04%</u>	<u>12.92%</u>

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

<b>Fiscal Year</b>	<b>Ad Valorem</b>	<b>Sales Tax</b>	<b>Excise Stamp Real Property</b>	<b>Occupancy Tax</b>	<b>Cable TV Franchise</b>	<b>Total</b>
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
2018	63,099,033	21,796,176	590,167	588,940	194,145	86,268,461

<sup>1</sup> Includes Ad Valorem Tax and Other Taxes and Licenses

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

Fiscal Year Ended June 30	Personal Property				Less: Tax Exempt Real Property <sup>2</sup>	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>3</sup>	Assessed Value as a Percentage of Actual Value <sup>4</sup>
	Real Property	Public Service <sup>1</sup>	Motor Vehicle	Other					
2009 <sup>5</sup>	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%
2018	7,315,657,297	201,237,625	962,668,267	363,254,196	314,350,768	8,528,466,617	0.750	7,330,046,836	116.35%

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

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

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

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

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

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

Source: Harnett County Tax Department and NCDMV

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Harnett County	0.735	0.725	0.725	0.725	0.725	0.725	0.750	0.750	0.750	0.750
Municipalities:										
City of Dunn	0.480	0.480	0.480	0.480	0.500	0.500	0.500	0.500	0.500	0.500
Aversboro School District	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020
Averasboro Fire District	0.070	0.070	0.070	0.070	0.070	0.070	0.090	0.090	0.090	0.090
Downtown Revitalization	-	-	-	0.120	0.012	0.012	0.012	0.012	0.012	0.012
<b>Combined Rate</b>	<b>1.235</b>	<b>1.225</b>	<b>1.225</b>	<b>1.225</b>	<b>1.245</b>	<b>1.245</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>
Town of Benson										
Satellite Properties	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.540
<b>Combined Rate</b>	<b>1.265</b>	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.280</b>	<b>1.280</b>	<b>1.280</b>	<b>1.290</b>
Town of Broadway										
Satellite Properties	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.490
<b>Combined Rate</b>	<b>1.175</b>	<b>1.165</b>	<b>1.165</b>	<b>1.165</b>	<b>1.165</b>	<b>1.165</b>	<b>1.190</b>	<b>1.190</b>	<b>1.190</b>	<b>1.240</b>
Town of Lillington										
<b>Combined Rate</b>	<b>1.295</b>	<b>1.245</b>	<b>1.245</b>	<b>1.245</b>	<b>1.245</b>	<b>1.245</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>	<b>1.270</b>
Town of Coats										
<b>Combined Rate</b>	<b>1.355</b>	<b>1.275</b>	<b>1.275</b>	<b>1.315</b>	<b>1.315</b>	<b>1.315</b>	<b>1.340</b>	<b>1.340</b>	<b>1.340</b>	<b>1.340</b>
Town of Angier										
<b>Combined Rate</b>	<b>1.265</b>	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.255</b>	<b>1.280</b>	<b>1.280</b>	<b>1.280</b>	<b>1.280</b>
Town of Erwin										
<b>Combined Rate</b>	<b>1.285</b>	<b>1.225</b>	<b>1.275</b>	<b>1.205</b>	<b>1.205</b>	<b>1.205</b>	<b>1.230</b>	<b>1.260</b>	<b>1.260</b>	<b>1.260</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire Tax Districts:										
Anderson Creek Fire District Combined Rate	0.110 <b>0.845</b>	0.110 <b>0.835</b>	0.110 <b>0.835</b>	0.110 <b>0.835</b>	0.110 <b>0.835</b>	0.110 <b>0.835</b>	0.110 <b>0.860</b>	0.110 <b>0.860</b>	0.110 <b>0.860</b>	0.110 <b>0.860</b>
Angier/Black River Fire District Combined Rate	0.070 <b>0.805</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.820</b>	0.070 <b>0.820</b>	0.070 <b>0.820</b>	0.070 <b>0.820</b>
Benhaven Fire District Combined Rate	0.070 <b>0.805</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.080 <b>0.805</b>	0.090 <b>0.815</b>	0.090 <b>0.815</b>	0.090 <b>0.840</b>	0.090 <b>0.840</b>	0.090 <b>0.840</b>	0.090 <b>0.840</b>
Benson Banner Fire District Combined Rate	- -	- -	- -	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.820</b>	0.090 <b>0.840</b>	0.090 <b>0.840</b>	0.100 <b>0.850</b>
Boone Trail Emergency Services Combined Rate	0.070 <b>0.805</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.820</b>	0.070 <b>0.820</b>	0.070 <b>0.820</b>	0.070 <b>0.820</b>
Buies Creek Fire District Combined Rate	0.100 <b>0.835</b>	0.100 <b>0.825</b>	0.100 <b>0.825</b>	0.100 <b>0.825</b>	0.100 <b>0.825</b>	0.100 <b>0.825</b>	0.100 <b>0.850</b>	0.100 <b>0.850</b>	0.100 <b>0.850</b>	0.100 <b>0.850</b>
Bunnlevel Rural FD Combined Rate	0.110 <b>0.845</b>	0.110 <b>0.835</b>	0.110 <b>0.835</b>	0.110 <b>0.835</b>	- -	- -	- -	- -	- -	- -
Crains Creek Combined Rate	0.100 <b>0.835</b>	0.100 <b>0.825</b>	0.100 <b>0.825</b>	0.100 <b>0.825</b>	0.100 <b>0.825</b>	0.100 <b>0.825</b>	0.100 <b>0.850</b>	0.100 <b>0.850</b>	0.100 <b>0.850</b>	0.100 <b>0.850</b>
Coats-Grove Fire District Combined Rate	0.080 <b>0.815</b>	0.080 <b>0.805</b>	0.080 <b>0.805</b>	0.080 <b>0.805</b>	0.090 <b>0.815</b>	0.090 <b>0.815</b>	0.090 <b>0.840</b>	0.090 <b>0.840</b>	0.090 <b>0.840</b>	0.090 <b>0.840</b>
Cypress Creek Combined Rate	0.085 <b>0.820</b>	0.085 <b>0.810</b>	0.085 <b>0.810</b>	0.085 <b>0.810</b>	0.085 <b>0.810</b>	0.085 <b>0.810</b>	0.085 <b>0.835</b>	0.085 <b>0.835</b>	0.085 <b>0.835</b>	0.085 <b>0.835</b>
Duke (Erwin) Fire District Combined Rate	0.070 <b>0.805</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.795</b>	0.070 <b>0.820</b>	0.080 <b>0.830</b>	0.080 <b>0.830</b>	0.085 <b>0.835</b>
Flat Branch Fire District Combined Rate	0.120 <b>0.855</b>	0.120 <b>0.845</b>	0.120 <b>0.845</b>	0.120 <b>0.845</b>	0.120 <b>0.845</b>	0.120 <b>0.845</b>	0.120 <b>0.870</b>	0.120 <b>0.870</b>	0.120 <b>0.870</b>	0.120 <b>0.870</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Flatwoods	0.150	0.150	0.150	0.150	0.120	0.120	0.120	0.120	0.120	0.120
Combined Rate	<b>0.885</b>	<b>0.875</b>	<b>0.875</b>	<b>0.875</b>	<b>0.845</b>	<b>0.845</b>	<b>0.870</b>	<b>0.870</b>	<b>0.870</b>	<b>0.870</b>
Godwin Falcon	-	-	-	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	-	-	-	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>
Northwest Harnett Fire District	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Combined Rate	<b>0.815</b>	<b>0.805</b>	<b>0.805</b>	<b>0.805</b>	<b>0.805</b>	<b>0.805</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>
Spout Springs	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	<b>0.835</b>	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.825</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>
Summerville	0.070	0.070	0.070	0.070	-	-	-	-	-	-
Combined Rate	<b>0.805</b>	<b>0.795</b>	<b>0.795</b>	<b>0.795</b>	-	-	-	-	-	-
Summerville Bunnlevel	-	-	-	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Combined Rate	-	-	-	<b>0.805</b>	<b>0.805</b>	<b>0.805</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>	<b>0.830</b>
West Area Fire District	-	-	-	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	-	-	-	<b>0.825</b>	<b>0.825</b>	-	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>	<b>0.850</b>
West Johnston Fire District	-	-	-	-	-	-	0.070	0.070	0.070	0.070
Combined Rate	-	-	-	-	-	-	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>	<b>0.820</b>

