

HARNETT COUNTY NORTH CAROLINA

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

HARNETT COUNTY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION

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April 30, 2020

Board of County Commissioners
Harnett County, North Carolina

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We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) of Harnett County (the “County”) for the fiscal year ended June 30, 2019. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin, Starnes & Associates, CPA’s, P.A. and that firm’s unmodified opinion is included in the Financial Section of this report.

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

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

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

HARNETT COUNTY GOVERNMENT PROFILE

The County, formed in 1855, is located in the South Central portion of North Carolina. It lies partially in the Coastal Plain and partially in the Piedmont section. Harnett County is the 23rd largest county in the State based on the US Census Bureau’s population estimate for 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.

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:

- India-based Krigen Pharmaceuticals selected Harnett County for its first U.S. manufacturing facility. The company expects to create approximately 117 jobs and \$7 million in the Town of Lillington.
- Pallet Consultants, a national pallet manufacturer, completed the purchase of a facility in the City of Dunn to expand its presence in the southeastern U.S. Pallet Consultants expects to invest \$3.7 million and create 50 new jobs on Harnett County.
- Harnett County Parks & Recreation broke ground on Patriots Park and the Government Complex Park. The Government Complex Park will include two multipurpose fields, two ballfields, walking trails, canoe/kayak water access, sand volleyball court and nature overlooks. The Harnett County Parks and Recreation Advisory Committee held its first meeting in January 2019.
- Harnett County Parks & Recreation purchased 28 acres of future park land in Northwest Harnett and began construction to replace six tennis courts at Neil's Creek Park.

- Harnett County Parks & Recreation went live with the first recreational software used in the County. This system will not only streamline the management of recreational programs and activities but allow citizens to sign-up and pay online.
- Harnett County Promise Initiative, adopted in 2018, designed to give county high school graduates the opportunity to receive free tuition to attend Central Carolina Community College for two years, enrolled 210 students in the fall of 2019 with 33% identified as “first generation” college students.
- Godwin Manufacturing Co. Inc. a part of the Godwin Group, announced in August 2019 a \$3.5 million expansion and improvement initiative. The project includes and 18,000 square foot fabrication expansion, new state-of-the-art equipment, and process improvements that will allow the company to expand product lines and materials to keep up with industry demand.
- BullDog Hose Company, an industry-leading premium hose manufacturer, best known for its high-quality American-made firefighting hoses, continues to expand its product line to serve industries such as municipalities, oil and gas, the military, and agriculture. This push stems from the company’s 2018 acquisition by Puck Enterprises, a leading liquid delivery system and manure application equipment manufacturer headquartered in Manning, Iowa.
- Sumter Packaging Corporation purchase 59,000 s.f. facility in the Town of Lillington to expand its assembly and distribution operation creating 20 new jobs.
- Harnett County Economic Development in partnership with county and regional stakeholders continues to develop and market county sites targeting commercial, health care, research and development, large scale manufacturing, and supply chain.

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 \$29,737,935 or 24% of total general fund expenditures.

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:

- Erwin Elementary School – this project consists of demolition work of the old Erwin Elementary School and the construction of a new 700 student capacity elementary school. The new Erwin Elementary School will combine the student populations from the current Erwin Elementary and Gentry Primary schools.
- Northwest Harnett Elementary School – this project consists of the purchase of land for construction of a new elementary school to be known as the Northwest Harnett Elementary School which will have the capacity to accommodate up to 1050 students.

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

Improvements also continue in a variety of departments and in a variety of service areas. 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.

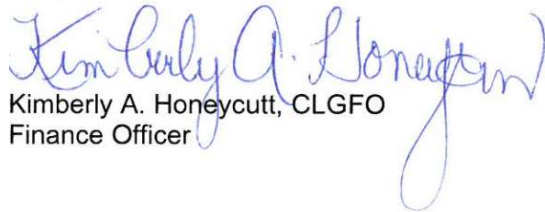
The legal level of control over expenditures is at the department level for the General Fund, Special Revenue funds, and Enterprise funds. The balances in the Capital Reserve Funds will be appropriated when transferred to the General Fund or their respective capital project funds. The County Manager 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.

ACKNOWLEDGMENTS

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

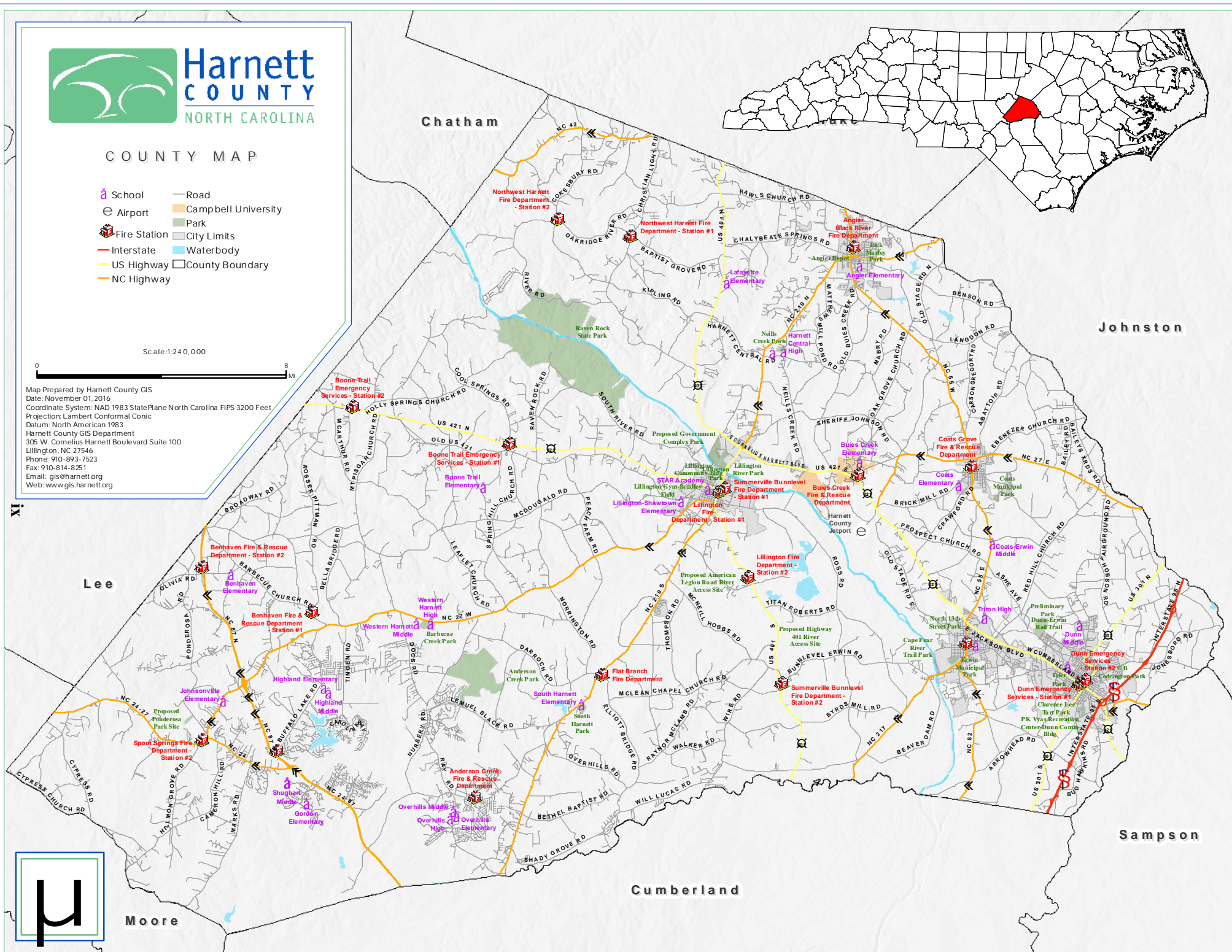


COUNTY MAP

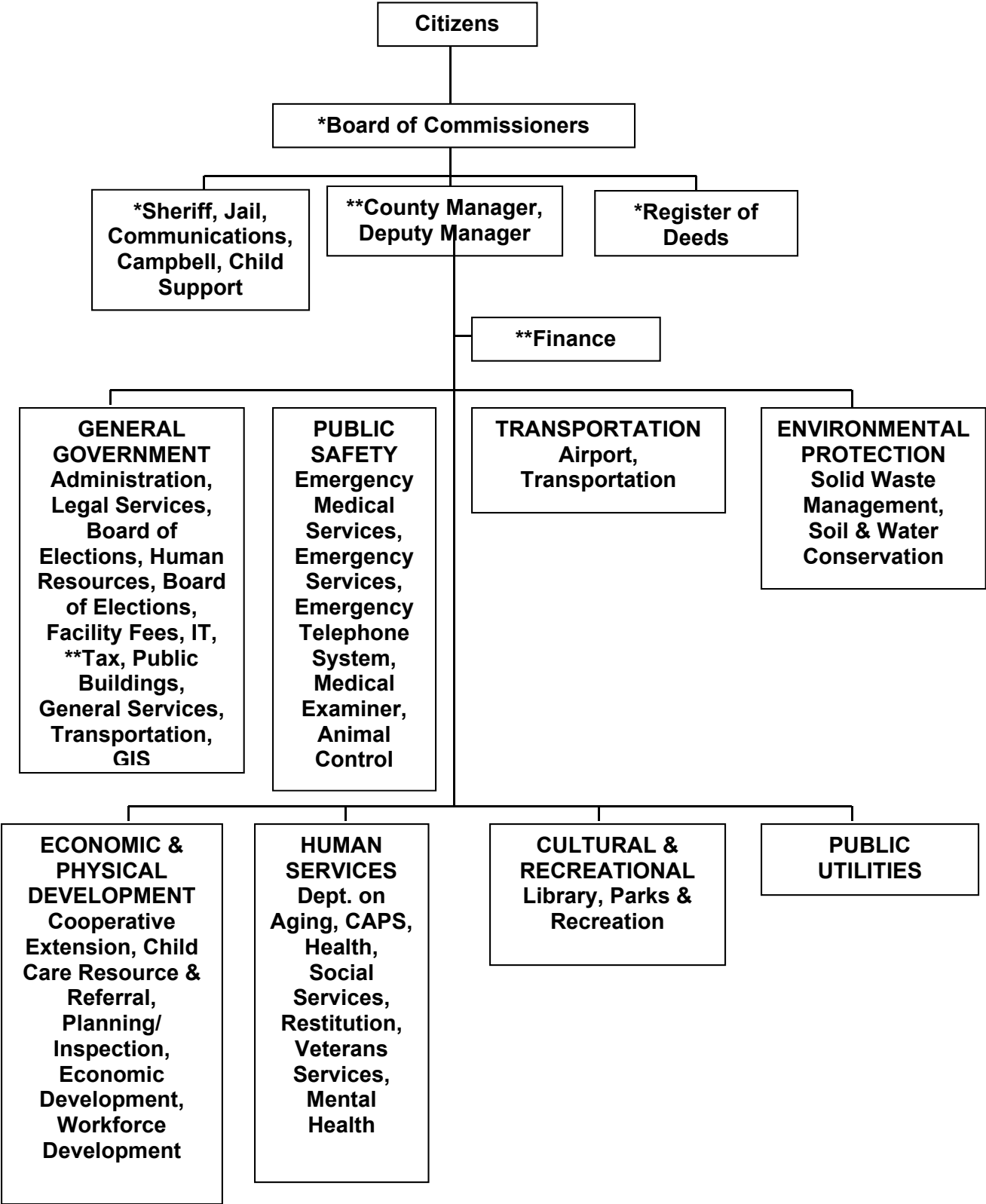
- School
- Airport
- Fire Station
- Interstate
- US Highway
- NC Highway
- Road
- Campbell University
- Park
- City Limits
- Waterbody
- County Boundary

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



HARNETT COUNTY ORGANIZATIONAL CHART



* Elected Positions
** Appointed Positions

HARNETT COUNTY, NORTH CAROLINA

Board of County Commissioners



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

Barbara McKoy, District 1

Mark Johnson, District 2

Joe Miller, District 5

Howard Penny, District 3
Vice-Chairman

Gordon Springle, District 4
Chairman

County Officers

Paula K. Stewart, County Manager

Brian Haney, Assistant County Manager

Colley Price, 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

Tony Spears, Chairman, Board of Elections

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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, 2019, 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, 2019, 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, 2019, the County changed accounting principle to align the Measurement Date and Reporting Date between GASB 74 and GASB 75. Governmental Accounting Standards Board (GASB) No. 74 & 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and 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 Net OPEB Liability and Related Ratios, County Contributions, and Investment Returns, 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 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 April 30, 2020, 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
April 30, 2020

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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, 2019. 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.

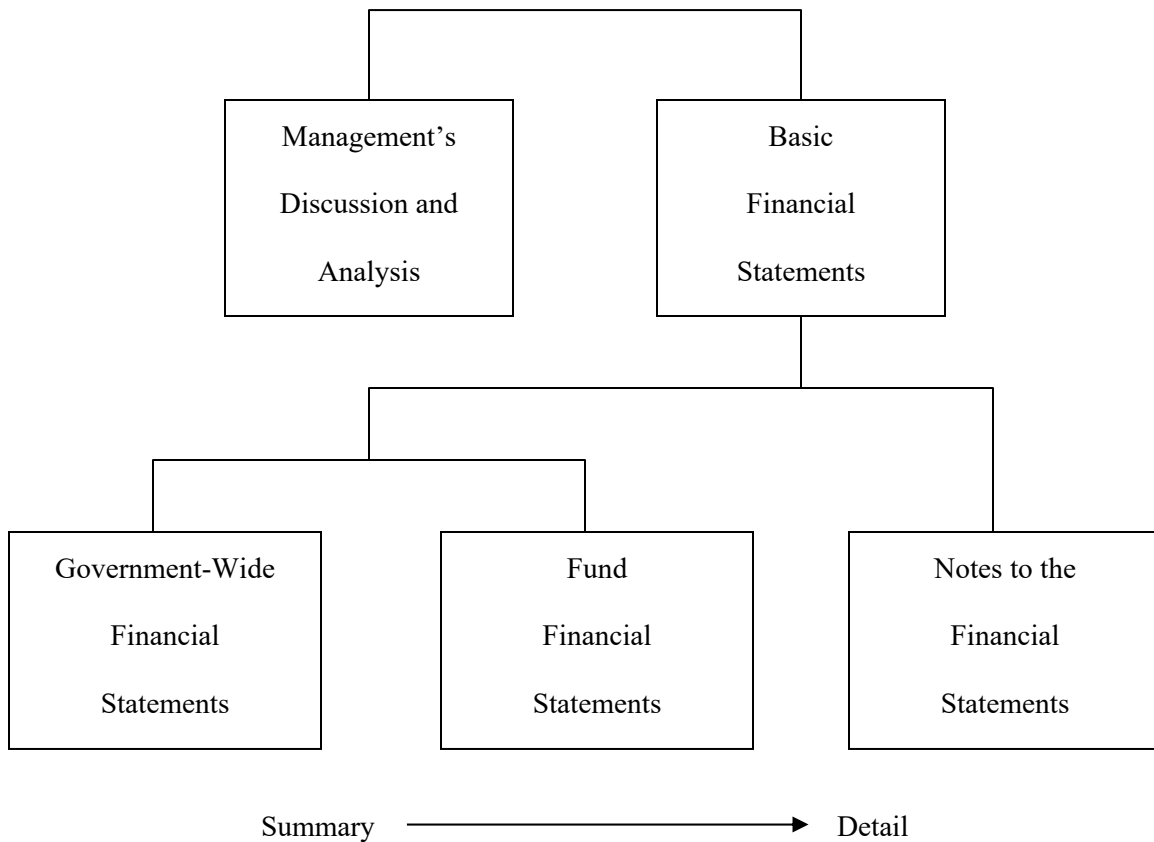
Financial Highlights

- 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 \$318,841,220 (net position).
- The government's total net position decreased by \$849,598. This decrease was due to a decrease in the receipt of operating grants and contributions for the governmental activities and also for the increase in general government expense.
- In accordance with North Carolina law, liabilities of the County include approximately \$107.9 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 \$66,533,266, a decrease of \$290,471 in comparison with the prior year. Approximately 43% of this total amount, or \$28,351,152, 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 \$29,737,935, or 23.53%, of total General Fund expenditures and transfers out for the fiscal year.
- Harnett County's long-term obligations decreased by \$17,855,503 (8.38%) during the current fiscal year. This decrease was due to current year principal reduction.
- 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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Harnett County has four fiduciary funds, one of which is an OPEB trust fund for reporting purposes and three of which are 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 \$318,841,220 as of June 30, 2019. The County's net position decreased by \$849,598 for the fiscal year ended June 30, 2019.

The largest portion totaling \$333,815,086 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 \$21,274,854 (6.67%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(36,248,720) is unrestricted.