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

Source: Harnett County Tax Department



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

Taxpayer	2018			2009		
	2017 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2008 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress <sup>1</sup>	\$ 75,742,123	1	0.90%	\$ 57,538,027	1	1.20%
Rooms To Go	58,636,630	2	0.40%			
South River EMC	40,354,465	3	0.50%	23,245,589	4	0.50%
Delhaize America (Food Lion, Inc.)	32,293,460	4	0.40%	26,303,520	2	0.50%
Central EMC	22,067,706	5	0.20%	10,115,978	8	0.20%
Wal Mart Real Estate	21,907,160	6	0.20%	11,180,590	7	0.20%
Carolina Telephone	14,432,933	7	0.20%	25,931,336	3	0.50%
Wincor	10,087,082	8	0.20%			
Piedmont Natural Gas Co I NC	9,353,951	9	0.20%			
CSX Transportation	8,316,007	10	0.10%			
Food Lion, Inc.				16,762,215	5	0.30%
Energy Conversion (formerly Morganite)				12,741,443	6	0.30%
Womble Rentals				8,648,221	9	0.20%
JP Godwin Properties III LLC				8,054,410	10	0.20%
	<u>\$ 293,191,517</u>		<u>3.30%</u>	<u>\$ 200,521,329</u>		<u>4.10%</u>

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

Source: Harnett County Tax Department

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

<b>Fiscal Year Ended June 30</b>	<b>Total Net Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>			<b>Total Collections to Date</b>	
		<b>Current Tax Collections</b>	<b>Percent of Net Levy Collected</b>	<b>Collected in Subsequent Years</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections To Net Levy</b>
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%	298,825	60,989,296	99.77%
2017	62,808,873	62,470,305	99.46%	161,995	62,632,300	99.72%
2018	63,211,354	62,911,822	99.53%	299,532	63,211,354	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 <sup>1</sup>	Per Capita <sup>1</sup>	
	Capitalized Leases	Installment Purchase	General Obligation Bonds	Capitalized Leases	Installment Purchase	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Special Obligation Bonds				State Bond Loan
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	559338.40%	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	490389.50%	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	484910.60%	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	510635.00%	1,915
2018	20,710,289	108,667,198	28,025,000	26,041	1,712,075	28,949,000	9,585,000	16,570,000	929,000	14,452,823	229,626,426	449314.00%	1,754

<sup>1</sup> Provided by the NC Department of Commerce. Latest information available is represented. Refer to the schedule on page P-18 for personal income and population data. 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, 2018**  
**(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated share of Overlapping Debt</u>
Harnett County			
Debt repaid with property taxes	\$ 136,692,200	100%	<u>\$ 136,692,200</u>
Total direct debt			136,692,200
Municipality:			
Town of Angier	6,705,006	100%	6,705,006
Town of Coats	-	100%	-
City of Dunn	12,529,264	100%	12,529,264
Town of Erwin	753,018	100%	753,018
Town of Lillington	-	100%	-
Total overlapping debt			<u>19,987,288</u>
 Total direct and overlapping debt			 <u><u>\$ 156,679,488</u></u>

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

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

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

Fiscal Year Ended June 30	Gross Revenues <sup>1</sup>	Direct Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
				2009	26,969,184	13,363,984	
2010	24,828,390	13,539,225	11,289,165	969,040	2,518,252	3,487,292	323.72%
2011	28,042,836	14,181,242	13,861,594	985,000	2,465,993	3,450,993	401.67%
2012	30,130,929	13,615,380	16,515,549	545,000	614,560	1,159,560	1424.29%
2013	30,732,953	16,541,552	14,191,401	565,000	591,438	1,156,438	1227.16%
2014	29,460,994	17,364,629	12,096,365	590,000	568,838	1,158,838	1043.84%
2015	29,075,972	17,341,136	11,734,836	615,000	586,288	1,201,288	976.85%
2016	30,898,090	18,278,264	12,619,826	800,000	295,916	1,095,916	1151.53%
2017	34,090,243	20,843,978	13,246,265	833,000	263,575	1,096,575	1207.97%
2018	37,788,792	22,945,987	14,842,805	855,000	242,501	1,097,501	1352.42%

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

<sup>2</sup> Total operating expenses exclusive of depreciation and amortization

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

**Harnett County, North Carolina**  
**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)  
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 455,850	\$ 545,723	\$ 564,797	\$ 574,422	\$ 587,486	\$ 586,243	\$ 624,066	\$ 634,974	\$ 651,844	\$ 654,277
Total net debt applicable to limit	\$ 165,746	\$ 157,095	\$ 148,840	\$ 152,546	\$ 195,973	\$ 189,739	\$ 260,392	\$ 100,000	\$ 259,449	\$ 228,452
Legal debt margin	\$ 290,104	\$ 388,628	\$ 415,957	\$ 421,876	\$ 391,513	\$ 396,504	\$ 363,674	\$ 534,974	\$ 392,395	\$ 425,825
Total net debt applicable to the limit as a percentage of debt limit	36.36%	28.29%	26.35%	26.56%	33.36%	32.37%	41.73%	15.75%	39.80%	34.92%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed Value	8,178,460,000
Debt Limit (8% of total assessed value)	654,277,329
Debt applicable to limit:	
Certificates of participation	-
Installment purchase	110,379,273
Revolving loan	14,452,823
General obligation bond	40,404,000
State bond loans	-
Revenue bonds	9,585,000
Limited obligation bond	16,570,000
Special obligation bond	929,000
Obligation under capital lease	20,736,330
Subtotal	213,056,426
Authorized and unissued debt	70,500,000
Total Gross Debt	283,556,426
Less: Statutory deductions	
Bonds issued and outstanding for water and sewer purp	45,519,000
Revenue bonds	9,585,000
	55,104,000
Total amount of debt applicable to debt limit	228,452,426
Legal debt margin	\$425,824,903

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

<b>Fiscal Year Ended June 30</b>	<b>Population <sup>1</sup></b>	<b>Median Household Income <sup>2</sup></b>	<b>Per Capita Income <sup>2</sup></b>	<b>Median Age <sup>2</sup></b>	<b>School Enrollment <sup>3</sup></b>	<b>Unemployment Rate <sup>2</sup></b>
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	41,962	19,226	34	19,847	7.4%
2015	125,717	41,735	19,095	34	20,099	7.3%
2016	127,986	44,417	20,939	35	20,252	5.4%
2017	128,783	48,301	31,129	34	20,357	5.1%
2018	130,881	51,106	32,010	34	20,538	4.8%

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

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

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

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

<b>Employer</b>	<b>Employment Type</b>	<b>2018 Employment Range</b>	<b>2009 Employment Range</b>
Harnett County Public Schools	Education & Health Services	1,000 +	1,000 +
Campbell University	Education & Health Services	1,000 +	500 - 999
Food Lion	Trade, Transportation & Utilities	1,000 +	500 - 999
County of Harnett	Public Administration	1,000 +	500 - 999
Betsy Johnson Memorial Hospital	Education & Health Services	500 - 999	500 - 999
Wal-Mart Associates, Inc.	Trade, Transportation & Utilities	500 - 999	250 - 499
Carlie C's Operation Center, Inc.	Trade, Transportation & Utilities	250 - 499	100 - 249
NC Department of Public Safety	Public Administration	250 - 499	250 - 499
Champion Home Builders Inc	Manufacturing	100 - 249	
Multitech Mechanical Support Inc	Manufacturing	100 - 249	
Edwards Brothers Malloy	Information		250 - 499
SAAB Barracuda, LLC	Manufacturing		100 - 249