Harnett County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets						
Cash and cash equivalents	\$ 64,435,461	\$ 60,937,317	\$ 62,588,458	\$ 54,607,778	\$ 127,023,919	\$ 115,545,095
Taxes receivable, net	442,336	500,127	-	-	442,336	500,127
Accounts receivable, net	7,378,134	14,379,297	5,073,265	4,883,859	12,451,399	19,263,156
Due from other governments	6,137,834	9,271,193	-	87,907	6,137,834	9,359,100
Internal balance	(1,507,313)	(1,184,895)	1,507,313	1,184,895	-	-
Inventories	8,119	11,189	651,560	624,477	659,679	635,666
Prepaid items	251,013	218,776	-	13,046	251,013	231,822
Restricted assets:						
Cash and cash equivalents	8,157,686	12,495,152	2,110,528	2,106,766	10,268,214	14,601,918
Net pension asset	198,748	213,296	-	-	198,748	213,296
Capital assets:						
Land and construction						
in progress	8,255,636	7,142,560	16,136,988	11,458,997	24,392,624	18,601,557
Other capital assets, net	79,385,056	88,857,489	318,078,039	325,910,724	397,463,095	414,768,213
Total assets	<u>173,142,710</u>	<u>192,841,501</u>	<u>406,146,151</u>	<u>400,878,449</u>	<u>579,288,861</u>	<u>593,719,950</u>
Deferred Outflows of Resources	<u>21,042,172</u>	<u>14,927,989</u>	<u>3,470,495</u>	<u>2,381,760</u>	<u>24,512,667</u>	<u>17,309,749</u>
Liabilities						
Accounts payable	8,492,101	8,261,295	4,431,363	3,785,758	12,923,464	12,047,053
Customer deposits	-	-	2,110,528	2,106,766	2,110,528	2,106,766
Unearned revenue	-	-	225,399	180,000	225,399	180,000
Current portion of						
compensated absences	2,250,730	2,210,521	644,251	650,322	2,894,981	2,860,843
Claims payable - current	365,000	893,000	-	-	365,000	893,000
Long-term liabilities:						
Non-current portion of						
compensated absences	750,243	736,840	214,749	216,774	964,992	953,614
Claims payable - non-current	364,810	1,587,470	-	-	364,810	1,587,470
Due in less than one year	14,128,252	14,569,407	3,684,502	3,748,912	17,812,754	18,318,319
Due in more than one year	185,651,048	185,924,990	59,661,163	60,858,912	245,312,211	246,783,902
Total liabilities	<u>212,002,184</u>	<u>214,183,523</u>	<u>70,971,955</u>	<u>71,547,444</u>	<u>282,974,139</u>	<u>285,730,967</u>
Deferred Inflows of Resources	<u>1,709,618</u>	<u>2,894,426</u>	<u>276,551</u>	<u>409,583</u>	<u>1,986,169</u>	<u>3,304,009</u>
Net Position						
Net investment in capital assets	51,755,245	54,269,404	282,059,841	281,674,631	333,815,086	335,944,035
Restricted for:						
Stabilization for state statute	16,916,552	12,998,676	-	-	16,916,552	12,998,676
Register of Deeds	347,954	427,519	-	-	347,954	427,519
General government	276,885	152,465	-	-	276,885	152,465
Education	29,994	610,066	-	-	29,994	610,066
Public safety	3,703,469	3,187,331	-	-	3,703,469	3,187,331
Unrestricted	(92,557,019)	(80,953,920)	56,308,299	49,628,551	(36,248,720)	(31,325,369)
Total net position	<u>\$ (19,526,920)</u>	<u>\$ (9,308,459)</u>	<u>\$ 338,368,140</u>	<u>\$ 331,303,182</u>	<u>\$ 318,841,220</u>	<u>\$ 321,994,723</u>

As with many counties in the State of North Carolina, the County's unrestricted net position is low or negative due primarily to the portion of the County's outstanding debt incurred for the County Board of Education (the "school system") and 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 \$107.9 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 99.61% 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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 18,341,495	\$ 18,246,612	\$ 46,352,529	\$ 45,124,852	\$ 64,694,024	\$ 63,371,464
Operating grants and contributions	4,993,700	19,958,635	-	28,680	4,993,700	19,987,315
Capital grants and contributions	-	146,228	3,005,857	622,358	3,005,857	768,586
General revenues:						
Property taxes	73,555,031	70,459,916	-	-	73,555,031	70,459,916
Local option sales tax	23,633,916	21,796,176	-	-	23,633,916	21,796,176
Other taxes and licenses	9,530,846	9,215,929	282,191	258,016	9,813,037	9,473,945
Unrestricted intergovernmental	4,994	56,135	-	-	4,994	56,135
Investment earnings	1,647,672	950,379	44,537	29,994	1,692,209	980,373
Total revenues	<u>131,707,654</u>	<u>140,830,010</u>	<u>49,685,114</u>	<u>46,063,900</u>	<u>181,392,768</u>	<u>186,893,910</u>
Expenses:						
General government	23,498,036	16,113,489	-	-	23,498,036	16,113,489
Public safety	43,001,530	42,464,618	-	-	43,001,530	42,464,618
Transportation	2,164,719	1,183,864	-	-	2,164,719	1,183,864
Environmental protection	178,917	166,931	-	-	178,917	166,931
Economic and physical development	3,993,304	4,249,021	-	-	3,993,304	4,249,021
Human services	26,939,763	26,671,296	-	-	26,939,763	26,671,296
Cultural and recreation	3,187,931	2,938,458	-	-	3,187,931	2,938,458
Education	31,850,277	45,366,104	-	-	31,850,277	45,366,104
Interest on long-term debt	5,224,806	5,443,930	-	-	5,224,806	5,443,930
Landfill	-	-	5,404,615	5,423,198	5,404,615	5,423,198
Water and sewer	-	-	36,798,468	34,137,473	36,798,468	34,137,473
Total expenses	<u>140,039,283</u>	<u>144,597,711</u>	<u>42,203,083</u>	<u>39,560,671</u>	<u>182,242,366</u>	<u>184,158,382</u>
Change in net position before transfers	(8,331,629)	(3,767,701)	7,482,031	6,503,229	(849,598)	2,735,528
Transfers	<u>71,486</u>	<u>397,814</u>	<u>(71,486)</u>	<u>(397,814)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(8,260,143)</u>	<u>(3,369,887)</u>	<u>7,410,545</u>	<u>6,105,415</u>	<u>(849,598)</u>	<u>2,735,528</u>
Net position, July 1	(9,308,459)	10,878,841	331,303,182	328,214,996	321,994,723	339,093,837
Restatement	<u>(1,958,318)</u>	<u>(16,817,413)</u>	<u>(345,587)</u>	<u>(3,017,229)</u>	<u>(2,303,905)</u>	<u>(19,834,642)</u>
Net position, July 1	<u>(11,266,777)</u>	<u>(5,938,572)</u>	<u>330,957,595</u>	<u>325,197,767</u>	<u>319,690,818</u>	<u>319,259,195</u>
Net position, June 30	<u>\$ (19,526,920)</u>	<u>\$ (9,308,459)</u>	<u>\$ 338,368,140</u>	<u>\$ 331,303,182</u>	<u>\$ 318,841,220</u>	<u>\$ 321,994,723</u>

Governmental Activities. Governmental activities decreased the County's net position by \$8,260,143. Key elements of this decrease are as follows:

- Decrease in the receipt of operating grants and contributions over the prior year due to one-time grants or program-related activity; a delay in the receipt of federal QSCB reimbursements.
- Increases to the change included the collection of local option sales tax which increased from \$21,796,176 to \$23,633,916. Other taxes and licenses also impacted this change with an increase of \$1,189,679 over the prior year.
- The most significant impact in revenues was attributed to a \$697,293 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.
- Overall expenses for Governmental Activities decreased to \$140,039,284 from \$144,597,711 over the prior year. A highlight of these include:
 - i) Activity for Education. The construction of the new Benhaven Elementary School, which houses 881 students in the western portion of the county, was completed and opened in the fall of 2018 and accounted for the decrease in education spending over the prior year.
 - ii) General Government expenses increased to \$23,498,037 from \$16,113,489 and were due to preconstruction expenses associated with the construction of the new Harnett County Resource Center & Library and DSS addition. With construction to begin in the fall of 2019, the new resource center will be located in the Harnett County Government Complex in Lillington next to the courthouse. As part of the Master Plan of consolidating County Services on a single campus, this facility will address a demand in services as the County grows.

Property taxes increased by \$3,095,115 to \$73,555,031. The County remains strong in its collection of taxes as evidenced by an increase of the collection rate to 99.61% from the prior year of 99.53%.

Business-Type Activities. Business-type activities increased Harnett County's net position by \$7,410,545. Key elements of this increase are 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 increased by \$2,383,499 to \$3,005,857 due to the increase in the activity associated with various Public Utilities projects.

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 \$32,171,256, while total fund balance reached \$43,620,214, an increase of 1.02%. 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 2019, the County's Tax Collection Rate was 99.61%. The revenue from the receipt of sales tax increased 8.4%. 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 \$950,379 to \$1,647,672, an increase of 73% over the prior fiscal year. 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 25.45% of General Fund expenditures and transfers to other funds, while total fund balance represents 34.51% of that same amount.

At June 30, 2019, the governmental funds of Harnett County reported a combined fund balance of \$66,533,266, a 0.43% 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 \$551,611, and those for the Water and Sewer Fund equaled \$54,249,375. The total growth in net position for both funds was \$850,511 and \$6,237,616, 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 \$5,755,404. Following are the main components of this increase:

- \$2,115,264 for the addition of School Resource Safety Officers in the elementary and primary schools within the County.
- \$1,500,429 for Human Services expenditures due to the purchase of vehicles and software support which will enhance the efficiency of the Social Services Department. \
- \$1,229,722 for Education expenditures for various capital outlay purchases for the Harnett County schools.
- 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, 2019, totals \$421,855,719 (net of accumulated depreciation). These assets include buildings, land, construction in progress, buildings, land improvements, furniture, computer hardware, computer software, fixtures, machinery and equipment, park facilities, vehicles and plant distribution, and collection systems.

Major capital asset transactions during the year include:

- Purchased 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)**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,497,853	\$ 6,775,454	\$ 2,760,532	\$ 2,760,532	\$ 9,258,385	\$ 9,535,986
Plant, distribution, and collection systems	-	-	299,106,605	306,051,994	299,106,605	306,051,994
Buildings	67,885,377	68,448,003	16,204,151	16,985,494	84,089,528	85,433,497
Land improvements	7,163,464	8,969,913	-	-	7,163,464	8,969,913
Equipment	812,667	8,279,272	1,732,057	2,264,728	2,544,724	10,544,000
Vehicles	3,523,548	3,160,301	1,035,226	608,508	4,558,774	3,768,809
Construction in progress	1,757,783	367,106	13,376,456	8,698,465	15,134,239	9,065,571
Total	\$ 87,640,692	\$ 96,000,049	\$ 334,215,027	\$ 337,369,721	\$ 421,855,719	\$ 433,369,770

Additional information on Harnett County's capital assets can be found in Note 2 beginning on page 49 of this report.

Long-Term Debt. As of June 30, 2019, Harnett County had total debt outstanding of \$195,200,923. Of this amount, \$38,706,000 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, 2019, the County's outstanding debt consisted of:

Harnett County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment purchases -						
Direct placement	\$ 98,424,385	\$ 108,667,198	\$ 1,502,990	\$ 1,712,075	\$ 99,927,375	\$ 110,379,273
General obligation bonds	26,550,000	28,025,000	12,156,000	12,379,000	38,706,000	40,404,000
Capitalized leases	18,120,802	20,710,289	-	26,041	18,120,802	20,736,330
Limited obligation bonds	-	-	15,790,000	16,570,000	15,790,000	16,570,000
Special obligation bonds	-	-	752,000	929,000	752,000	929,000
Revenue bonds	-	-	8,730,000	9,585,000	8,730,000	9,585,000
State bond loans -						
Direct borrowing	-	-	13,174,746	14,452,823	13,174,746	14,452,823
Total	\$ 143,095,187	\$ 157,402,487	\$ 52,105,736	\$ 55,653,939	\$ 195,200,923	\$ 213,056,426

Harnett County's total debt decreased by \$17,855,503 (8.38%) during the past fiscal year, primarily due to principal payments 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 \$435,993,329.

Additional information on Harnett County's long-term debt can be found in Note 2 beginning on page 53 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Harnett County for the fiscal year ending June 30, 2019, was 4.1 percent, which is a decrease from a rate of 4.8 percent a year ago. Compared to the State average of 4.0 percent for the same period, the County is above the State average.
- G.S. 105-287 requires that units of local government reappraise real property at least once every eight years. The County, on the recommendation of the NC Department of Revenue, has adopted a resolution to move to a four-year appraisal cycle. The County's next reappraisal is scheduled for January 1, 2022. The total property valuation for the fiscal year ended 2019 was \$8,811,710,509 up from \$8,528,466,617 for fiscal year ended 2018.
- Total sales tax collections continued to increase during the fiscal year ended June 30, 2019 to \$23,633,916 from \$21,796,176 in the year ended June 30, 2018, an increase of 8.46% over last year's collections.
- Harnett County's population continues to grow. The North Carolina Office of State Budget & Management's population estimate for Harnett County increased 2,067 from an estimated 133,172 in 2018 to 135,239 in 2019.

Budget Highlights for the Fiscal Year Ending June 30, 2020

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

Expenditures in the General Fund have been budgeted at \$126,781,424 and include amounts appropriated for interfund transfers for debt service and capital reserve. The budget decreased over the fiscal year ended 2019 budget due to the reduced use of capital reserve funds. During the economic downturn of 2008, the County deferred capital improvements and large item purchases. As the economy improved, the County resumed the activity of replacing much needed capital as well as the setting aside of funds to allow a managed program for the future; this activity resulted in a spike of activity but has now leveled off to level spending. The County adopted a five-year capital plan for the General Fund in the prior fiscal year and approves capital purchases as part of a defined CIP plan each fall for the upcoming year. This pro-active plan addresses upcoming capital needs and the transfer of funds to meet these needs. The 2019-2020 budget contains a modest appropriation 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 2020 Budget contains an appropriation from fund balance in the amount of \$2,433,321.

Business-Type Activities. The water rates for the 2019-2020 fiscal year increased over the prior year while sewer fees remained unchanged; sewer taps increased as well. The rates for furniture/toys and electronic disposal increased from \$40 to \$45 per ton and non-household items from \$40 to \$45 per ton while the household solid waste, recycling fee and landfill tipping fees remain unchanged. Expenditures for public utilities and solid waste for the fiscal year have been budgeted at \$34,680,203 and \$5,810,400 respectively. These budgeted expenditures will cover personnel, supplies, and operating costs associated with the increasing demand for utility and landfill services due to growth.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Harnett County, P.O. Box 760, 420 McKinney Parkway, Lillington, North Carolina 27546.

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BASIC FINANCIAL STATEMENTS

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

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HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 64,435,461	\$ 62,588,458	\$ 127,023,919
Taxes receivable, net	442,336	-	442,336
Accounts receivable, net	7,378,134	5,073,265	12,451,399
Due from other governments	6,137,834	-	6,137,834
Internal balance	(1,507,313)	1,507,313	-
Inventories	8,119	651,560	659,679
Prepaid items	251,013	-	251,013
Restricted assets:			
Cash and cash equivalents	8,157,686	2,110,528	10,268,214
Total current assets	85,303,270	71,931,124	157,234,394
Non-current assets:			
Net pension asset	198,748	-	198,748
Capital assets:			
Land and construction in progress	8,255,636	16,136,988	24,392,624
Other capital assets, net	79,385,056	318,078,039	397,463,095
Total non-current assets	87,839,440	334,215,027	422,054,467
Total assets	173,142,710	406,146,151	579,288,861
Deferred Outflows of Resources:			
Pension deferrals	10,285,139	1,759,684	12,044,823
OPEB deferrals	4,269,690	753,474	5,023,164
Charge on refunding	6,487,343	957,337	7,444,680
Total deferred outflows of resources	21,042,172	3,470,495	24,512,667
Liabilities:			
Current liabilities:			
Accounts payable	8,492,101	4,431,363	12,923,464
Customer deposits payable from restricted assets	-	2,110,528	2,110,528
Unearned revenues	-	225,399	225,399
Current portion of compensated absences	2,250,730	644,251	2,894,981
Claims payable current	365,000	-	365,000
Due within one year	14,128,252	3,684,502	17,812,754
Total current liabilities	25,236,083	11,096,043	36,332,126
Long-term liabilities:			
Non-current portion of compensated absences	750,243	214,749	964,992
Claims payable, non-current	364,810	-	364,810
Total pension liability - LEOSSA	2,845,104	-	2,845,104
Net pension liability - LGERS	12,815,202	2,261,507	15,076,709
Net OPEB liability	37,805,425	6,671,546	44,476,971
Due in more than one year	132,185,317	50,728,110	182,913,427
Total liabilities	212,002,184	70,971,955	282,974,139
Deferred Inflows of Resources:			
Pension deferrals	265,477	21,702	287,179
OPEB deferrals	1,444,141	254,849	1,698,990
Total deferred inflows of resources	1,709,618	276,551	1,986,169
Net Position:			
Net investment in capital assets	51,755,245	282,059,841	333,815,086
Restricted for:			
Stabilization by state statute	16,916,552	-	16,916,552
Register of Deeds' pension plan	247,434	-	247,434
Register of Deeds	100,520	-	100,520
General government	276,885	-	276,885
Education	29,994	-	29,994
Public safety	3,703,469	-	3,703,469
Unrestricted	(92,557,019)	56,308,299	(36,248,720)
Total net position	\$ (19,526,920)	\$ 338,368,140	\$ 318,841,220