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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General Government	111	111	99	99	101	101	103.47	103.47	114.07	114.07
Public Safety	255	267.5	277.5	278.5	286.5	298.5	303.5	317	340	340
Environmental Protection	3	3	3	2	2	2	3	3	3	3
Economic and Physical Development	55	55	43	43	37	38	24	24	24.75	24.75
Human Services	248	247.5	259.5	259.5	259.5	257.5	256.25	256.25	264.18	264.18
Cultural & Recreation	15	17	12	12	13	13	14	14	21	21
Water and Wastewater	103	91	95	95	100	101	101.5	101.5	105.2	105.2
Solid Waste	15	13	13	13	13	14	15.28	15.28	16	16
<b>Total</b>	<b>805</b>	<b>805</b>	<b>802</b>	<b>802</b>	<b>812</b>	<b>825</b>	<b>821</b>	<b>834.5</b>	<b>888.2</b>	<b>888.2</b>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Fire										
Number of calls answered	5,426	5,641	6,110	6,234	6,507	6,707	5,783	6,926	8,897	8,740
Emergency Medical Services										
Number of Calls Answered	-	-	-	30,660	27,923	28,128	28,260	20,920	22,327	23,330
Number of Transports Scheduled	-	-	-	9,125	8,234	8,577	6,336	8,963	10,829	9,513
Sheriff										
Number of law violations:										
Arrests	8,166	9,348	10,656	10,869	10,000	11,014	10,650	8,228	8,228	3,223
Traffic violations	2,274	2,333	2,394	2,442	5,423	4,249	4,574	4,757	4,757	4,608
Inspections										
Number of permits issued	2,413	2,900	3,085	3,156	2,329	2,794	2,242	2,800	2,926	2,399
Culture and Recreation										
Circulation	413,756	405,757	411,437	365,817	344,394	266,376	356,210	312,489	291,329	291,329
Utilities										
Water System:										
Daily average treatment in gallons	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	15,798,980
Sewer System:										
Daily average treatment in gallons	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	10,006,818

Source: Information provided by various county departments

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

195

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Fire										
Number of Stations	19	19	19	19	19	19	20	20	20	20
Emergency Medical Services										
Number of Ambulances	-	-	-	27	27	27	27	28	31	32
Number of Quick Response Vehicles	-	-	-	9	9	9	9	9	9	9
Number of Transport Vans	-	-	-	2	2	2	2	2	2	2
Sheriff										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	139	156	138	156	176	176	176	181	177	175
Culture and Recreation										
Number of libraries	6	6	6	6	6	6	6	6	7	7
Library collections	208,873	213,446	219,849	217,323	237,630	209,709	226,870	249,268	269,880	300,199
Number of Parks	5	5	5	5	6	6	6	7	8	8
Park acreage	1,100	1,100	1,100	1,100	1,101	1,101	1,101	1,215	1,222	1,222
Number of Ball Fields	6	6	6	6	6	6	6	6	8	8
Number of tennis courts	12	12	12	12	12	12	12	12	12	12
Number of playground areas	0	0	1	1	1	2	2	2	3	3
Number of soccer fields	2	2	2	2	2	2	2	2	2	2
Number of County owned senior centers	1	1	1	1	1	1	1	1	1	1
Utilities										
Water System:										
Miles of water main	1,869	2,132	2,132	2,200	2,221	2,239	2,239	1,433	1,438	1,451
Number of service connections	38,214	40,575	41,241	42,001	42,274	42,900	43,555	44,274	44,568	45,110
Number of fire hydrants	5,943	5,961	4,548	4,548	4,571	4,603	4,603	4,605	4,630	4,977

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Sewer System:										
Miles of sanitary sewer	322	322	326	326	341	354	354	362	364	406
Number of treatment plants	5	4	4	4	3	2	2	2	2	2
Number of service connections	8,669	9,523	10,072	10,421	10,920	11,421	11,970	12,515	12,688	13,031
Maximum daily capacity of treatment plant in gallons	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	22,500,000
Facilities and services not included in primary government:										
Education:										
Number of schools	26	27	27	27	27	27	28	28	28	29
Number of teachers	1,218	1,247	1,230	1,181	1,335	1,335	1,227	1,252	1,260	1,257
Number of students	18,518	18,764	19,011	19,378	19,868	19,847	20,099	20,252	20,357	20,306
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	2	2	2	2	2	2
Number of patient beds	101	101	101	101	151	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; Required By The Uniform Guidance And The State Single Audit Implementation Act

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; Required By The Uniform Guidance And The State Single Audit Implementation Act

Schedule of Findings, Responses, and Questioned Costs

Corrective Action Plan

Schedule of Prior Year Audit Findings

Schedule of Expenditures of Federal and State Awards

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# MARTIN STARNES

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## & 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 30, 2019.

#### **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  
January 30, 2019



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

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

## **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; Required by the Uniform Guidance And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Harnett County  
Lillington, North Carolina

#### **Report on Compliance for Each Major Federal Program**

We have audited Harnett County, North Carolina's compliance with the types of compliance requirements described in 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, 2018. Harnett County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

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

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

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

In our opinion, Harnett County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its 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, 2018.