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 23,498,036	\$ 8,360,038	\$ 1,521,624	\$ -
Public safety	43,001,530	7,753,365	1,086,874	-
Transportation	2,164,719	-	546,401	-
Environmental protection	178,917	-	24,702	-
Economic and physical development	3,993,304	-	18,773	-
Human services	26,939,763	2,228,092	1,597,713	-
Cultural and recreational	3,187,931	-	197,613	-
Education	31,850,277	-	-	-
Interest on long-term debt	5,224,806	-	-	-
Total governmental activities	<u>140,039,283</u>	<u>18,341,495</u>	<u>4,993,700</u>	<u>-</u>
Business-Type Activities:				
Water and sewer	36,798,468	40,260,717	-	3,005,857
Solid waste	5,404,615	6,091,812	-	-
Total business-type activities	<u>42,203,083</u>	<u>46,352,529</u>	<u>-</u>	<u>3,005,857</u>
Total primary government	<u>\$ 182,242,366</u>	<u>\$ 64,694,024</u>	<u>\$ 4,993,700</u>	<u>\$ 3,005,857</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, 2019

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (13,616,374)	\$ -	\$ (13,616,374)
Public safety	(34,161,291)	-	(34,161,291)
Transportation	(1,618,318)	-	(1,618,318)
Environmental protection	(154,215)	-	(154,215)
Economic and physical development	(3,974,531)	-	(3,974,531)
Human services	(23,113,958)	-	(23,113,958)
Cultural and recreational	(2,990,318)	-	(2,990,318)
Education	(31,850,277)	-	(31,850,277)
Interest on long-term debt	(5,224,806)	-	(5,224,806)
Total governmental activities	<u>(116,704,088)</u>	<u>-</u>	<u>(116,704,088)</u>
Business-Type Activities:			
Water and sewer	-	6,468,106	6,468,106
Solid waste	-	687,197	687,197
Total business-type activities	<u>-</u>	<u>7,155,303</u>	<u>7,155,303</u>
Total primary government	<u>(116,704,088)</u>	<u>7,155,303</u>	<u>(109,548,785)</u>
General Revenues:			
Ad valorem taxes	73,555,031	-	73,555,031
Local option sales tax	23,633,916	-	23,633,916
Other taxes and licenses	9,530,846	282,191	9,813,037
Unrestricted intergovernmental revenues	4,994	-	4,994
Interest earned on investments, unrestricted	1,647,672	44,537	1,692,209
Total general revenues	<u>108,372,459</u>	<u>326,728</u>	<u>108,699,187</u>
Transfers	<u>71,486</u>	<u>(71,486)</u>	<u>-</u>
Total general revenues and transfers	<u>108,443,945</u>	<u>255,242</u>	<u>108,699,187</u>
Change in net position	<u>(8,260,143)</u>	<u>7,410,545</u>	<u>(849,598)</u>
Net Position:			
Beginning of year - July 1	(9,308,459)	331,303,182	321,994,723
Restatement	<u>(1,958,318)</u>	<u>(345,587)</u>	<u>(2,303,905)</u>
Beginning of year - restated	<u>(11,266,777)</u>	<u>330,957,595</u>	<u>319,690,818</u>
End of year - June 30	<u>\$ (19,526,920)</u>	<u>\$ 338,368,140</u>	<u>\$ 318,841,220</u>

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

HARNETT COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	\$ 39,638,394	\$ 11,701,503	\$ 51,339,897
Taxes receivable, net	346,281	96,055	442,336
Accounts receivable, net	4,416,957	2,960,792	7,377,749
Due from other funds	644,410	2,756,559	3,400,969
Due from other governments	6,137,834	-	6,137,834
Inventories	8,119	-	8,119
Prepaid items	241,638	-	241,638
Restricted assets:			
Restricted cash and cash equivalents	-	8,157,686	8,157,686
 Total assets	 <u>\$ 51,433,633</u>	 <u>\$ 25,672,595</u>	 <u>\$ 77,106,228</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,710,579	\$ 2,019,078	\$ 6,729,657
Due to other funds	2,756,559	644,410	3,400,969
Total liabilities	<u>7,467,138</u>	<u>2,663,488</u>	<u>10,130,626</u>
 Deferred Inflows of Resources:			
Property tax receivable	346,281	96,055	442,336
Total deferred inflows of resources	<u>346,281</u>	<u>96,055</u>	<u>442,336</u>
 Fund Balances:			
Non-spendable:			
Inventories	8,119	-	8,119
Prepaid items	241,638	-	241,638
Restricted:			
Restricted for stabilization by state statute	11,199,201	5,717,351	16,916,552
Restricted for Register of Deeds	-	100,520	100,520
Restricted for general government	-	276,885	276,885
Restricted for education	-	8,187,680	8,187,680
Restricted for public safety	-	3,703,469	3,703,469
Committed for economic development	-	492,117	492,117
Assigned	2,433,321	5,821,813	8,255,134
Unassigned	29,737,935	(1,386,783)	28,351,152
Total fund balances	<u>43,620,214</u>	<u>22,913,052</u>	<u>66,533,266</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 51,433,633</u>	 <u>\$ 25,672,595</u>	 <u>\$ 77,106,228</u>

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

HARNETT COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2019

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - modified accrual	\$ 66,533,266
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	87,640,692
Net pension asset	198,748
Net pension liability - LGERS	(12,815,202)
Total pension liability - LEOSSA	(2,845,104)
Net OPEB liability	(37,805,425)
Deferred outflows of resources related to pensions are not reported in the funds.	10,285,139
Deferred outflows of resources related to OPEB are not reported in the funds.	4,269,690
Deferred inflows of resources related to pensions are not reported in the funds.	(265,477)
Deferred inflows of resources related to OPEB are not reported in the funds.	(1,444,141)
Deferred outflow related to bond refunding not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,487,343
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	(146,313,569)
Compensated absences	(3,000,973)
Accrued interest payable	(340,568)
Consolidation of Internal Service Fund	9,446,325
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>442,336</u>
Net position of governmental activities (Exhibit A)	<u>\$ (19,526,920)</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, 2019

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 65,856,490	\$ 7,756,332	\$ 73,612,822
Other taxes and licenses	24,962,763	8,201,999	33,164,762
Unrestricted intergovernmental revenues	4,994	-	4,994
Restricted intergovernmental revenues	17,830,044	2,080,662	19,910,706
Permits and fees	1,603,145	1,326,016	2,929,161
Sales and services	7,527,674	75,000	7,602,674
Investment earnings	1,304,962	342,710	1,647,672
Other general revenues	2,546,588	-	2,546,588
Total revenues	<u>121,636,660</u>	<u>19,782,719</u>	<u>141,419,379</u>
Expenditures:			
Current:			
General government	13,975,012	2,193,264	16,168,276
Public safety	32,745,970	10,174,419	42,920,389
Transportation	537,989	-	537,989
Environmental protection	178,917	-	178,917
Economic and physical development	3,395,082	249,501	3,644,583
Human services	23,785,760	-	23,785,760
Cultural and recreation	3,808,255	260,792	4,069,047
Education	26,712,828	5,137,449	31,850,277
Debt service:			
Principal repayments	14,307,300	-	14,307,300
Interest and fees	4,318,798	-	4,318,798
Total expenditures	<u>123,765,911</u>	<u>18,015,425</u>	<u>141,781,336</u>
Revenues over (under) expenditures	<u>(2,129,251)</u>	<u>1,767,294</u>	<u>(361,957)</u>
Other Financing Sources (Uses):			
Transfers to other funds	(2,629,865)	(5,222,940)	(7,852,805)
Transfers from other funds	5,200,838	2,723,453	7,924,291
Total other financing sources (uses)	<u>2,570,973</u>	<u>(2,499,487)</u>	<u>71,486</u>
Net change in fund balances	441,722	(732,193)	(290,471)
Fund Balances:			
Beginning of year - July 1	<u>43,178,492</u>	<u>23,645,245</u>	<u>66,823,737</u>
End of year - June 30	<u>\$ 43,620,214</u>	<u>\$ 22,913,052</u>	<u>\$ 66,533,266</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, 2019**

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)	\$ (290,471)
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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	(57,791)
Ambulance/other miscellaneous revenues	(11,374,417)

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.	208,495
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Pension expense - LEOSSA	110,361
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Pension expense - LGERS	(787,283)
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Pension expense - ROD	(30,441)
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OPEB plan expense	(3,238,252)
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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.	20,755
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Deferred charges 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.	4,106,409
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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.	(5,456,362)
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Loss on sale of asset	(7,009,404)
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Principal repayments and refunding of debt are reported as expenditures in the governmental funds statements. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	14,307,300
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Consolidation of Internal Service Fund	<u>2,157,721</u>
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Change in net position of governmental activities (Exhibit B)	<u>\$ (8,260,143)</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, 2019

	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 62,805,052	\$ 63,555,052	\$ 65,856,490	\$ 2,301,438
Other taxes and licenses	23,418,986	23,418,986	24,962,763	1,543,777
Unrestricted intergovernmental revenues	17,307	43,668	4,994	(38,674)
Restricted intergovernmental revenues	18,493,059	19,701,012	17,830,044	(1,870,968)
Permits and fees	839,368	831,368	1,603,145	771,777
Sales and services	7,470,302	7,470,302	7,527,674	57,372
Investment earnings	351,400	351,400	1,304,962	953,562
Other general revenues	9,415,778	9,994,431	2,546,588	(7,447,843)
Total revenues	<u>122,811,252</u>	<u>125,366,219</u>	<u>121,636,660</u>	<u>(3,729,559)</u>
Expenditures:				
General government	16,236,656	16,650,810	13,975,012	2,675,798
Public safety	33,889,340	36,004,604	32,745,970	3,258,634
Transportation	706,036	828,289	537,989	290,300
Environmental protection	210,414	210,830	178,917	31,913
Economic and physical development	4,305,791	4,087,178	3,395,082	692,096
Human services	25,971,977	27,472,406	23,785,760	3,686,646
Cultural and recreation	5,888,670	5,831,978	3,808,255	2,023,723
Education	26,737,426	27,967,148	26,712,828	1,254,320
Debt service:				
Principal repayments	13,681,810	14,307,305	14,307,300	5
Interest and fees	4,335,416	4,358,392	4,318,798	39,594
Total expenditures	<u>131,963,536</u>	<u>137,718,940</u>	<u>123,765,911</u>	<u>13,953,029</u>
Revenues over (under) expenditures	<u>(9,152,284)</u>	<u>(12,352,721)</u>	<u>(2,129,251)</u>	<u>10,223,470</u>
Other Financing Sources (Uses):				
Transfers to other funds	(12,843,334)	(2,629,865)	(2,629,865)	-
Transfers from other funds	18,176,241	7,363,995	5,200,838	(2,163,157)
Appropriated fund balance	3,819,377	7,618,591	-	(7,618,591)
Total other financing sources (uses)	<u>9,152,284</u>	<u>12,352,721</u>	<u>2,570,973</u>	<u>(9,781,748)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	441,722	<u>\$ 441,722</u>
Fund Balance:				
Beginning of year - July 1			<u>43,178,492</u>	
End of year - June 30			<u>\$ 43,620,214</u>	

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

HARNETT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Enterprise Funds			Internal
	Water and Sewer Fund	Solid Waste Fund	Total	Service Funds
Assets:				
Current assets:				
Cash and cash investments	\$ 59,648,107	\$ 2,940,351	\$ 62,588,458	\$ 13,095,564
Accounts receivable, net	4,805,161	268,104	5,073,265	385
Prepaid items	-	-	-	9,375
Inventory	651,560	-	651,560	-
Restricted assets:				
Cash and investments, restricted	2,110,528	-	2,110,528	-
Total current assets	67,215,356	3,208,455	70,423,811	13,105,324
Non-current assets:				
Land and construction in progress	14,583,399	1,553,589	16,136,988	-
Other capital assets, net	312,993,376	5,084,663	318,078,039	-
Total non-current assets	327,576,775	6,638,252	334,215,027	-
Total assets	394,792,131	9,846,707	404,638,838	13,105,324
Deferred Outflows of Resources:				
Pension deferrals	1,525,061	234,623	1,759,684	-
OPEB deferrals	653,011	100,463	753,474	-
Charge on refunding	957,337	-	957,337	-
Total deferred outflows of resources	3,135,409	335,086	3,470,495	-
Liabilities and Net Assets:				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	3,928,900	326,535	4,255,435	1,421,876
Claims payable	-	-	-	365,000
Accrued interest	167,908	8,020	175,928	-
Prepaid fees	174,935	50,464	225,399	-
Customer deposits payable from restricted assets	2,110,528	-	2,110,528	-
Compensated absences, current	585,095	59,156	644,251	-
Current portion of long-term debt	3,360,192	324,310	3,684,502	-
Total current liabilities	10,327,558	768,485	11,096,043	1,786,876
Non-current liabilities:				
Compensated absences, non-current	195,031	19,718	214,749	-
Claims payable	-	-	-	364,810
Non-current portion of long-term debt	47,795,182	2,932,928	50,728,110	-
Net OPEB liability	5,782,006	889,540	6,671,546	-
Net pension liability	1,959,972	301,535	2,261,507	-
Total non-current liabilities	55,732,191	4,143,721	59,875,912	364,810
Total liabilities	66,059,749	4,912,206	70,971,955	2,151,686
Deferred Inflows of Resources:				
OPEB deferrals	220,869	33,980	254,849	-
Pension deferrals	18,809	2,893	21,702	-
Total deferred inflows of resources	239,678	36,873	276,551	-
Net Position:				
Net investment in capital assets	277,378,738	4,681,103	282,059,841	-
Unrestricted	54,249,375	551,611	54,800,986	10,953,638
Total net position	\$ 331,628,113	\$ 5,232,714	336,860,827	\$ 10,953,638
Adjustment to reflect consolidation of internal service funds			1,507,313	
Net position			\$ 338,368,140	

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, 2019

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Operating Revenues:				
Charges for services	\$ 38,029,519	\$ 6,031,959	\$ 44,061,478	\$ -
County contributions	-	-	-	11,206,319
Other operating revenues	1,958,383	10,250	1,968,633	-
Total operating revenues	39,987,902	6,042,209	46,030,111	11,206,319
Operating Expenses:				
Water distribution and sewage treatment	23,759,031	-	23,759,031	-
Solid waste	-	4,883,496	4,883,496	-
Benefits and premiums	-	-	-	8,726,180
Depreciation	11,425,493	509,581	11,935,074	-
Total operating expenses	35,184,524	5,393,077	40,577,601	8,726,180
Operating income (loss)	4,803,378	649,132	5,452,510	2,480,139
Non-Operating Revenues (Expenses):				
Solid waste disposal tax	-	282,191	282,191	-
Interest earned on investments	42,325	2,212	44,537	-
Interest and fees	(1,613,944)	(11,538)	(1,625,482)	-
Total non-operating revenues (expenses)	(1,571,619)	272,865	(1,298,754)	-
Income (loss) before capital contributions	3,231,759	921,997	4,153,756	2,480,139
Capital contributions	3,005,857	-	3,005,857	-
Income (loss) before transfers	6,237,616	921,997	7,159,613	2,480,139
Transfers:				
Transfers out	-	(71,486)	(71,486)	-
Total transfers	-	(71,486)	(71,486)	-
Change in net position	6,237,616	850,511	7,088,127	2,480,139
Net Position:				
Beginning of year - July 1	325,690,005	4,428,282		8,473,499
Restatement	(299,508)	(46,079)		-
Beginning of year - restated	325,390,497	4,382,203		8,473,499
End of year - June 30	\$ 331,628,113	\$ 5,232,714		\$ 10,953,638
Adjustment to reflect consolidation of internal service funds			322,418	
Change in net position			\$ 7,410,545	

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, 2019

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 39,961,651	\$ 6,012,360	\$ 45,974,011	\$ 11,206,319
Cash paid for goods and services	(16,221,875)	(4,111,229)	(20,333,104)	(10,013,427)
Cash paid to employees for services	(6,081,178)	(814,597)	(6,895,775)	-
Other revenues	-	210,705	210,705	-
Customer deposits received	3,762	-	3,762	-
Net cash provided (used) by operating activities	17,662,360	1,297,239	18,959,599	1,192,892
Cash Flows from Non-Capital Financing Activities:				
Transfers	-	(71,486)	(71,486)	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(5,342,132)	(432,391)	(5,774,523)	-
Principal paid on long-term debt	(3,199,737)	(348,466)	(3,548,203)	-
Interest and fees	(1,613,944)	(11,538)	(1,625,482)	-
Net cash provided (used) by capital and related financing activities	(10,155,813)	(792,395)	(10,948,208)	-
Cash Flows from Investing Activities:				
Interest on investments	42,325	2,212	44,537	-
Net increase (decrease) in cash and cash equivalents	7,548,872	435,570	7,984,442	1,192,892
Cash and Cash Equivalents:				
Beginning of year - July 1	54,209,763	2,504,781	56,714,544	11,902,672
End of year - June 30	\$ 61,758,635	\$ 2,940,351	\$ 64,698,986	\$ 13,095,564
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 4,803,378	\$ 649,132	\$ 5,452,510	\$ 2,480,139
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	11,425,493	509,581	11,935,074	-
Other revenues	-	282,191	282,191	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(35,360)	(29,849)	(65,209)	-
Increase (decrease) in accounts payable and accrued liabilities	829,600	(211,986)	617,614	(1,287,247)
Increase (decrease) in prepaid items	-	13,046	13,046	-
Increase (decrease) in unearned revenues	45,399	-	45,399	-
(Increase) decrease in inventory	(27,083)	-	(27,083)	-
Increase (decrease) in customer deposits	3,762	-	3,762	-
(Increase) decrease in deferred outflows - pension	(556,637)	(85,636)	(642,273)	-
(Increase) decrease in deferred outflows of resources for OPEB	(525,217)	(80,802)	(606,019)	-
Increase (decrease) in deferred inflows of resources for OPEB	(83,355)	(12,823)	(96,178)	-
Increase (decrease) in net pension liability	708,985	109,075	818,060	-
Increase (decrease) deferred inflows - pension	(31,940)	(4,914)	(36,854)	-
Increase (decrease) in accrued vacation pay	1,501	(9,597)	(8,096)	-
Increase (decrease) in OPEB payable	1,103,834	169,821	1,273,655	-
Net cash provided (used) by operating activities	\$ 17,662,360	\$ 1,297,239	\$ 18,959,599	\$ 1,192,892
Non-Cash Transactions:				
Contributed capital from developers	\$ 3,005,857	\$ -	\$ 3,005,857	\$ -

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

HARNETT COUNTY, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****JUNE 30, 2019**

	<u>Agency Funds</u>	<u>OPEB Trust Fund</u>
Assets:		
Cash and investments	\$ 384,610	\$ -
Restricted cash and cash equivalents	<u>-</u>	<u>111,436</u>
Total assets	<u>\$ 384,610</u>	<u>\$ 111,436</u>
Liabilities:		
Accounts payable	<u>\$ 384,610</u>	<u>\$ -</u>
Net Position:		
Restricted for post-employment benefits other than pensions	<u>\$ -</u>	<u>\$ 111,436</u>

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

HARNETT COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES FIDUCIARY NET POSITION
OPEB TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2019

	OPEB Trust Fund
Additions:	
Employer contributions:	\$ 189,940
Investment income:	<u>11,436</u>
Total additions	<u>201,376</u>
 Deductions:	
Benefit payments	<u>89,940</u>
Total deductions	<u>89,940</u>
 Change in net position	 111,436
 Net Position Restricted for Post-Employment Benefits Other Than Pensions:	
Beginning of year - July 1	<u>-</u>
End of year - June 30	<u><u>\$ 111,436</u></u>

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

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HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

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 Pollutions 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, 2019

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 fund:

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.