## **Other Matters**

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

Harnett County's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. 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 combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal 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 have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

Harnett County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings, Responses, and Questioned Costs. 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  
January 30, 2019

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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; Required by the Uniform Guidance And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Harnett County  
Lillington, North Carolina

#### **Report on Compliance for Each Major State Program**

We have audited the compliance of Harnett County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Harnett County's major state programs for the year ended June 30, 2018. Harnett County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

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

Our responsibility is to express an opinion on compliance for each of Harnett County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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.

## **Opinion on Each Major State Program**

In our opinion, Harnett County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its 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, 2018.

## **Other Matters**

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2018-001. Our opinion on each major state program is not modified with respect to this matter.

Harnett County's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2018-001 that we consider to be a significant deficiency.

# HARNETT COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

### 1. Summary of Auditor's Results

#### Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial  
statements noted? No

#### Federal Awards

Internal control over major federal  
programs:

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

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561
Aging Cluster	93.044, 93.045, 93.053
WIOA Cluster	17.258, 17.259, 17.278
Child Care Development Fund Cluster/ Subsidized Child Care Cluster	93.596, 93.575, 93.558
Temporary Assistance for Needy Families (TANF) Cluster	93.558
Low-Income Home Energy Assistance	93.568

# HARNETT COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

Auditee qualified as low-risk auditee? No

#### State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are  
required to be reported in accordance with  
the State Single Audit Implementation Act? Yes

Identification of major state programs:

#### Program Name

Medicaid Cluster

Aging Cluster

Subsidized Child Care Cluster

DOT Cluster



# HARNETT COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

### 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-MAP18

#### **Finding: 2018-001**

#### **Non-Material Non-Compliance**

#### **Significant Deficiency**

**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. Management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determine or redetermined for benefits.

**Condition:** One applicant was receiving benefits and currently resides in California, termination of benefits needed to occur.

**Context:** Of the 542,137 benefit payments valued at \$91,834,274, we examined 96 valued at \$20,945 and determined that one applicant (1%) was missing proper documentation. One file showed a recipient lived in California and benefits were not terminated.

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

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2017-001.

**Cause:** The caseworker failed to perform ex parte review, obtain sufficient documentation and discontinue benefits for the applicant and, therefore; did not obtain sufficient documentation to determine eligibility.

## HARNETT COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

#### 3. Findings and Questioned Costs Related to the Audit of Federal Awards (continued)

**Questioned Costs:** In accordance with 2 CFR 200, auditors must report known questioned costs when likely questioned costs are greater than \$25,000. Even though sample results identified only \$15 (federal share \$10 and state share \$5) in questioned costs, if tests were extended to the entire population, questioned costs could be greater than \$25,000. Therefore, the overpayments of \$15 are being questioned. This amount was determined by totaling the benefit payment that was made for the participant that was not eligible.

**Recommendation:** Caseworkers should obtain sufficient documentation for eligibility and if a recipient lives in another state benefits should be discontinued.

**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, 2018

#### 3. Findings and Questioned Costs Related to the Audit of Federal Awards (continued)

##### **US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Supplemental Nutrition Assistance Program Cluster

CFDA # 10.561

Grant Number: 185NC406S2514

##### **Finding: 2018-002**

##### **Significant Deficiency**

**Criteria:** In accordance with 7 CFR section 275.2(b), a quality control unit must be established that is independent of program operations. The Enterprise Program Integrity Control System (EPICS) tracks claims for overpayments for all counties. The State of North Carolina requires counties to maintain adequate case documentation to substantiate claim entry into EPICS. This information includes, but is not limited to the dates of the overpayment period, documentary evidence to substantiate that an overpayment occurred, such as wage stubs or verification from an employer, other income verification and household composition verification, and the budgets used to compute the amount of the overpayment.

**Condition:** Two EPICS cases did not have required forms signed and in the casefile. Upon further review, the claims were valid.

**Context:** Of the 353 EPICS cases for the program cluster, we examined 57 EPICS cases for the program cluster. We determined the above condition applied to two EPICS cases (4%).

**Effect:** EPICS casefiles could have incorrect information without proper review and approval noted by the supervisor signature.

**Cause:** The caseworker failed to retain all required signed forms in the EPICS case.

**Questioned Costs:** None. The County was able to support the information reported in the EPICS case.

**Recommendation:** Caseworkers should retain all required signed forms and documentation for the EPICS cases.

**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, 2018**

#### **4. State Award Findings, Responses, and Questioned Costs**

##### **N.C. Department of Health and Human Services**

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

**Finding 2018-001** - See more details at Finding 2018-001 in Section 3 – Federal Award Findings, Responses, and Questioned Costs.



Att: Martin Starnes & Associates, CPA

## MEDICAID CORRECTIVE ACTION PLAN

Date: January 29, 2019

County: Harnett

Findings Report: 2018-001

**Reason Medicaid Case Cited:** One applicant receiving benefits in North Carolina, while currently resided in California, termination of benefits needed to occur. Caseworker failed to obtain sufficient documentation and discontinue benefits for the applicant; did not obtain sufficient documentation to determine eligibility.