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; Public Safety; Emergency Radio System; Automation Enhancement & Preservation; Emergency Response Planning; Sheriff's Execution; Wings over Harnett; WIA Youth Program; Asset Forfeiture; 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: Benhaven Elementary School; Government Complex Park; Government Complex South; Essential Family Rehabilitation; Campbell Stadium Sidewalk; Overhills High School Cafeteria; Brightwater Phase II; Jetport Terminal; QSCB 2016 Capital Project; Former Boone Trail; Shawtown Area Community Center; Aircraft Apron and Helipad Design, and 2017 G.O. Bonds Projects.

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, 2019

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

WHIP Transmission Line, South Central Transmission Line Project; North Harnett WW Upgrade Project; Fort Bragg Water & Wastewater Project; School Wastewater Extensions Project; 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 three 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; and the Jail Canteen Fund, which accounts for monies deposited by inmates.

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.

Trust Funds. Trust funds account for resources that are required to be held in trust for the members and beneficiaries of defined benefit plans, defined contribution plans or other postemployment benefit plans. The Other Postemployment Benefits (OPEB) Trust Fund accounts for the County's contributions for healthcare coverage provided to qualified retirees.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

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 funds 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, 2019

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").

General Statue 159-30.1 allows the County to establish and fund an irrevocable trust for the purpose of paying post-employment benefits (OPEB) for which the County is liable. The County's Other Post-Employment Benefits (OPEB) Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S 147-69.2(b)(8).

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County's investments are carried fair value. Non-participating interest earning investment contracts are accounted for at cost.

- The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.
- Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs— other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2019 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.
- The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.81 years at June 30, 2019.
- The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2019 the fair value of the funds was \$22.562358 per share. Fair value for this Blackrock Fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Cash and Cash Equivalents

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

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 7,330,795
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QSCB 2016 Project Fund:

Capital outlays - unexpended bond proceeds	506
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2017 G.O. Bonds Project Fund:

Capital outlays - unexpended bond proceeds	826,385
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Total governmental activities	<u>8,157,686</u>
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Business-Type Activities:

Water and Sewer Fund:

Customer deposits	2,110,528
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Total business-type activities	<u>2,110,528</u>
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Total restricted cash	<u><u>\$ 10,268,214</u></u>
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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, 2018 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, 2019

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, 2019

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 – 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 other financing source.

Compensated Absences

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

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

Net Position/Fund Balances

Net Position

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by state statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended debt proceeds of \$8,157,686 and Register of Deeds' Pension Plan of \$247,434 for a net difference of \$7,910,252 at June 30, 2019.

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, the Aircraft Apron and Helipad Design project and the Jetport Terminal project.

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, 2019 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Subsequent year's expenditures	\$ 2,433,321	\$ -
Public safety	-	56,292
Education Special Revenue Fund	-	5,765,521
Total	<u>\$ 2,433,321</u>	<u>\$ 5,821,813</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. The General Fund is the only fund that reports a positive unassigned fund balance amount.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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%.

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	\$ 43,620,214
Less:	
Prepaid items	241,638
Inventory	8,119
Stabilization by state statute	11,199,201
Total available fund balance	<u>\$ 32,171,256</u>

Reclassifications

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

F. Estimates

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

G. Defined Benefit Pension and OPEB 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"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or 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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2019, the County's deposits had a carrying amount of \$78,147,553 and a bank balance of \$80,160,993. Of the bank balance, \$2,419,368 was covered by federal depository insurance and \$77,741,625 was covered by collateral held under the Pooling Method.

At June 30, 2019, Harnett County has \$5,232 cash on hand.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

B. Investments

At June 30, 2019, the County's investments of \$54,325,400 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's.

At June 30, 2019, the County's investments of \$5,198,558 in the North Carolina Capital Management Trust's Term Portfolio, is unrated.

As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 years. Both the NCCMT Government and Term Portfolio's securities are measured at fair value with Level 1 inputs. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of Fair Value Hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. *Level Two:* Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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 Government Portfolio carried a credit rating of AAAm by Standard & Poor's at June 30, 2019. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

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.

OPEB Trust Fund

At June 30, 2019, the County's Health Care Plan had \$111,436 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Fund was invested as follows: State Treasurer's Short-Term Investment Fund (STIF) 0.15%, State Treasurer's Bond Index Fund (BIF) 47.65%, and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) 52.20% (the equities were split with 55.3% in domestic securities and 44.7% in international securities).

Level of the Fair Value Hierarchy: Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2019 of 1.3 years.

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. On June 30, 2019 the BIF, which does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.81 years at June 30, 2019.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2019 the fair value of the funds was \$ 22.562358 per share. Fair value for this Blackrock Fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Valuation Technique: North Carolina Department of State Treasurer OPEB Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Interest Rate Risk – The County does not have a formal investment interest rate policy for the OPEB Trust Fund that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2019. The State Treasurer's BIF is unrated and had a weighted average maturity of 7.81 years at June 30, 2019.

Credit Risk – The County does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

C. Property Tax Use-Value Assessment on Certain Lands

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

Year				
Levied	Tax	Interest	Total	
2015	\$ 5,075,530	\$ 1,737,862	\$ 6,813,392	
2016	5,582,517	1,409,586	6,992,103	
2017	4,850,029	788,130	5,638,159	
2018	5,776,966	418,830	6,195,796	
Total	<u>\$ 21,285,042</u>	<u>\$ 4,354,408</u>	<u>\$ 25,639,450</u>	

D. Allowance for Doubtful Accounts

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

Fund	Allowance for Doubtful Accounts
General	\$ 25,044,614
Nonmajor governmental	96,055
Governmental activities	<u>25,140,669</u>
Public utility	956,090
Solid waste	155,160
Business-type activities	<u>1,111,250</u>
Total	<u>\$ 26,251,919</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Due from Other Governments – Disaggregate Information

Due from other governments at the government-wide level at June 30, 2019:

Governmental Activities	
Local option sales tax	\$ 4,687,542
Other taxes and licenses	246,702
DSS receivable	539,374
Sales tax refund receivable	664,216
Total	<u>\$ 6,137,834</u>

Deferred Outflows and Inflows of Resources

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

Source	Amount
Pension deferrals	\$ 12,044,823
OPEB deferrals	5,023,164
Charge on refunding	7,444,680
Total	<u>\$ 24,512,667</u>

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

Source	Amount
Pension deferrals (Governmental)	\$ 287,179
OPEB deferrals	1,698,990
Taxes receivable, net (General)	346,281
Taxes receivable, net (Other governmental funds)	96,055
Total	<u>\$ 2,428,505</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

E. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 6,775,454	\$ -	\$ (277,601)	\$ 6,497,853
Construction in progress	367,106	1,390,677	-	1,757,783
Total non-depreciable capital assets	<u>7,142,560</u>	<u>1,390,677</u>	<u>(277,601)</u>	<u>8,255,636</u>
Depreciable Capital Assets:				
Buildings	88,425,649	1,221,152	-	89,646,801
Land improvements	18,476,394	-	-	18,476,394
Equipment	16,870,731	76,734	(6,731,803)	10,215,662
Vehicles	11,050,584	1,417,846	-	12,468,430
Total depreciable capital assets	<u>134,823,358</u>	<u>2,715,732</u>	<u>(6,731,803)</u>	<u>130,807,287</u>
Less Accumulated Depreciation:				
Buildings	19,977,646	1,783,778	-	21,761,424
Land improvements	9,506,481	1,806,449	-	11,312,930
Equipment	8,591,459	811,536	-	9,402,995
Vehicles	7,890,283	1,054,599	-	8,944,882
Total accumulated depreciation	<u>45,965,869</u>	<u>\$ 5,456,362</u>	<u>\$ -</u>	<u>51,422,231</u>
Total depreciable capital assets, net	<u>88,857,489</u>			<u>79,385,056</u>
Governmental activities capital assets, net	<u>\$ 96,000,049</u>			<u>\$ 87,640,692</u>

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

<u>Depreciation Expense by Function</u>	
General government	\$ 1,421,350
Public safety	1,856,443
Transportation	1,721,668
Economic and physical development	105,615
Human services	272,325
Cultural and recreational	78,961
Total	<u>\$ 5,456,362</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Business-Type Capital Assets:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:				
Public Utilities:				
Non-Depreciable Capital Assets:				
Land	\$ 1,206,943	\$ -	\$ -	\$ 1,206,943
Construction in progress	<u>8,698,465</u>	<u>4,677,991</u>	<u>-</u>	<u>13,376,456</u>
Total non-depreciable capital assets	<u>9,905,408</u>	<u>4,677,991</u>	<u>-</u>	<u>14,583,399</u>
Depreciable Capital Assets:				
Plant, distribution, and collection systems	397,593,526	3,005,857	-	400,599,383
Buildings and building improvements	14,774,441	-	-	14,774,441
Furniture, fixtures, and equipment	2,457,245	27,865	-	2,485,110
Vehicles	<u>1,969,892</u>	<u>636,276</u>	<u>-</u>	<u>2,606,168</u>
Total depreciable capital assets	<u>416,795,104</u>	<u>3,669,998</u>	<u>-</u>	<u>420,465,102</u>
Less Accumulated Depreciation:				
Plant, distribution, and collection systems	91,541,532	9,951,246	-	101,492,778
Buildings and building improvements	1,834,612	713,322	-	2,547,934
Furniture, fixtures, and equipment	1,111,788	477,340	-	1,589,128
Vehicles	<u>1,558,301</u>	<u>283,585</u>	<u>-</u>	<u>1,841,886</u>
Total accumulated depreciation	<u>96,046,233</u>	<u>\$ 11,425,493</u>	<u>\$ -</u>	<u>107,471,726</u>
Total depreciable capital assets, net	<u>320,748,871</u>			<u>312,993,376</u>
Public utilities capital assets, net	<u>330,654,279</u>			<u>327,576,775</u>
Solid Waste Management:				
Non-Depreciable Capital Assets:				
Land	<u>1,553,589</u>	\$ -	\$ -	<u>1,553,589</u>
Total non-depreciable capital assets	<u>1,553,589</u>	<u>-</u>	<u>-</u>	<u>1,553,589</u>
Depreciable Capital Assets:				
Buildings and building improvements	4,972,065	-	-	4,972,065
Furniture, fixtures, and equipment	2,433,532	291,622	-	2,725,154
Vehicles	<u>414,255</u>	<u>140,769</u>	<u>-</u>	<u>555,024</u>
Total depreciable capital assets	<u>7,819,852</u>	<u>432,391</u>	<u>-</u>	<u>8,252,243</u>
Less Accumulated Depreciation:				
Buildings and building improvements	926,400	68,021	-	994,421
Furniture, fixtures, and equipment	1,514,261	374,818	-	1,889,079
Vehicles	<u>217,338</u>	<u>66,742</u>	<u>-</u>	<u>284,080</u>
Total accumulated depreciation	<u>2,657,999</u>	<u>\$ 509,581</u>	<u>\$ -</u>	<u>3,167,580</u>
Total depreciable capital assets, net	<u>5,161,853</u>			<u>5,084,663</u>
Solid waste management capital assets, net	<u>6,715,442</u>			<u>6,638,252</u>
Business-type activities capital assets, net	<u>\$ 337,369,721</u>			<u>\$ 334,215,027</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, construction in progress for the business-type activities consists of the following projects:

	Project Authorization	Expended To Date
West Central Transmission	\$ 8,509,216	\$ 7,992,927
WHIP Transmission Line	1,215,650	1,086,874
South Central Transmission	1,027,900	764,533
North Harnett WW Upgrade	11,170,903	3,071,782
Total	<u>\$ 21,923,669</u>	<u>\$ 12,916,116</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2019 is composed of the following elements:

	Governmental	Business-Type		Total Business-Type
	<u></u>	<u>Water/Sewer</u>	<u>Solid Waste</u>	<u></u>
Capital assets	\$ 87,640,692	\$ 327,576,775	\$ 6,638,252	\$ 334,215,027
Total debt	146,313,569	51,155,374	1,957,149	53,112,523
Capital related deferred charge on refunding	1,660,294	957,337	-	957,337
Debt not related to capital assets	107,941,443	-	-	-
Capital related unspent debt proceeds	826,385	-	-	-
Total capital debt	<u>35,885,447</u>	<u>50,198,037</u>	<u>1,957,149</u>	<u>52,155,186</u>
Net investment in capital assets	<u>\$ 51,755,245</u>	<u>\$ 277,378,738</u>	<u>\$ 4,681,103</u>	<u>\$ 282,059,841</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

F. Payables

Payables at the government-wide level at June 30, 2019 were as follows:

	Accounts Payable Note Disclosure				
	Governmental Activities		Business-Type Activities		Total
	General Fund	Nonmajor	Public Utilities	Solid Waste	
Payables:					
Accounts and vouchers	\$ 3,035,702	\$ 1,998,405	\$ 3,662,500	\$ 295,260	\$ 8,991,867
Accrued payroll and related liabilities	1,674,877	20,673	266,400	31,275	1,993,225
Accrued interest payable	-	-	167,908	8,020	175,928
Total accounts payable and accrued liabilities	<u>\$ 4,710,579</u>	<u>\$ 2,019,078</u>	<u>\$ 4,096,808</u>	<u>\$ 334,555</u>	<u>\$ 11,161,020</u>

Adjustments to full-accrual include \$340,568 related to recording accrued interest on general long-term debt and accounts and vouchers related to the internal service funds of \$1,421,876. Finally, the fiduciary fund financial statements include \$384,610 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, 2019

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, 2019, a liability for claims of \$729,810 included on the accompanying Statement of Net Position for governmental activities. An analysis for the County is presented below:

	June 30,	
	2019	2018
Liability as of beginning of the year	\$ 2,480,470	\$ 2,573,365
Current year claims and changes in estimates	313,224	635,262
Actual claim payments	(2,063,884)	(728,157)
Liability as of end of the year	<u>\$ 729,810</u>	<u>\$ 2,480,470</u>

H. Capital Lease Obligations

The County has entered into agreements to lease certain equipment. At June 30, 2019, the original cost of equipment under the leases is approximately \$23,813,658. Title passes to the County at the end of the lease term. These agreements are in substance lease purchases.