### County Response:

When an SDX Medicaid case still carries an active SSI Status of Y, per manual policy, both federal and state) a county worker is not allowed to terminate the case. Also per the SSA federal policy, only SSA may change the status of the address of an SSI recipient. All evidence is resubmitted with emphasis on these policies. The case was not reported on an SSI Exparte' report with the SSI status of N; therefore case was not addressed by the county. See further explanation below.

Per Adult Medicaid Manual section 1100 C. 2.

### C. CASE TERMINATIONS BY SDX

**1. When SSI terminates, EIS takes certain actions. Refer to EIS 4200, PART SIX.**

**2. The county cannot terminate an SSI Medicaid case when the SSI STATUS is Y.**

It was not within the county capability to terminate the case in question as it was an active SSI Medicaid case. If the worker had been able to close the active SSI case, it would have batched overnight and SDX would have reopened it. Per SSA policy, a beneficiary must report in person, or complete an online request, or call their 800#. The change may not be completed via the SSA website link; beneficiary must report to the local social security office or schedule an appointment, presenting ID and proof of address/residency.

When county became aware, client was contacted and advised to report to Social Security Administration regarding California address. Client reported requested SSA change the address without results since time of move.

The NC FAST integrated manual does not speak to SSI terminations. NC FAST shows the Medicaid PDC was closed by the system in 2016. Address had been updated to California. Benefit history page reflects closure. *The issue appears to be that upon closure by the system in NC FAST, it did not read over into NC TRACKS and still showed as eligible.* This possibly created the issue of claims due to the SSI Y active status with SSA that automatically gives Medicaid. All evidence was submitted. Harnett County did request review of evidence, as the county could not affect an active SSI case; only SDX (federal) may close it. We became aware of the case at audit. See attached Action Plan for SSI Exparte/Termination and NC Fast SSI Alert reports.

### Mission Statement

*To provide services to individuals and families to achieve self-sufficiency, safety, and improve their quality of life.*

**PROGRAM INTEGRITY GENERAL AUDIT FINDINGS: 2018-002**

**Reason EPICS Cases Cited:** Two EPICS cases did not have required forms signed and in the casefile. Upon further review the claims were valid. The county was able to support the information reported in the EPICS cases.

**County Response:**

County reviewed both EPICS cases and concurs with the audit finding for 2018-002. Both cases were FNS spin-offs from Medicaid referrals. Both cases contain continuous documentation regarding the FNS referrals and the Referral for Fraud documents as well. See attached Corrective Plan of Action for Epics.

Sincerely,



Paul Polinski, Director

CC: D. Tyler, IM Program Administrator

**HARNETT COUNTY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Finding 2017-001**

**Status:** Modified and repeated as finding 2018-001

**Finding 2017-002**

**Status:** Corrected

**Finding 2017-003**

**Status:** Corrected

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**HARNETT COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2018**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed - Through to Subrecipients
			Federal	State	
<b>FEDERAL AWARD EXPENDITURES</b>					
<u>U.S. Department of Agriculture</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Social Services:					
SNAP Cluster					
State Administrative Matching Grant for the					
Supplemental Nutrition Assistance Program - Administration	10.561	185NC406S2514	\$ 1,006,102	\$ -	
Total SNAP Cluster			<u>1,006,102</u>	<u>-</u>	
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program					
for Women, Infants, and Children	10.557	5NC700705	617,334	-	
Total of Public Health			<u>617,334</u>	<u>-</u>	
<u>Total U.S. Department of Agriculture</u>			<u>1,623,436</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	13,074	-	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-1065	22,202	-	
Equitable Sharing Program	16.922	NC0430000	122,424	-	
Drug Court Discretionary Grant Program	16.585	2016-DC-BX-0020	137,703	-	
Drug Enforcement Agency - Alcohol, Tobacco, and Firearms					
Training Assistance Program	16.012	G17GA0004A	12,647	-	
<u>Total U.S. Department of Justice Office</u>			<u>308,050</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	222,209	-	
WIA/WIOA Youth Activities	17.259	13-2040-02	385,649	-	
WIA/WIOA Dislocated Worker Formula Grant	17.278	13-2040-02	157,223	-	
Total WIOA Cluster			<u>765,081</u>	<u>-</u>	
<u>Total U.S. Department of Labor</u>			<u>765,081</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	139,790	157,635	
Nutrition Services Incentive Program	93.053	UNKNOWN	46,734	-	
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	20.701	60,232	166,404	
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	16-701-250	13,622	14,757	
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	16-701-33	39,677	42,984	
Total Aging Cluster			<u>300,055</u>	<u>381,780</u>	
Special Programs for the Aging:					
National Family Caregiver Support, Title III, Part E	93.052	17-701	26,040	1,960	
Total Division of Aging and Adult Services			<u>326,095</u>	<u>383,740</u>	