	Original Issue	Interest Rate	Final Maturity	Amount Outstanding	
				Governmental	Business-Type
Capitalized Lease Obligations:					
Red Rock Science Center	21,910,705	6.84%	June 2038	\$ 17,483,924	-
Accounting Software/equipment	1,902,953	1.70%	August 2020	636,878	-
Total	<u>\$ 30,442,590</u>			<u>\$ 18,120,802</u>	<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Year Ending	Future Payments
2020	\$ 1,489,646
2021	855,897
2022	870,875
2023	886,116
2024	901,623
2025-2029	4,750,385
2030-2034	5,180,849
2035-2038	<u>4,480,709</u>
Total minimum lease payments	19,416,100
Less amount representing interest	<u>(1,295,298)</u>
Present value of the minimum lease payments	<u><u>\$ 18,120,802</u></u>

At June 30, 2019, the net book value of capital assets (cost and accumulated depreciation) associated with leases is \$20,732,331.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

I. Long-Term Obligations

Installment purchases from direct placements financed by the governmental funds are repaid from the resources of the General Fund. The installment purchases from direct placement, general obligation bonds, state bonds from direct borrowing, 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
Installment Purchases -						
Direct Placement:						
2015 Refinancing of						
Agriculture Center	August 2015	\$ 1,274,000	1.49%	June 2020	\$ 245,000	\$ -
2015 HFTC Land Acquisition	August 2015	4,664,000	2.42%	June 2025	2,796,000	-
COPS 2011 Refunding (2002)			2.535%			
97% Construction of School Facilities	November 2011	24,033,690		December 2023	9,630,160	-
3% Public Utilities Projects		743,310		December 2023	-	297,841
COPS 2007	May 2007		4%-5%	December 2027		
53% Jail Facility		23,220,225			-	-
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	23,328,000	-
2010 Refinancing	November 2010		3.35%	June 2028		
Angier Elementary School		14,004,000			6,936,000	-
COPS 2015 Refunding (2007)						
53% Jail Facility	April 2015	16,279,246	2.52%	December 2027	13,991,942	-
42% Construction of School Facilities		12,815,593	2.52%	December 2027	11,014,909	-
5% Solid Waste Transfer Station		1,402,161	2.52%	December 2027	-	1,205,149
Qualified Zone Academy Bonds	May 2004	4,000,000	0.00%	May 2020	1,033,152	-
Qualified Zone Academy Bonds	October 2005	789,500	0.00%	October 2021	262,492	-
Qualified School						
Construction Bonds (Taxable)	November 2012	29,435,000	4.638%	November 2035	27,646,730	-
Qualified Zone Academy Bonds	May 2016	2,200,000	0.00%	May 2026	1,540,000	-
Total		\$ 190,985,500			\$ 98,424,385	\$ 1,502,990

The County's outstanding installment purchase from direct placement related to the 2015 Refinancing of the Agriculture Center in the amount of \$245,000 is secured by a deed of trust, security agreement and fixture filing for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County's outstanding installment purchase from direct placement related to the 2015 HFTC land acquisition in the amount of \$2,796,000 is secured by a deed of trust, security agreement and fixture filing for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County's outstanding installment purchase from direct placement related to the COPS 2011 Refunding (2002) for the construction of school facilities in the amount of \$9,630,160 is secured by a deed of trust, security agreement and fixture filing for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will enforce its security interest or direct the trustee under the deed of trust trustee to institute foreclosure proceedings under the deed of trust and sell the mortgaged property.

The County's outstanding installment purchase from direct placement related to the COPS 2011 Refunding (2002) for the Public Utilities projects in the amount of \$297,841 is secured by a deed of trust, security agreement and fixture filing for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will enforce its security interest or direct the trustee under the deed of trust trustee to institute foreclosure proceedings under the deed of trust and sell the mortgaged property.

The County's outstanding installment purchase from direct placement related to the COPS 2007 for school construction in the amount of \$23,328,000 is secured by a deed of trust and security interest in Harnett Central High School for the benefit of the bank and its successors and assigns. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County's outstanding installment purchase from direct placement related to the 2010 Refinancing of Angier Elementary School in the amount of \$6,936,000 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will enforce its security interest or direct the trustee under the deed of trust trustee to institute foreclosure proceedings under the deed of trust and sell the mortgaged property.

The County's outstanding installment purchase from direct placement related to the COPS 2015 Refunding (2007) for the jail facility in the amount of \$13,991,942 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County's outstanding installment purchase from direct placement related to the COPS 2015 Refunding (2007) for the construction of school facilities in the amount of \$11,014,909 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County's outstanding installment purchase from direct placement related to the COPS 2015 Refunding (2007) for the Solid Waste transfer station in the amount of \$1,205,149 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County's outstanding installment purchase from direct placement related to 2004 Qualified Zone Academy Bonds in the amount of \$1,033,152 is secured by a deed of trust and security agreement, for the benefit of the bank, pursuant to which the County will grant a lien on the mortgaged property and all of the buildings, improvements and fixtures located thereon, including a portion of the project. The loan agreement contains a provision that in an event of default, the bank will exercise all remedies available at law or in equity or under the deed of trust, including sale of the mortgaged property.

The County's outstanding installment purchase from direct placement related to 2005 Qualified Zone Academy Bonds in the amount of \$262,492 is secured by the Boone Trail Elementary School (the mortgaged property) conveyed by the Board of Education to the County pursuant to a general warranty deed to assist the County in financing the cost of the project for the Board of Education. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state, the right to re-enter and take possession of the mortgaged property without any court order or process of law.

The County's outstanding installment purchase from direct placement related to the 2012 Qualified School Construction Bonds in the amount of \$27,646,730 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

The County's outstanding installment purchase from direct placement related to the 2016 Qualified Zone Academy Bonds in the amount of \$1,540,000 is secured by a deed of trust for the benefit of the bank and its successors and assigns, creating a lien in and to the mortgaged property. The loan agreement contains a provision that in an event of default, the bank will exercise or direct the deed of trust trustee to exercise all rights and remedies of a secured party or creditor under the Uniform Commercial Code of the state and the general laws of the state.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

General obligation bonds for the governmental activities are as follows:

	Governmental - General Obligation Bonds				Amount
	Issue Date	Original Issue	Interest Rate	Final Maturity	Outstanding Governmental-Type
General Obligation Bonds:					
Benhaven Elementary School	May 2017	\$ 29,500,000	3.000%	May 2037	\$ 26,550,000

General Obligation Bonds

All general obligation bonds issued by the County's water and sewer districts are to fund the acquisition and construction of major capital facilities. The County entered into an agreement during the fiscal year 1998, with each existing District, that transferred all assets, liabilities (excluding bond indebtedness, loans, and installment notes) operational rights, and responsibilities to the County. As such, general obligation bonds are direct obligations and pledge full faith and credit of the District, which the County has entered into a contractual agreement to pay.

	Enterprise - General Obligation Bonds				Amount
	Issue Date	Original Issue	Interest Rate	Final Maturity	Outstanding Business-Type
General Obligation Bonds:					
South Central Water & Sewer 2013 Series A	January 2013	\$ 3,449,000	3.125%	June 2052	\$ 3,186,000
South Central Water & Sewer 2013 Series B	January 2013	3,937,000	3.125%	June 2052	3,641,000
South Central Water & Sewer 2013 Series C	January 2013	3,239,000	2.50%	June 2052	2,964,000
South Central Water & Sewer 2013 Series D	January 2013	2,586,000	2.50%	June 2052	2,365,000
South Central Refunding Series 2013	April 2013	10,395,000	2.5%-5.00%	June 2043	8,975,000
West Central Refunding Series 2013	April 2013	1,485,000	3.00%-5.00%	June 2028	1,000,000
Northwest Refunding Series 2013	April 2013	1,085,000	2.00%-5.00%	June 2028	530,000
Southwest Refunding Series 2013	April 2013	2,315,000	3.00%-5.00%	June 2028	1,515,000
Southeast Refunding Series 2013	April 2013	1,000,000	2.00%-5.00%	June 2033	740,000
East Central Refunding Series 2013	April 2013	2,765,000	2.00%-5.00%	June 2035	2,155,000
Riverside Refunding Series 2013	April 2013	1,020,000	2.00%-5.00%	June 2041	875,000
Total		<u>\$ 33,276,000</u>			<u>\$ 27,946,000</u>

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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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>
Enterprise System					
Revenue Bond Loans:					
Series 2015 (Tax Exempt)	April 2015	\$ 10,673,000	2.53%	May 2028	\$ 8,730,000
Total business-type activities revenue bond loans		<u>\$ 10,673,000</u>			<u>\$ 8,730,000</u>

State Bond Loans -

Direct Borrowing:

Erwin WW Project Revolving Loan	February 2012	\$ 6,195,019	2.46%	May 2033	\$ 4,336,511
East Central Project Revolving Loan	February 2011	4,366,515	2.22%	May 2032	2,838,235
Harnett County Sanitary Sewer Revolving Loan	March 2005	<u>15,000,000</u>	2.21%	May 2027	<u>6,000,000</u>
Total business-type activities State bond loans		<u>\$ 25,561,534</u>			<u>\$ 13,174,746</u>

Special Obligation Bonds

Enterprise Fund Special

Obligation Bond Loan:

Solid Waste Fund	January 2013	<u>\$ 1,750,000</u>	2.49%	February 2023	<u>\$ 752,000</u>
Total business-type activities special obligation bond loans		<u>\$ 1,750,000</u>			<u>\$ 752,000</u>

Limited Obligation Bonds

Enterprise Fund Limited

Public Utilities Fund Series 2013	April 2013	<u>\$ 20,065,000</u>	2.00%-5.00%	June 2043	<u>\$ 15,790,000</u>
Total business-type activities special obligation bond loans		<u>\$ 20,065,000</u>			<u>\$ 15,790,000</u>

The County's outstanding state bond loan from direct borrowing related to the Erwin WW Project Revolving Loan in the amount of \$4,336,511 is secured by the revenues of the project or benefited systems, and not secured by a pledge of full faith and credit. The loan contains a provision that a default in payment of principal and interest on the loan may require the unit to prepay the note in full. A default in payment may also result in the state withholding any other monies due to the unit of local government.

The County's outstanding state bond loan from direct borrowing related to the East Central Project Revolving Loan in the amount of \$2,838,235 is secured by the revenues of the project or benefited systems, and not secured by a pledge of full faith and credit. The loan contains a provision that a default in payment of principal and interest on the loan may require the unit to prepay the note in full. A default in payment may also result in the state withholding any other monies due to the unit of local government.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County's outstanding state bond loan from direct borrowing related to the Harnett County Sanitary Sewer Revolving Loan in the amount of \$6,000,000 is secured by the revenues of the project or benefited systems, and not secured by a pledge of full faith and credit. The loan contains a provision that a default in payment of principal and interest on the loan may require the unit to prepay the note in full. A default in payment may also result in the state withholding any other monies due to the unit of local government.

The following is a summary of changes in long-term obligations for the year ended June 30, 2019:

	July 1, 2018	Additions	Decreases	June 30, 2019	Due in Less Than One Year
Governmental Activities:					
Capitalized leases	\$ 20,710,289	\$ -	\$ 2,589,487	\$ 18,120,802	\$ 1,420,518
Installment purchases - Direct placement	108,667,198	-	10,242,813	98,424,385	10,970,626
General obligations	28,025,000	-	1,475,000	26,550,000	1,475,000
Premium	3,480,489	-	262,107	3,218,382	262,108
Gross debt	<u>160,882,976</u>	<u>-</u>	<u>14,569,407</u>	<u>146,313,569</u>	<u>14,128,252</u>
Total debt	160,882,976	-	14,569,407	146,313,569	14,128,252
Other long-term liabilities:					
Compensated absences	2,947,361	122,855	69,243	3,000,973	2,250,730
Total Law Enforcement Officers' Special Separation Allowance	2,802,164	42,940	-	2,845,104	-
Net pension (LGERS)	8,179,528	4,635,674	-	12,815,202	-
Net other post-employment benefits	30,588,047	7,217,378	-	37,805,425	-
Total	<u>\$ 205,400,076</u>	<u>\$12,018,847</u>	<u>\$14,638,650</u>	<u>\$ 202,780,273</u>	<u>\$ 16,378,982</u>

	July 1, 2018	Additions	Decreases	June 30, 2019	Due in Less Than One Year
Water and Sewer Fund:					
Installment purchases - Direct placement	\$ 361,501	\$ -	\$ 63,660	\$ 297,841	\$ 62,250
Limited obligation bonds	16,570,000	-	780,000	15,790,000	805,000
Premium	1,118,652	-	111,865	1,006,787	111,865
General obligations	12,379,000	-	223,000	12,156,000	228,000
Revenue bonds	9,585,000	-	855,000	8,730,000	875,000
State bond loans - Direct borrowing	14,452,823	-	1,278,077	13,174,746	1,278,077
Gross debt	<u>54,466,976</u>	<u>-</u>	<u>3,311,602</u>	<u>51,155,374</u>	<u>3,360,192</u>
Total debt	54,466,976	-	3,311,602	51,155,374	3,360,192
Other long-term liabilities:					
Compensated absences	778,625	85,150	83,649	780,126	585,095
Net pension (LGERS)	1,250,987	708,985	-	1,959,972	-
Net other post-employment benefits	4,678,172	1,103,834	-	5,782,006	-
Total	<u>\$ 61,174,760</u>	<u>\$ 1,897,969</u>	<u>\$ 3,395,251</u>	<u>\$ 59,677,478</u>	<u>\$ 3,945,287</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2019</u>	<u>Due in Less Than One Year</u>
Solid Waste Fund:					
Capitalized leases	\$ 26,041	\$ -	\$ 26,041	\$ -	\$ -
Installment purchases - Direct placement	1,350,574	-	145,425	1,205,149	143,310
Premium	39,393	-	39,393	-	-
Special obligation bonds	929,000	-	177,000	752,000	181,000
Gross debt	<u>2,345,008</u>	<u>-</u>	<u>387,859</u>	<u>1,957,149</u>	<u>324,310</u>
Total debt	2,345,008	-	387,859	1,957,149	324,310
Other long-term liabilities:					
Accrued landfill closure and post-closure care costs	1,300,089	-	-	1,300,089	-
Compensated absences	88,471	20,450	30,047	78,874	59,156
Net pension (LGERS)	192,460	109,075	-	301,535	-
Net other post-employment benefits	719,719	169,821	-	889,540	-
Total	<u>\$ 4,645,747</u>	<u>\$ 299,346</u>	<u>\$ 417,906</u>	<u>\$ 4,527,187</u>	<u>\$ 383,466</u>

The following is a summary of the future maturities for the long-term obligations for the year ended June 30, 2019:

	<u>Installment Purchases</u>		<u>General Obligation Bonds</u>		<u>Capitalized Leases</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental Activities:								
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	60,611	-	-
2024	9,266,896	2,098,304	1,475,000	778,063	839,952	61,671	-	-
2025-2029	32,304,864	8,258,538	7,375,000	3,152,813	4,425,459	324,926	-	-
2030-2034	12,196,303	6,825,977	7,375,000	1,613,281	4,826,478	354,371	-	-
2035-2038	4,920,205	2,047,793	4,425,000	466,469	4,174,229	306,480	-	-
Total governmental activities	<u>98,424,385</u>	<u>29,673,957</u>	<u>26,550,000</u>	<u>9,845,628</u>	<u>18,120,802</u>	<u>1,295,298</u>	<u>-</u>	<u>-</u>
Business-Type Activities:								
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	191,733	15,226	249,000	-	-	-	970,000	128,853
2025-2029	506,448	25,206	1,314,000	-	-	-	4,123,000	264,056
2030-2034	-	-	1,514,000	-	-	-	-	-
2035-2039	-	-	1,740,000	-	-	-	-	-
2040-2044	-	-	2,003,000	-	-	-	-	-
2045-2049	-	-	2,306,000	-	-	-	-	-
2050-2052	-	-	2,076,000	-	-	-	-	-
Total business-type activities	<u>1,502,990</u>	<u>151,139</u>	<u>12,156,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,730,000</u>	<u>1,141,309</u>
Total government	<u>\$ 99,927,375</u>	<u>\$ 29,825,096</u>	<u>\$ 38,706,000</u>	<u>\$ 9,845,628</u>	<u>\$ 18,120,802</u>	<u>\$ 1,295,298</u>	<u>\$ 8,730,000</u>	<u>\$ 1,141,309</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Limited Obligation Bonds</u>		<u>Special Obligation Bonds</u>		<u>State Bond Loan</u>		<u>Total Debt Due</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental Activities :								
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	3,212,026
2024	-	-	-	-	-	-	11,581,848	2,938,038
2025-2029	-	-	-	-	-	-	44,105,323	11,736,277
2030-2034	-	-	-	-	-	-	24,397,781	8,793,629
2035-2038	-	-	-	-	-	-	13,519,434	2,820,742
Total governmental activities	-	-	-	-	-	-	143,095,187	40,814,883
Business-Type Activities :								
2020	805,000	643,150	181,000	18,725	1,278,077	301,770	3,572,637	1,219,839
2021	815,000	611,950	186,000	14,218	1,278,077	272,782	3,611,830	1,127,853
2022	840,000	577,450	190,000	9,587	1,278,077	243,793	3,671,319	1,031,990
2023	865,000	537,950	195,000	4,856	1,278,077	214,804	3,729,331	930,460
2024	895,000	497,450	-	-	1,278,077	185,815	3,583,810	827,344
2025-2029	4,640,000	1,903,700	-	-	4,890,384	510,783	15,473,832	2,703,745
2030-2034	2,830,000	1,184,300	-	-	1,893,977	105,125	6,237,977	1,289,425
2035-2039	2,480,000	713,288	-	-	-	-	4,220,000	713,288
2040-2044	1,620,000	274,050	-	-	-	-	3,623,000	274,050
2045-2049	-	-	-	-	-	-	2,306,000	-
2050-2052	-	-	-	-	-	-	2,076,000	-
Total business-type activities	15,790,000	6,943,288	752,000	47,386	13,174,746	1,834,872	52,105,736	10,117,994
Total government	<u>\$ 15,790,000</u>	<u>\$ 6,943,288</u>	<u>\$ 752,000</u>	<u>\$ 47,386</u>	<u>\$ 13,174,746</u>	<u>\$ 1,834,872</u>	<u>\$ 195,200,923</u>	<u>\$ 50,932,877</u>

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, 2019, such statutory limit for the County was \$704,936,841 providing a legal debt margin of approximately \$435,993,329.

As of June 30, 2019, the County was in compliance with covenants associated with its debt.

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

In prior years, the County has defeased various bonds issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed from the County's liabilities. As of June 30, 2019, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted to \$29,212,931.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 \$9,871,308. Principal and interest paid for the current year and total customer revenues were \$1,097,501 and \$39,155,465, 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>\$ 8,730,000</u>
Total	<u><u>\$ 8,730,000</u></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.

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019 is as follows:

Operating revenues	\$ 39,987,902
Operations and maintenance expenses	<u>(23,759,031)</u>
Operating income before depreciation & amortization	16,228,871
Less:	
Depreciation and amortization expense	<u>(11,425,493)</u>
Operating income	4,803,378
Non-operating revenues	42,325
Non-operating expenses	<u>(1,613,944)</u>
Net income	<u>\$ 3,231,759</u>

Determination of income available for debt service

Net income	\$ 3,231,759
Adjustments:	
Bond interest expense	1,613,944
Bond service expense	<u>3,199,737</u>
Income available for debt service	8,045,440
20% of unrestricted net assets	<u>10,849,875</u>
Income available for debt service plus	
20% of unrestricted net assets	<u>\$ 18,895,315</u>

Debt service requirements and coverage

Parity debt service:

Revenue bonds	<u>\$ 1,097,501</u>
Debt service coverage - parity indebtedness	17.217
Revenue bond covenant requirement	1.200

Other indebtedness:

Installment purchases	\$ 69,011
GO bonds, State Bond Loans, LOBS	<u>3,610,879</u>
Sum of parity and GO debt service	<u>\$ 3,679,890</u>
Debt service coverage - sum of parity and	
system GO indebtedness	5.135
Revenue bond covenant requirement	1.000

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

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, 2019

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, 2019 was 8.50% of compensation for law enforcement officers and 7.75% 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 \$3,272,702 for the year ended June 30, 2019.

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, 2019, the County reported a liability of \$15,076,709 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2019, the County's proportion was 0.63552% (measured as of June 30, 2018), which was an increase of 0.00563% from its proportion as of June 30, 2018 (measured as of June 30, 2017).

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

For the year ended June 30, 2019, the County recognized pension expense of \$4,198,918. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,325,978	\$ 78,048
Changes of assumptions	4,000,776	-
Net difference between projected and actual earnings on pension plan investments	2,069,584	-
Changes in proportion and differences between County contributions and proportionate share of contributions	62,200	66,635
County contributions subsequent to the measurement date	3,272,702	-
Total	<u>\$ 11,731,240</u>	<u>\$ 144,683</u>

\$3,272,702 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, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 3,992,094
2021	2,620,565
2022	498,396
2023	1,202,800
2024	-
Thereafter	-
Total	<u>\$ 8,313,855</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 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, 2019

The plan actuary currently uses mortality tables based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2017 valuation were based on the results of an actuarial experience study as of 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, 2018 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	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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, 2019

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	<u>\$ 36,215,558</u>	<u>\$ 15,076,709</u>	<u>\$ (2,587,246)</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, 2019

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	129
Total	138

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, 2017 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	3.64 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 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and, at present, has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$125,872 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, 2019, the County reported a total pension liability of \$2,845,104. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$269,202.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,180	\$ -
Changes of assumptions	133,153	130,665
County benefit payments and plan administrative expense made subsequent to the measurement date	53,733	-
Total	<u>\$ 253,066</u>	<u>\$ 130,665</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$53,733 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2020	\$ 19,681
2021	19,681
2022	19,681
2023	21,469
2024	(11,844)
Thereafter	-
Total	<u>\$ 68,668</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 3.64%, 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 (2.64%) or one percentage point higher (4.64%) than the current rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	(2.64%)	(3.64%)	(4.64%)
Total pension liability	<u>\$ 3,097,410</u>	<u>\$ 2,845,104</u>	<u>\$ 2,615,739</u>

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

	2019
Beginning balance	\$ 2,802,164
Service cost	162,961
Interest on the total pension liability	86,560
Differences between expected and actual experience	37,464
Changes of assumptions or other inputs	(118,173)
Benefit payments	(125,872)
Ending balance of the total pension liability	<u>\$ 2,845,104</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Changes of Assumptions. Changes of assumption and other inputs reflect a change in the Municipal Bond Index Rate from 3.16% at December 31, 2017 to 3.64% at December 31, 2018.

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, 2017 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)	\$ 15,076,709	\$ -	\$ (198,748)	\$ 14,877,961
Proportion of the net pension liability (asset)	0.63552%	NA	-1.19995%	
Total pension liability	-	2,845,104	-	2,845,104
Pension expense	4,198,918	269,202	40,171	4,508,291

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 2,325,978	\$ 66,180	\$ 1,752	\$ 2,393,910
Changes of assumptions	4,000,776	133,153	9,348	4,143,277
Net difference between projected and actual earnings on pension plan investments	2,069,584	-	31,679	2,101,263
Changes in proportion and differences between County contributions and proportionate share of contributions	62,200	-	8,012	70,212
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>3,272,702</u>	<u>53,733</u>	<u>9,726</u>	<u>3,336,161</u>
Total	<u><u>\$ 11,731,240</u></u>	<u><u>\$ 253,066</u></u>	<u><u>\$ 60,517</u></u>	<u><u>\$ 12,044,823</u></u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 78,048	\$ -	\$ 9,072	\$ 87,120
Changes of assumptions	-	130,665	-	130,665
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>66,635</u>	<u>-</u>	<u>2,759</u>	<u>69,394</u>
Total	<u><u>\$ 144,683</u></u>	<u><u>\$ 130,665</u></u>	<u><u>\$ 11,831</u></u>	<u><u>\$ 287,179</u></u>

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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019 were \$661,899, which consisted of \$332,474 from the County and \$329,425 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, 2019 were \$1,511,911, which consisted of \$665,439 from the County and \$846,472 from employee contributions. No amounts were forfeited.

e. Register of Deeds' Supplemental Pension Fund

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

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 \$9,726 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$198,748 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County's proportion was 1.19995%, which was an decrease of 0.04966% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$40,171. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,752	\$ 9,072
Changes of assumptions	9,348	-
Net difference between projected and actual earnings on pension plan investments	31,679	-
Changes in proportion and differences between County contributions and proportionate share of contributions	8,012	2,759
County contributions subsequent to the measurement date	9,726	-
Total	<u>\$ 60,517</u>	<u>\$ 11,831</u>

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$9,726 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, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 18,735
2021	5,970
2022	9,335
2023	4,920
2024	-
Thereafter	-
Total	<u>\$ 38,960</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 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, 2017 valuation were based on the results of an actuarial experience study as of 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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2018 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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 3.0%. All rates of return and inflation are annualized.

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension asset	<u>\$ 156,701</u>	<u>\$ 198,748</u>	<u>\$ 234,206</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.

K. Other Post-Employment Benefits

Plan Description

Plan Administration. 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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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. The plan, which has a June 30, 2019 year end, does not issue a stand-alone report. Management of the HCB Plan is vested in the Harnett County Board of Commissioners.

Plan Membership. Membership of the HCB Plan consisted of the following as of June 30, 2018, the date of the latest actuarial valuation:

Inactive employees or beneficiaries	
Currently receiving benefits	157
Active employees	<u>912</u>
Total	<u><u>1,069</u></u>

Benefits Provided. The HCB Plan provides healthcare benefits for retirees. The County's payment for the coverage is based on the number of years of service with the County of the retired employee on a prorated basis. 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%

Contributions. The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Board establishes rates based on an actuarially determined rate. 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 may amend the benefit provisions.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Per a County resolution, the County is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the current year, the County contributed \$189,940. The Fund is accounted for as a trust fund.

Investments

Investment Policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019:

<u>Asset Class</u>	<u>Anticipated Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	10.00%	3.00%
Equity Index Fund	50.00%	3.00%
Fixed Income	<u>40.00%</u>	3.00%
	<u>100.00%</u>	

Rate of Return. For the year ended June 30, 2019, the annual money weighted rate of return on investments, net of investment expense, was 3.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The components of the net OPEB liability of the County at June 30, 2019 were as follows:

Total OPEB liability	\$ 44,588,407
Plan fiduciary net position	<u>111,436</u>
Net OPEB liability	<u>\$ 44,476,971</u>

Plan fiduciary net position as a percentage of the total OPEB liability	0.25%
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HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Actuarial Assumptions. The total OPEB liability was determined by actuarial valuation as of June 30, 2018 using the following actuarial assumptions, 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	3.50 percent
Healthcare cost trend rates	Pre-Medicare - 7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028 Medicare - 5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

Total OPEB liability was rolled forward to June 30, 2019, utilizing update procedures incorporating the actuarial assumptions.

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, are presented above.

Discount Rate. The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.50 percent, which was a change from the discount rate of 3.89% at June 30, 2018. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which was 3.50 percent at June 30, 2019 per the S&P Municipal Bond 20-Year High Grade Rate Index.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. At June 30, 2019, the following represents the net OPEB liability of the County as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50)	Discount Rate (3.50)	1% Increase (4.50%)
Net OPEB liability	\$ 49,999,861	\$ 44,476,971	\$ 39,711,416

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the County at June 30, 2019, as well as what the County's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 40,036,757	\$ 44,476,971	\$ 49,802,737

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the County reported a net OPEB liability of \$44,476,971. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2019, the components of the net OPEB liability of the County, measured as of June 30, 2018, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018	\$ 35,985,938	\$ -	\$ 35,985,938
Changes for the year:			
Service cost	1,586,770	-	1,586,770
Interest	1,398,120	-	1,398,120
Differences between expected and actual experience	1,971,907	-	1,971,907
Changes of assumptions	3,735,612	-	3,735,612
Contributions	-	189,940	(189,940)
Net investment income	-	11,436	(11,436)
Benefit payments	(89,940)	(89,940)	-
Net changes	8,602,469	111,436	8,491,033
Balances at June 30, 2019	\$ 44,588,407	\$ 111,436	\$ 44,476,971

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.89 percent in 2018 to 3.50 percent in 2019.

For the year ended June 30, 2019, the County recognized OPEB expense of \$3,341,192. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,735,467	\$ 260,986
Changes of assumptions	3,287,697	1,430,046
Net difference between projected and actual earnings on pension plan investments	-	7,958
Total	<u>\$ 5,023,164</u>	<u>\$ 1,698,990</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2020	\$ 357,791
2021	357,791
2022	357,791
2023	357,789
2024	359,780
Thereafter	1,533,232
Total	<u>\$ 3,324,174</u>

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

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019 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 2019. Actual costs may be higher due to inflation, changes in technology, changes in regulations, or changes in landfill capacity.

N. Commitment and Contingencies

The County had commitments under uncompleted construction contracts in the enterprise funds totaling \$12,181,418 and in the governmental funds totaling \$32,224,072 at June 30, 2019.

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, 2019, the County was a defendant in various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

R. Interfund Balances and Activities

Transfers in (out) for the year ended June 30, 2019, are summarized below:

From the General Fund to:

The Governmental Complex South Capital Project to fund startup costs	\$ 1,010,000
The Former Boone Trail Project to fund startup costs	239,000
The Aircraft Apron & Helipad Design Project to fund startup costs	29,314
The 2017 G.O. Bonds Project to fund startup costs	1,034,000
The Brightwater Phase II Fund for startup costs	317,551
Total transfers out from the General Fund	<u>2,629,865</u>

From nonmajor governmental funds to:

The General Fund from the Article 44*524 Sales Tax Expansion Fund for education activity	4,041,307
The General Fund from Benhaven Elementary fund for capital	1,088,045
The Emergency Telephone System fund from Emergency Radio System fund for capital	93,588
Total transfer out from nonmajor governmental funds	<u>5,222,940</u>

From Solid Waste Fund to the following funds:

General Fund for their share of capital purchase	71,486
Total transfers out from Solid Waste Fund	<u>71,486</u>

Total	<u><u>\$ 7,924,291</u></u>
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Interfund balances at June 30, 2019 consist of the following:

Due to the General Fund from:

Nonmajor Governmental Funds:

WIA Youth Program Fund	\$ 509,476
Veteran's Court Fund	134,934
Total due to the General Fund	<u><u>\$ 644,410</u></u>

Due to the Nonmajor Funds from:

General Fund	<u><u>\$ 2,756,559</u></u>
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HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The balances above are advances from the General Fund. Grant funds have been requested to repay the General Fund. The balance due from the General Fund is related to sales tax due to the Article 46 Sales Tax Fund at year end.

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, 2019. 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, 2019. Complete financial statements for the Sandhills Center can be obtained from their administrative offices at 1120 Seven Lakes Drive or P.O. Box 9, West End, North Carolina 27376.

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

The County has the basic responsibility for providing funding for the Harnett County facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's Harnett County facilities. The County contributed \$1,140,207 to the community college for operating purposes during the fiscal year ended June 30, 2019. 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, 2019. 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.

HARNETT COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County, in conjunction with the City of Dunn and the Dunn Area Chamber of Commerce, participates in the Averagesboro Township Tourism Development Authority. The Authority is a joint venture established to receive the net proceeds of the room occupancy and tourism development tax levied in Averagesboro Township in Harnett County. The Authority may spend these proceeds to develop, promote, and advertise travel and tourism in Averagesboro Township, to sponsor tourist-oriented events and activities for Averagesboro Township, to operate and maintain museums and historic sites throughout Averagesboro Township, and to purchase, operate, and maintain a convention facility for Averagesboro Township. The County appoints two members to the seven-member Board. The County has an ongoing financial responsibility for the Authority because the Authority's continued existence depends on the participating governments' continued funding. The County remitted \$612,808 to the Authority during the fiscal year ended June 30, 2019.

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, 2019. 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, 2019.

5. Change in Accounting Principles/Restatement

The County created the OPEB Trust Fund during the fiscal year ended June 30, 2019. Due to the creation of the Trust, the accounting principle for GASB 75 has changed. The County implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans for the Healthcare Benefits Plan*, in the fiscal year ended June 30, 2019. The County is changing the accounting principle to align the measurement date and reporting date between GASB 74 and GASB 75; the net result is to remove the lag between the measurement date and the reporting date for GASB 75. As a result, net position for governmental activities decreased by \$1,958,318 and \$345,587 for the business-type activities.

6. Subsequent Event

In March, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact County revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

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**
- **Other Post-Employment Benefits –**
 - **Schedule of Changes in the Net OPEB Liability and Related Ratios**
 - **Schedule of County Contributions**
 - **Schedule of Investment Returns**
- **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 THREE FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance		
	2019	2018	2017
Beginning balance	\$ 2,802,164	\$ 2,442,174	\$ 2,409,096
Service cost	162,961	142,756	136,917
Interest on the total pension liability	86,560	91,776	83,758
Difference between expected and actual experience	37,464	53,115	-
Changes in assumptions or other inputs	(118,173)	201,437	(61,731)
Benefit payments	(125,872)	(129,094)	(125,866)
Ending balance of the total pension liability	<u>\$ 2,845,104</u>	<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 THREE FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance		
	2019	2018	2017
Total pension liability	\$ 2,845,104	\$ 2,802,164	\$ 2,442,174
Covered payroll	6,388,148	6,106,799	5,599,863
Total pension liability as a percentage of covered payroll	44.54%	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 NET OPEB LIABILITY AND RELATED RATIOS LAST TWO FISCAL YEARS

Other Post-Employment Benefits		
	2019	2018
Service cost	\$ 1,586,770	\$ 1,784,904
Interest	1,398,120	1,015,623
Differences between expected and actual experience	1,971,907	(411,268)
Changes of assumptions or other inputs	3,735,612	(2,253,489)
Benefit payments	(89,940)	(387,869)
Net change in total OPEB liability	8,602,469	(252,099)
Total OPEB liability - beginning	35,985,938	33,934,132
Total OPEB liability - ending	<u>\$ 44,588,407</u>	<u>\$ 33,682,033</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 189,940	\$ -
Net investment income	11,436	-
Benefit payments	(89,940)	-
Net change in plan fiduciary net position	111,436	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	<u>\$ 111,436</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 44,476,971</u>	<u>\$ 33,682,033</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.25%	
Covered payroll	\$ 39,301,205	
Net OPEB liability as a percentage of covered payroll	113.17%	

HARNETT COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>
Actuarially determined contribution	\$ 4,521,445
Contributions in relation to the actuarially determined contribution	<u>189,940</u>
Contribution deficiency (excess)	<u><u>\$ 4,331,505</u></u>

HARNETT COUNTY, NORTH CAROLINA**OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2019**

Annual money-weighted rate of return, net of investment expense

2019

3.00%

HARNETT COUNTY, NORTH CAROLINA
**HARNETT COUNTY'S PROPORTIONATE SHARE OF
 NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SIX FISCAL YEARS***

	Local Government Employees' Retirement System					
	2019	2018	2017	2016	2015	2014
Harnett County's proportion of the net pension liability (asset) (%)	0.63552%	0.62989%	0.60747%	0.60626%	0.61359%	0.60720%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ 15,076,709	\$ 9,622,975	\$ 12,892,549	\$ 2,720,859	\$ (3,618,622)	\$ 7,319,092
Harnett County's covered payroll	\$ 40,417,021	\$ 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 payroll	37.30%	25.21%	36.46%	8.05%	(10.74%)	23.33%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	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 SIX FISCAL YEARS**

	Local Government Employees' Retirement System					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,272,702	\$ 3,098,299	\$ 2,837,412	\$ 2,405,538	\$ 2,408,212	\$ 2,392,465
Contributions in relation to the contractually required contribution	<u>3,272,702</u>	<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>	<u>\$ -</u>
Harnett County's covered payroll	\$ 41,328,095	\$ 40,417,021	\$ 38,174,729	\$ 35,357,790	\$ 33,805,772	\$ 33,682,244
Contributions as a percentage of covered payroll	7.92%	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 SIX FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund					
	2019	2018	2017	2016	2015	2014
Harnett County's proportion of the net pension liability (asset) (%)	1.19995%	1.24961%	1.21436%	1.24646%	1.21801%	1.27830%
Harnett County's proportion of the net pension liability (asset) (\$)	\$ (198,748)	\$ (213,296)	\$ (227,037)	\$ (288,855)	\$ (276,087)	\$ (273,045)
Harnett County's covered payroll	\$ 79,000	\$ 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 payroll	-251.58%	-269.99%	-287.39%	-365.64%	-349.48%	-345.63%
Plan fiduciary net position as a percentage of the total pension liability**	153.31%	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 SIX FISCAL YEARS**

	Register of Deeds' Supplemental Pension Fund					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 9,726	\$ 10,269	\$ 10,053	\$ 9,920	\$ 9,974	\$ 9,945
Contributions in relation to the contractually required contribution	<u>9,726</u>	<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>	<u>\$ -</u>
Harnett County's covered-employee payroll	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ 79,000
Contributions as a percentage of covered-employee payroll	12.31%	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.