**HARNETT COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2018**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed - Through to Subrecipients
			Federal	State	
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	1701NCRMA	190,139	-	
Division of Child Development					
Child Care and Development Block Grant - Discretionary					
	93.575	3672040015, G1501NCCCDF, G1601NCCCDF	598,809	-	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Mandatory					
	93.596	1701NCRMA	147,138	-	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Match					
	93.596	1701NCRMA	219,293	103,800	
Total Child Care Development Fund Cluster			1,155,379	103,800	
Temporary Assistance for Needy Families					
State Appropriations					
	93.558	G1602NCTANF & 1702NCTANF	88,668	-	
Smart Start TANF-Maintenance of Effort					
			-	59,810	
			-	456,966	
Total Subsidized Child Care Cluster			1,244,047	620,576	
Division of Social Services					
Foster Care and Adoption Cluster:					
Foster Care - Title IV-E - Administration					
	93.658	1501NCFOST,1601NCFOST	447,977	114,058	
Adoption Assistance - Administration					
	93.659	1501NCADPT,1601NCADPT	32,802	883	
Direct Benefit Payments:					
Foster Care - Title IV-E					
	93.658	1501NCFOST,1601NCFOST	233,326	56,417	
Total Foster Care and Adoption Cluster			714,105	171,358	
Division of Social Services					
Temporary Assistance for Needy Families Cluster					
Administration:					
Temporary Assistance for Needy Families - TANF					
	93.558	G1602NCTANF & 1702NCTANF	910,123	-	
Temporary Assistance for Needy Families					
	93.558	1602NCTAN3	65,870	-	
Total TANF Cluster			975,993	-	
Direct Benefit Payments:					
Low-Income Home Energy Assistance					
	93.568	G16B1NCLIEA & G17B1NCLIEA	373,700	-	
Low-Income Home Energy Assistance					
	93.568	G16B1NCLIEA & G17B1NCLIEA	502,114	-	
Administration:					
Promoting Safe and Stable Families					
	93.556	G1501NCFPSS & G1601NCFPSS	6,851	-	
Refugee and Entrant Assistance Cluster					
Refugee and Entrant Assistance - State Replacement Designee Administered Programs					
	93.566	1601NCRMA	165	-	
Total Refugee and Entrant Assistance Cluster			165	-	
Child Support Enforcement					
	93.563	1604NC4005	1,166,547	-	
Low-Income Home Energy Assistance					
	93.568	G16B1NCLIEA & G17B1NCLIEA	83,849	-	
Stephanie Tubb Jones Child Welfare Services Program					
	93.645	G1501NCCWSS & G1601NCCWSS	32,921	-	
Social Services Block Grant - In Home Services					
	93.667	G1601NCSOSR & G1701NCSOSR	43,359	-	
Social Services Block Grant - Adult Protective Services					
	93.667	G1601NCSOSR & G1701NCSOSR	17,548	-	
Social Services Block Grant - Adult Day Care					
	93.667	G1601NCSOSR & G1701NCSOSR	17,296	11,941	
Social Services Block Grant - Other Services					
	93.667	G1601NCSOSR & G1701NCSOSR	365,338	-	
Social Services Block Grant - CPS TANF to SSBG					
	93.667	G1601NCSOSR & G1701NCSOSR	235,742	-	
Chafee Foster Care Independence Program					
	93.674	G1501NC1420,G1601NC1420	22,104	3,693	
Total Division of Social Services			4,557,632	186,992	
Centers for Medicare and Medicaid Services					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Medicaid Cluster:					
Division of Social Services					
Administration:					
Medical Assistance Program					
	93.778	XIX-MAP18	3,007,879	11,276	
Total Medicaid Cluster			3,007,879	11,276	
Centers for Medicare and Medical Services (CMS) Research, Demonstrations and Evaluations (B)					
	93.779		8,182	-	
Division of Social Services					
Administration:					
Children's Health Insurance Program - NC Health Choice					
	93.767	CHIP18	82,135	29	
Total State Children's Health Insurance Program - NC Health Choice			82,135	29	
Total for Centers for Medicare and Medicaid Services			3,098,196	11,305	

**HARNETT COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2018**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed - Through to Subrecipients
			Federal	State	
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	34,330	-	
Division of Public Health Temporary Assistance for Needy Families	93.558	33695	16,203	-	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	2B010T0009034-15	39,984	-	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5U90TP000538-02	38,729	-	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1U52PS004698-02	50	-	
HIV Cluster Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS004349-03 5H25PS004349-04	650	-	
Total HIV Cluster			650	-	
Total Center for Disease Control and Prevention			129,946	-	
Health Resources and Service Administration Maternal and Child Health Services Block Grant to the States	93.994	BO4MC29320	78,843	59,139	
Total Health Resources and Service Administration			78,843	59,139	
Office of Population Affairs Family Planning - Services	93.217	FPHPA046226-01-00 FPHPA046226-02-00	46,374	-	
Total Office of Population Affairs			46,374	-	
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	335,975	-	
Total Division of Substance Abuse and Mental Health Services			335,975	-	
<u>Total U.S. Department of Health and Human Services</u>			9,817,108	1,261,752	
<u>Corporation for National and Community Service</u> Retired and Senior Volunteer Program	94.002	15RSRNC005	36,622	-	
Total Corporation for National and Community Service			36,622	-	
<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	31,045	-	
Airport Improvement Program - Airport Terminal	20.106	36237.25.15.1	117,150	-	
Formula Grants for Rural Areas - Community Transportation Capital	20.509	15-CT-040 36233.50.17.3 17-CT-040 36233.50.19.3	44,392	5,548	
Formula Grants for Rural Areas - Community Transportation Admin Highway Safety Cluster	20.509	17-CT-040 36233.50.19.1	205,402	12,837	
State and Community Highway Safety	20.600	M5HVE-18-15-14/PT-18-06-21 2000024192	58,321	-	
Total Highway Safety Cluster			58,321	-	
<u>Total U.S. Department of Transportation</u>			456,310	18,385	
<u>U.S. Department of the Treasury</u> Equitable Sharing	21.016	NC0430000	3,651	-	
Total U.S. Department of the Treasury			3,651	-	