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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, 2019

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

	2019			2018
	Budget	Actual	Variance Over /Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 63,447,052	\$ 65,556,835	\$ 2,109,783	\$ 62,996,604
Penalties and interest	108,000	299,655	191,655	102,429
Total	63,555,052	65,856,490	2,301,438	63,099,033
Other Taxes and Licenses:				
Local option sales tax	21,818,986	23,633,916	1,814,930	21,796,176
Cable franchise license	275,000	191,975	(83,025)	194,145
Occupancy taxes	775,000	559,449	(215,551)	588,940
Excise stamp - real property	550,000	577,423	27,423	590,167
Total	23,418,986	24,962,763	1,543,777	23,169,428
Unrestricted Intergovernmental:				
ABC Boards	-	-	-	21,605
Controlled substance	35,168	1,413	(33,755)	28,962
Civil license revenue	8,500	3,581	(4,919)	5,568
Total	43,668	4,994	(38,674)	56,135
Restricted Intergovernmental:				
Federal and State grants	19,075,862	17,071,821	(2,004,041)	16,878,528
Court facility fees	625,150	758,223	133,073	793,123
Total	19,701,012	17,830,044	(1,870,968)	17,671,651
Permits and Fees:				
Filing and registration fees	-	33	33	142,178
Dog warden fees	51,500	160,206	108,706	70,291
Register of Deeds' fees	-	594,427	594,427	607,345
Inspection fees	774,868	834,208	59,340	1,186,309
Planning fees	-	-	-	151,839
Other fees	5,000	14,271	9,271	347,449
Total	831,368	1,603,145	771,777	2,505,411
Sales and Services:				
Rents, concessions, and fees	486,500	420,868	(65,632)	129,931
Court costs and fees	330,000	229,434	(100,566)	192,956
Jail fees	42,000	60,378	18,378	45,106
Ambulance fees	5,983,500	4,779,143	(1,204,357)	5,322,662
Library fees	15,000	20,842	5,842	23,341
Health fees	613,302	2,017,009	1,403,707	2,004,754
Total	7,470,302	7,527,674	57,372	7,718,750

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

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

	2019		2018
	Budget	Actual	Variance Over /Under
			Actual
Investment Earnings	<u>351,400</u>	<u>1,304,962</u>	<u>953,562</u>
Other General Revenues:			
Sale of assets	2,515,000	7,133	(2,507,867)
Miscellaneous revenues	7,369,028	2,437,741	(4,931,287)
Donations	<u>110,403</u>	<u>101,714</u>	<u>(8,689)</u>
Total	<u>9,994,431</u>	<u>2,546,588</u>	<u>(7,447,843)</u>
Total revenues	<u>125,366,219</u>	<u>121,636,660</u>	<u>(3,729,559)</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits	627,981	561,647	137,498
Other operating expenditures	<u>210,191</u>	<u>183,773</u>	<u>116,035</u>
Total	<u>838,172</u>	<u>745,420</u>	<u>92,752</u>
Administration:			
Salaries and employee benefits	518,623	443,528	352,982
Other operating expenditures	<u>568,841</u>	<u>91,925</u>	<u>34,836</u>
Total	<u>1,087,464</u>	<u>535,453</u>	<u>552,011</u>
Legal Services:			
Salaries and employee benefits	90,442	99,538	130,522
Other operating expenditures	<u>32,850</u>	<u>32,305</u>	<u>27,080</u>
Total	<u>123,292</u>	<u>131,843</u>	<u>(8,551)</u>
Human Resources:			
Salaries and employee benefits	266,403	254,027	233,915
Other operating expenditures	<u>54,136</u>	<u>41,441</u>	<u>46,811</u>
Total	<u>320,539</u>	<u>295,468</u>	<u>25,071</u>
Board of Elections:			
Salaries and employee benefits	318,002	333,400	289,885
Other operating expenditures	<u>132,503</u>	<u>81,528</u>	<u>100,790</u>
Total	<u>450,505</u>	<u>414,928</u>	<u>35,577</u>
Finance:			
Salaries and employee benefits	929,794	731,399	1,251,940
Other operating expenditures	215,683	208,119	250,855
Capital outlay	<u>-</u>	<u>-</u>	<u>1,306,311</u>
Total	<u>1,145,477</u>	<u>939,518</u>	<u>205,959</u>

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

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

	2019		2018	
	Budget	Actual	Variance Over /Under	Actual
Facility Fees:				
Other operating expenditures	20,000	-		120,465
Total	20,000	-	20,000	120,465
IT:				
Salaries and employee benefits	1,126,734	1,057,425		902,962
Other operating expenditures	2,926,211	2,193,238		1,302,355
Capital outlay	-	-		1,059,702
Total	4,052,945	3,250,663	802,282	3,265,019
Tax:				
Salaries and employee benefits	291,214	223,691		258,735
Other operating expenditures	1,354,774	1,317,345		1,295,251
Total	1,645,988	1,541,036	104,952	1,553,986
Register of Deeds:				
Salaries and employee benefits	610,455	606,543		601,093
Other operating expenditures	215,434	178,893		200,417
Total	825,889	785,436	40,453	801,510
Public Buildings:				
Salaries and employee benefits	654,431	638,649		612,813
Other operating expenditures	2,711,332	1,970,973		2,177,555
Capital outlay	-	-		334,987
Total	3,365,763	2,609,622	756,141	3,125,355
General Services:				
Salaries and employee benefits	156,819	152,896		376,140
Other operating expenditures	6,750	3,177		429,530
Capital outlay	-	-		181,709
Total	163,569	156,073	7,496	987,379
Transportation:				
Salaries and employee benefits	1,271,125	1,151,404		935,457
Other operating expenditures	682,036	784,489		567,905
Total	1,953,161	1,935,893	17,268	1,503,362
GIS:				
Salaries and employee benefits	619,895	631,460		602,643
Other operating expenditures	38,151	2,199		21,352
Total	658,046	633,659	24,387	623,995
Total general government	16,650,810	13,975,012	2,675,798	16,260,531

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

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

	2019		2018
	Budget	Actual	Variance Over /Under
			Actual
Public Safety:			
Sheriff:			
Salaries and employee benefits	10,458,495	9,881,765	9,539,448
Other operating expenditures	1,908,837	1,764,240	1,385,451
Capital outlay	896,327	896,105	457,101
Total	13,263,659	12,542,110	11,382,000
Campbell Campus Deputies:			
Salaries and employee benefits	470,138	473,241	458,222
Other operating expenditures	62,000	13,291	17,363
Total	532,138	486,532	475,585
Sheriff Department Grants:			
Other operating expenditures	-	-	22,202
Total	-	-	22,202
Communications:			
Salaries and employee benefits	1,692,926	1,532,393	1,566,785
Other operating expenditures	250,233	244,885	254,454
Total	1,943,159	1,777,278	1,821,239
Jail:			
Salaries and employee benefits	3,744,000	3,123,584	3,304,443
Other operating expenditures	1,794,213	1,899,135	1,796,171
Capital outlay	43,408	-	-
Total	5,581,621	5,022,719	5,100,614
Child Support Enforcement:			
Salaries and employee benefits	72,179	70,737	70,874
Other operating expenditures	13,800	700	2,590
Total	85,979	71,437	73,464
Emergency Services:			
Salaries and employee benefits	790,014	734,903	686,672
Other operating expenditures	342,966	278,255	176,268
Total	1,132,980	1,013,158	862,940
Emergency Medical Services:			
Salaries and employee benefits	6,802,072	6,268,185	6,063,060
Other operating expenditures	731,356	708,229	645,336
Capital outlay	1,032,987	574,458	949,522
Total	8,566,415	7,550,872	7,657,918

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

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

	2019		2018
	Budget	Actual	Variance Over /Under
Rescue Districts:			
Other operating expenditures	3,636,434	3,636,434	-
Medical Examiner:			
Other operating expenditures	68,803	59,800	9,003
Public Safety Appropriations:			
Other operating expenditures	-	-	66,159
Total	-	-	66,159
Emergency Services Grant:			
Other operating expenditures	540,660	52,683	48,218
Total	540,660	52,683	487,977
Animal Control:			
Salaries and employee benefits	473,761	432,366	399,998
Other operating expenditures	178,995	100,581	132,347
Capital outlay	-	-	56,549
Total	652,756	532,947	119,809
Total public safety	36,004,604	32,745,970	3,258,634
Transportation Administration:			
Airport:			
Other operating expenditures	553,174	287,179	265,995
Transportation:			
Airport:			
Other operating expenditures	275,115	250,810	24,305
Total transportation	828,289	537,989	290,300
Environmental Protection:			
Soil and Water:			
Salaries and employee benefits	191,880	166,992	153,651
Other operating expenditures	14,950	7,925	9,280
Total	206,830	174,917	31,913
Environmental Protection Allocation:			
Salaries and employee benefits			
Other operating expenditures	4,000	4,000	4,000
Total	4,000	4,000	-
Total environmental protection	210,830	178,917	31,913

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

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

	2019			2018
	Budget	Actual	Variance Over /Under	Actual
Economic and Physical Development:				
Planning and Inspections:				
Salaries and employee benefits	-	-		1,339,713
Other operating expenditures	-	-		84,047
Capital outlay	-	-		148,427
Total	-	-	-	1,572,187
Economic Development:				
Salaries and employee benefits	1,774,279	1,506,239		314,213
Other operating expenditures	1,534,615	1,308,596		643,112
Total	3,308,894	2,814,835	494,059	957,325
Cooperative Extension:				
Salaries and employee benefits	195,262	146,785		371,078
Other operating expenditures	417,709	288,251		152,930
Total	615,025	437,090	177,935	524,008
Abandoned Manufactured Homes:				
Salaries and employee benefits	37,740	36,024		22,899
Total	37,740	36,024	1,716	22,899
Forestry Program:				
Operating expenditures	121,519	107,133	14,386	108,296
Economic and Physical Development:				
Appropriations:				
Operating expenditures	4,000	-	4,000	783,782
Total economic and physical development	4,087,178	3,395,082	692,096	3,968,497
Human Services:				
Health:				
Salaries and employee benefits	5,300,351	4,922,408		4,244,553
Other operating expenditures	3,227,812	2,164,579		1,403,741
Capital outlay	-	-		38,580
Total	8,528,163	7,086,987	1,441,176	5,686,874
Social Services:				
Salaries and employee benefits	12,242,104	11,097,464		11,322,443
Other operating expenditures	967,796	956,432		767,512
Capital outlay	-	-		45,512
Total	13,209,900	12,053,896	1,156,004	12,135,467

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

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

	2019		2018
	Budget	Actual	Variance Over /Under
			Actual
Restitution:			
Salaries and employee benefits	98,195	80,344	73,706
Operating expenditures	8,164	7,364	12,825
Total	106,359	87,708	112,897
Veterans Services:			
Salaries and employee benefits	261,158	243,686	243,169
Other operating expenditures	27,526	19,758	12,968
Total	288,684	263,444	256,137
Department on Aging:			
Salaries and employee benefits	-	-	152,852
Other operating expenditures	-	-	182,016
Total	-	-	334,868
Nutrition:			
Salaries and employee benefits	-	-	66,941
Other operating expenditures	-	-	360,237
Total	-	-	427,178
Community Alternatives Program:			
Salaries and employee benefits	-	-	287,534
Other operating expenditures	-	-	63,764
Total	-	-	351,298
Mental Health:			
Other operating expenditures	605,679	605,679	605,679
Total	605,679	605,679	605,679
RSVP:			
Salaries and employee benefits	-	-	73,234
Other operating expenditures	-	-	15,823
Total	-	-	89,057
Family Caregivers Grant:			
Salaries and employee benefits	-	-	56,679
Other operating expenditures	-	-	16,331
Total	-	-	73,010
Human Services Appropriations:			
Other operating expenditures	42,000	31,326	31,130
Total	42,000	31,326	31,130

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

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

	2019		2018
	Budget	Actual	Variance Over /Under
			Actual
Public Assistance:			
TANF	5,000	1,305	-
Aid to the aged and blind	950,000	771,453	830,955
Medicaid	5,000	12,464	10,743
Aid to the blind	6,000	4,301	4,301
County assistance	8,000	2,330	1,250
CP&L Project SHARE	-	-	6,071
Crisis intervention	620,560	606,135	502,114
Adoption Assistance - IV-B	130,000	89,372	96,160
Adoption IV-B vendor	40,000	8,354	7,225
Adoption IV-E vendor	20,000	16,405	12,399
Adoption assistance -IV- E	268,000	161,626	165,419
Foster care - other	4,000	4,756	3,511
Title IV-E - foster care	660,000	648,118	392,165
Foster care County payments	5,000	1,189	1,209
State foster home care	970,000	621,047	658,251
Special services - foster care	41,000	10,413	10,972
Vendor transportation	120,000	70,598	349,001
Independent living - foster care	-	-	5,338
Day care	2,224	678	2,133,968
All County clothing allowance	15,000	8,250	14,150
Professional services	20,000	7,375	8,572
WorkFirst - emergency cash	64,000	56,137	4,972
WorkFirst	-	-	50,224
Contracted services	62,458	49,977	43,401
Child support enforcement	72,152	45,063	38,522
LIEAP	483,633	423,700	373,700
Donations	16,244	8,489	6,514
Food stamp issuance	40,000	21,182	30,563
Special needs adoption	63,350	6,003	5,150
Total	4,691,621	3,656,720	1,034,901
Total human services	27,472,406	23,785,760	3,686,646
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits	733,251	641,104	609,159
Other operating expenditures	2,024,327	1,473,672	366,595
Total	4,367,332	2,541,328	1,826,004
Libraries:			
Salaries and benefits	917,653	809,712	776,712
Other operating expenditures	358,983	269,205	266,454
Total	1,276,636	1,078,917	197,719

HARNETT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

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

	2019			2018
	Budget	Actual	Variance Over /Under	Actual
Culture and Recreation Appropriations:				
Other operating expenditures	188,010	188,010	-	184,014
Total cultural and recreation	5,831,978	3,808,255	2,023,723	2,774,154
Education:				
CCCC campus	1,140,207	1,140,207		1,080,450
CCCC campus capital outlay	200,000	22,231		28,595
Public schools - current expenses	23,588,533	23,588,533		23,350,892
Public schools - capital outlay	3,038,408	1,961,857		1,323,276
Total education	27,967,148	26,712,828	1,254,320	25,783,213
Debt Service:				
Principal retirement	14,307,305	14,307,300		14,511,974
Interest and fees	4,358,392	4,318,798		4,547,767
Total debt service	18,665,697	18,626,098	39,599	19,059,741
Total expenditures	137,718,940	123,765,911	13,953,029	126,087,294
Revenues over (under) expenditures	(12,352,721)	(2,129,251)	10,223,470	(7,179,646)
Other Financing Sources (Uses):				
Transfer out	(2,629,865)	(2,629,865)	-	(726,667)
Transfer in	7,363,995	5,200,838	(2,163,157)	7,334,024
Long-term debt issued	-	-	-	1,902,953
Appropriated fund balance	7,618,591	-	(7,618,591)	-
Total other financing sources (uses)	12,352,721	2,570,973	(9,781,748)	8,510,310
Net change in fund balance	\$ -	441,722	\$ 441,722	1,330,664
Fund Balance:				
Beginning of year - July 1		43,178,492		41,847,828
End of year - June 30		\$ 43,620,214		\$ 43,178,492