**HARNETT COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2018**

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 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	26,509	26,509	
Total N.C. Dept. of Crime Control and Public Safety			26,509	26,509	
<u>U.S. National Endowment for the Humanities</u>					
Library Services and Technology Act (L TSA) Program					
Grants to States	45.310	5265, 6000, 5900	29,078	-	
Total U.S. National Endowment for the Humanities			29,078	-	
<u>U.S. Department of Housing and Urban Development</u>					
Direct Program:					
Home Investment Partnerships Program	14.239	ESFRLP 16	40,417	-	
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	473	-	
Total N.C. Department of Commerce			473	-	
Total U.S. Department of Housing and Urban Development			40,890	-	
<b>TOTAL FEDERAL/STATE AWARD EXPENDITURES</b>			<b>13,106,735</b>	<b>1,306,646</b>	<b>-</b>
<b>STATE AWARD EXPENDITURES</b>					
<u>N.C. Department of Agriculture &amp; Consumer Services</u>					
Veterinary Division Animal Welfare Section					
Icare Spay and Neuter Program			-	12,908	
Total N.C. Department of Agriculture & Consumer Services			-	12,908	
<u>N.C. Department of Natural and Cultural Resources</u>					
State Aid to Public Libraries		45310	-	176,971	
NC Arts Council		FY18-89927	-	34,014	
Total N.C. Department of Natural and Cultural Resources			-	210,985	
<u>N.C. Department of Health and Human Services</u>					
Division of Public Health:					
HMHC - Family Planning			-	4,879	
Women's Health Service Fund			-	11,597	
Child Health			-	24,969	
Maternal Health (HMHC)			-	2,565	
Evidence Based Intervention Services			-	50,000	
Public Nurse Training			-	400	
General Aid to Counties			-	112,781	
Tuberculosis Control			-	33,969	
TB Medical Services			-	2,743	
Food and Lodging			-	17,409	
HIV/STD State			-	500	
STD Drugs			-	263	
Gonorrhea Partner Services			-	1,044	
TPPI - Adolescent Parenting Program			-	74,767	
General Communicable Disease Control			-	4,001	
School Nurse Funding Initiative			-	150,000	
Sexually Transmitted Diseases			-	1,307	
Total Division of Public Health			-	493,194	
<u>Division of Social Services</u>					
Division of Social Services					
Direct Benefit Payment:					
Aid to Families with Dependent Children (AFDC)			-	487	
Child Welfare Services - Adoption Subsidy			-	155,003	
Duke Energy			-	5,807	
Smart Start			-	60,530	
State Foster Care Benefits Program			-	198,707	
Total Division of Social Services			-	420,534	
Total N.C. Department of Health and Human Services			-	913,728	

**HARNETT COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2018**

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 Public Safety</u>					
Division of Juvenile Justice					
CBA-Juvenile Restitution		543-10591	-	116,000	
CBA-JCPC ADM		543-11433	-	3,837	
Court Psychologist		543-12138	-	5,200	
Re-Entry-Healthy Choice		543-10619	-	45,000	
Teen Court at Risk Youth		543-11764	-	54,000	
Division of Emergency Management					
2016 Tier II Grant		T2-2016-37085	-	963	
<b>Total N.C. Department of Public Safety</b>			<b>-</b>	<b>225,000</b>	
<u>N.C. Department of Transportation</u>					
Passed-Through the N.C. Department of Transportation					
DOT Cluster					
Rural Operating Assistance Program (ROAP):					
Workfirst Transitional/Employment Transportation Assistance Program		FY18 ROAP	-	28,154	
Rural General Public Program (RGP)		FY18 ROAP	-	115,546	
Elderly and Disabled Transportation Assistance Program (EDTAP)		FY18 ROAP	-	86,428	
<b>Total DOT Cluster</b>			<b>-</b>	<b>230,128</b>	
<b>Total N.C. Department of Transportation</b>			<b>-</b>	<b>230,128</b>	
<u>NC Cooperative Extension Service Agriculture</u>					
Natural Resources and Community & Rural Development					
NC AG Ventures Grant Program			-	7,725	
<b>Total NC Cooperative Extension Service Agriculture</b>			<b>-</b>	<b>7,725</b>	
<u>NC Department of Commerce</u>					
One NC Grant		2013-9599	-	200,000	
<b>Total NC Department of Commerce</b>			<b>-</b>	<b>200,000</b>	
<u>NC Department of Military and Veterans Affairs</u>					
Division of Veterans Affairs					
			-	2,175	
<b>Total NC Department of Military and Veterans Affairs</b>			<b>-</b>	<b>2,175</b>	
<b>TOTAL STATE AWARD EXPENDITURES</b>			<b>-</b>	<b>1,802,649</b>	<b>-</b>
<b>TOTAL AWARD EXPENDITURES</b>			<b>\$ 13,106,735</b>	<b>\$ 3,109,295</b>	<b>\$ -</b>

**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, 2018. 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, Refugee and Entrant Assistance Cluster and HIV.

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