HARNETT COUNTY, NORTH CAROLINA**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Nonmajor		
	Special Revenue Funds	Capital Project Funds	Total
Assets:			
Cash and investments	\$ 10,065,942	\$ 1,635,561	\$ 11,701,503
Taxes receivable, net	96,055	-	96,055
Accounts receivable, net	2,697,884	262,908	2,960,792
Due from other funds	2,756,559	-	2,756,559
Cash and cash equivalents, restricted	-	8,157,686	8,157,686
 Total assets	 <u>\$ 15,616,440</u>	 <u>\$ 10,056,155</u>	 <u>\$ 25,672,595</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 713,277	\$ 1,305,801	\$ 2,019,078
Due to other funds	644,410	-	644,410
Total liabilities	<u>1,357,687</u>	<u>1,305,801</u>	<u>2,663,488</u>
 Deferred Inflows of Resources:			
Property tax receivable	96,055	-	96,055
Total deferred inflows of resources	<u>96,055</u>	<u>-</u>	<u>96,055</u>
 Fund Balances:			
Non-spendable:			
Restricted for stabilization by state statute	5,454,443	262,908	5,717,351
Restricted for Register of Deeds	100,520	-	100,520
Restricted for general government	14,443	262,442	276,885
Restricted for education	-	8,187,680	8,187,680
Restricted for public safety	3,293,643	409,826	3,703,469
Committed for economic development	-	492,117	492,117
Assigned	5,821,813	-	5,821,813
Unassigned	(522,164)	(864,619)	(1,386,783)
Total fund balances	<u>14,162,698</u>	<u>8,750,354</u>	<u>22,913,052</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 15,616,440</u>	 <u>\$ 10,056,155</u>	 <u>\$ 25,672,595</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor		
	Special Revenue Funds	Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 7,756,332	\$ -	\$ 7,756,332
Other taxes and licenses	8,201,999	-	8,201,999
Restricted intergovernmental	1,883,378	197,284	2,080,662
Permits and fees	1,326,016	-	1,326,016
Sales and services	75,000	-	75,000
Investment earnings	5,329	337,381	342,710
Total revenues	<u>19,248,054</u>	<u>534,665</u>	<u>19,782,719</u>
Expenditures:			
Current:			
General government	1,213,682	979,582	2,193,264
Public safety	10,174,419	-	10,174,419
Economic and physical development	-	249,501	249,501
Education	284,979	4,852,470	5,137,449
Total expenditures	<u>11,673,080</u>	<u>6,342,345</u>	<u>18,015,425</u>
Revenues over (under) expenditures	<u>7,574,974</u>	<u>(5,807,680)</u>	<u>1,767,294</u>
Other Financing Sources (Uses):			
Transfers in	93,588	2,629,865	2,723,453
Transfers (out)	(4,134,895)	(1,088,045)	(5,222,940)
Total other financing sources (uses)	<u>(4,041,307)</u>	<u>1,541,820</u>	<u>(2,499,487)</u>
Net change in fund balances	3,533,667	(4,265,860)	(732,193)
Fund Balances:			
Beginning of year - July 1	<u>10,629,031</u>	<u>13,016,214</u>	<u>23,645,245</u>
End of year - June 30	<u>\$ 14,162,698</u>	<u>\$ 8,750,354</u>	<u>\$ 22,913,052</u>

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

Public Safety Fund – accounts for the expenditures associated with the public safety function.

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, 2019

	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	Emergency Response Planning Fund
Assets:								
Cash and investments	\$ 2,231,794	\$ 524,257	\$ 3,533,727	\$ 43,455	\$ 458,260	\$ 493,789	\$ 100,522	\$ 13,846
Taxes receivable, net	-	96,055	-	-	-	-	-	-
Accounts receivable, net	1,111,554	421,807	651,310	-	69,651	-	2,381	-
Due from other funds	-	-	2,756,559	-	-	-	-	-
Total assets	<u>\$ 3,343,348</u>	<u>\$ 1,042,119</u>	<u>\$ 6,941,596</u>	<u>\$ 43,455</u>	<u>\$ 527,911</u>	<u>\$ 493,789</u>	<u>\$ 102,903</u>	<u>\$ 13,846</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:								
Liabilities:								
Accounts payable	\$ -	\$ 608,764	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 1,009
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	608,764	-	-	-	-	2	1,009
Deferred Inflows of Resources:								
Property tax receivable	-	96,055	-	-	-	-	-	-
Total deferred inflows of resources	-	96,055	-	-	-	-	-	-
Fund Balances:								
Non-spendable:								
Restricted for stabilization by state statute	1,111,554	421,807	3,407,869	-	69,651	-	2,381	-
Restricted for Register of Deeds	-	-	-	-	-	-	100,520	-
Restricted for general government	-	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	458,260	493,789	-	-
Assigned	2,231,794	-	3,533,727	43,455	-	-	-	12,837
Unassigned	-	(84,507)	-	-	-	-	-	-
Total fund balances	<u>3,343,348</u>	<u>337,300</u>	<u>6,941,596</u>	<u>43,455</u>	<u>527,911</u>	<u>493,789</u>	<u>102,901</u>	<u>12,837</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,343,348</u>	<u>\$ 1,042,119</u>	<u>\$ 6,941,596</u>	<u>\$ 43,455</u>	<u>\$ 527,911</u>	<u>\$ 493,789</u>	<u>\$ 102,903</u>	<u>\$ 13,846</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Public Safety Fund	WIA Youth Program Fund	Veterans Park Fund	Veterans Court Fund	Asset Forfeiture Fund	Sheriff Execution Fund	Wings Over Harnett Fund	Electronics Management Fund	Total
Assets:									
Cash and investments	\$ -	\$ 288,085	\$ 45	\$ 22,170	\$ 2,313,176	\$ 28,418	\$ 5,982	\$ 8,416	\$ 10,065,942
Taxes receivable, net	-	-	-	-	-	-	-	-	96,055
Accounts receivable, net	34,806	271,041	-	135,285	-	49	-	-	2,697,884
Due from other funds	-	-	-	-	-	-	-	-	2,756,559
Total assets	<u>\$ 34,806</u>	<u>\$ 559,126</u>	<u>\$ 45</u>	<u>\$ 157,455</u>	<u>\$ 2,313,176</u>	<u>\$ 28,467</u>	<u>\$ 5,982</u>	<u>\$ 8,416</u>	<u>\$ 15,616,440</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:									
Liabilities:									
Accounts payable	\$ 65,287	\$ 16,094	\$ -	\$ 22,121	\$ -	\$ -	\$ -	\$ -	\$ 713,277
Due to other funds	-	509,476	-	134,934	-	-	-	-	644,410
Total liabilities	<u>65,287</u>	<u>525,570</u>	<u>-</u>	<u>157,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,357,687</u>
Deferred Inflows of Resources:									
Property tax receivable	-	-	-	-	-	-	-	-	96,055
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,055</u>
Fund Balances:									
Non-spendable:									
Restricted for stabilization by state statute	34,806	271,041	-	135,285	-	49	-	-	5,454,443
Restricted for Register of Deeds	-	-	-	-	-	-	-	-	100,520
Restricted for general government	-	-	45	-	-	-	5,982	8,416	14,443
Restricted for public safety	-	-	-	-	2,313,176	28,418	-	-	3,293,643
Assigned	-	-	-	-	-	-	-	-	5,821,813
Unassigned	(65,287)	(237,485)	-	(134,885)	-	-	-	-	(522,164)
Total fund balances	<u>(30,481)</u>	<u>33,556</u>	<u>45</u>	<u>400</u>	<u>2,313,176</u>	<u>28,467</u>	<u>5,982</u>	<u>8,416</u>	<u>14,162,698</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,806</u>	<u>\$ 559,126</u>	<u>\$ 45</u>	<u>\$ 157,455</u>	<u>\$ 2,313,176</u>	<u>\$ 28,467</u>	<u>\$ 5,982</u>	<u>\$ 8,416</u>	<u>\$ 15,616,440</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, 2019

	Article 44 *524	Article 46 Sales Tax	Special Districts Fund	Law Enforcement Fund	Emergency Telephone System Fund	Emergency Radio System Fund	Automation Enhancement and Preservation Fund	Emergency Response Planning Fund
Revenues:								
Ad valorem taxes	\$ -	\$ -	\$ 7,756,332	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	4,365,444	2,317,311	1,519,244	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-	-	-	-
Permits and fees	-	-	-	102,474	835,813	344,509	43,220	-
Sales and services	-	-	-	-	-	-	-	75,000
Investment earnings	4,021	1,308	-	-	-	-	-	-
Total revenues	<u>4,369,465</u>	<u>2,318,619</u>	<u>9,275,576</u>	<u>102,474</u>	<u>835,813</u>	<u>344,509</u>	<u>43,220</u>	<u>75,000</u>
Expenditures:								
General government	-	-	-	-	-	-	89,963	-
Public safety	-	-	8,714,272	77,445	875,423	230,330	-	75,975
Education	-	-	284,979	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>8,999,251</u>	<u>77,445</u>	<u>875,423</u>	<u>230,330</u>	<u>89,963</u>	<u>75,975</u>
Revenues over (under) expenditures	<u>4,369,465</u>	<u>2,318,619</u>	<u>276,325</u>	<u>25,029</u>	<u>(39,610)</u>	<u>114,179</u>	<u>(46,743)</u>	<u>(975)</u>
Other Financing Sources (Uses):								
Transfers (out)	(4,041,307)	-	-	-	-	(93,588)	-	-
Transfers in	-	-	-	-	93,588	-	-	-
Total other financing sources (uses)	<u>(4,041,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,588</u>	<u>(93,588)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	328,158	2,318,619	276,325	25,029	53,978	20,591	(46,743)	(975)
Fund Balances:								
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 3,343,348</u>	<u>\$ 6,941,596</u>	<u>\$ 337,300</u>	<u>\$ 43,455</u>	<u>\$ 527,911</u>	<u>\$ 493,789</u>	<u>\$ 102,901</u>	<u>\$ 12,837</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, 2019

	Public Safety 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
Revenues:									
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,756,332
Other taxes and licenses	-	-	-	-	-	-	-	-	8,201,999
Restricted intergovernmental	104,400	683,939	-	467,588	525,998	93,222	-	8,231	1,883,378
Permits and fees	-	-	-	-	-	-	-	-	1,326,016
Sales and services	-	-	-	-	-	-	-	-	75,000
Investment earnings	-	-	-	-	-	-	-	-	5,329
Total revenues	<u>104,400</u>	<u>683,939</u>	<u>-</u>	<u>467,588</u>	<u>525,998</u>	<u>93,222</u>	<u>-</u>	<u>8,231</u>	<u>19,248,054</u>
Expenditures:									
General government	-	656,531	-	467,188	-	-	-	-	1,213,682
Public safety	134,881	-	-	-	-	66,093	-	-	10,174,419
Education	-	-	-	-	-	-	-	-	284,979
Total expenditures	<u>134,881</u>	<u>656,531</u>	<u>-</u>	<u>467,188</u>	<u>-</u>	<u>66,093</u>	<u>-</u>	<u>-</u>	<u>11,673,080</u>
Revenues over (under) expenditures	(30,481)	27,408	-	400	525,998	27,129	-	8,231	7,574,974
Other Financing Sources (Uses):									
Transfers (out)	-	-	-	-	-	-	-	-	(4,134,895)
Transfers in	-	-	-	-	-	-	-	-	93,588
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,041,307)</u>
Net change in fund balances	(30,481)	27,408	-	400	525,998	27,129	-	8,231	3,533,667
Fund Balances:									
Beginning of year - July 1	-	6,148	45	-	1,787,178	1,338	5,982	185	10,629,031
End of year - June 30	<u>\$ (30,481)</u>	<u>\$ 33,556</u>	<u>\$ 45</u>	<u>\$ 400</u>	<u>\$ 2,313,176</u>	<u>\$ 28,467</u>	<u>\$ 5,982</u>	<u>\$ 8,416</u>	<u>\$ 14,162,698</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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 3,200,000	4,365,444	\$ 1,165,444	\$ 4,144,565
Investment earnings	-	4,021	4,021	-
Total revenues	<u>3,200,000</u>	<u>4,369,465</u>	<u>1,169,465</u>	<u>4,144,565</u>
Revenues over (under) expenditures	<u>3,200,000</u>	<u>4,369,465</u>	<u>1,169,465</u>	<u>4,144,565</u>
Other Financing Sources (Uses):				
Transfers (out)	(4,041,307)	(4,041,307)	-	(2,738,603)
Appropriated fund balance	<u>841,307</u>	<u>-</u>	<u>(841,307)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,200,000)</u>	<u>(4,041,307)</u>	<u>(841,307)</u>	<u>(2,738,603)</u>
Net change in fund balance	<u>\$ -</u>	<u>328,158</u>	<u>\$ 328,158</u>	<u>1,405,962</u>
Fund Balance:				
Beginning of year - July 1		<u>3,015,190</u>		<u>1,609,228</u>
End of year - June 30		<u>\$ 3,343,348</u>		<u>\$ 3,015,190</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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 2,400,000	\$ 2,317,311	\$ (82,689)	\$ 2,239,660
Investment earnings	-	1,308	1,308	53,050
Total revenues	<u>2,400,000</u>	<u>2,318,619</u>	<u>(81,381)</u>	<u>2,292,710</u>
Revenues over (under) expenditures	<u>2,400,000</u>	<u>2,318,619</u>	<u>(81,381)</u>	<u>2,292,710</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(2,400,000)</u>	-	<u>2,400,000</u>	<u>(2,529,968)</u>
Total other financing sources (uses)	<u>(2,400,000)</u>	-	<u>2,400,000</u>	<u>(2,529,968)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,318,619</u>	<u>\$ 2,318,619</u>	<u>(237,258)</u>
Fund Balance:				
Beginning of year - July 1		<u>4,622,977</u>		<u>4,860,235</u>
End of year - June 30		<u>\$ 6,941,596</u>		<u>\$ 4,622,977</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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 8,289,093	\$ 7,756,332	\$ (532,761)	\$ 7,338,486
Other taxes and licenses	1,534,785	1,519,244	(15,541)	1,458,452
Total revenues	<u>9,823,878</u>	<u>9,275,576</u>	<u>(548,302)</u>	<u>8,796,938</u>
Expenditures:				
Public safety	9,510,645	8,714,272	796,373	8,537,746
Education	313,233	284,979	28,254	271,309
Total expenditures	<u>9,823,878</u>	<u>8,999,251</u>	<u>824,627</u>	<u>8,809,055</u>
Net change in fund balance	<u>\$ -</u>	<u>276,325</u>	<u>\$ 276,325</u>	<u>(12,117)</u>
Fund Balance:				
Beginning of year - July 1		<u>60,975</u>		<u>73,092</u>
End of year - June 30		<u>\$ 337,300</u>		<u>\$ 60,975</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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 1,200,000	\$ 695,794	\$ 467,588	\$ 1,163,382	\$ (36,618)
Total revenues	<u>1,200,000</u>	<u>695,794</u>	<u>467,588</u>	<u>1,163,382</u>	<u>(36,618)</u>
Expenditures:					
General government:					
Operating expenditures	<u>1,200,000</u>	<u>695,794</u>	<u>467,188</u>	<u>1,162,982</u>	<u>37,018</u>
Total expenditures	<u>1,200,000</u>	<u>695,794</u>	<u>467,188</u>	<u>1,162,982</u>	<u>37,018</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	400	<u>\$ 400</u>	<u>\$ 400</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 400</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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 150,000	\$ 102,474	\$ (47,526)	\$ 114,495
Total revenues	<u>150,000</u>	<u>102,474</u>	<u>(47,526)</u>	<u>114,495</u>
Expenditures:				
Public safety:				
Other expenditures	<u>150,000</u>	<u>77,445</u>	<u>72,555</u>	<u>114,415</u>
Total expenditures	<u>150,000</u>	<u>77,445</u>	<u>72,555</u>	<u>114,415</u>
Net change in fund balance	<u>\$ -</u>	<u>25,029</u>	<u>\$ 25,029</u>	<u>80</u>
Fund Balance:				
Beginning of year - July 1		<u>18,426</u>		<u>18,346</u>
End of year - June 30		<u>\$ 43,455</u>		<u>\$ 18,426</u>

HARNETT COUNTY, NORTH CAROLINA**PUBLIC SAFETY FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 134,659	\$ 104,400	\$ (30,259)	\$ -
Miscellaneous	272,657	-	(272,657)	-
Total revenues	<u>407,316</u>	<u>104,400</u>	<u>(302,916)</u>	<u>-</u>
Expenditures:				
Public safety:				
Other expenditures	<u>407,316</u>	<u>134,881</u>	<u>272,435</u>	<u>-</u>
Total expenditures	<u>407,316</u>	<u>134,881</u>	<u>272,435</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(30,481)</u>	<u>\$ (30,481)</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		<u>-</u>
End of year - June 30		<u>\$ (30,481)</u>		<u>\$ -</u>

HARNETT COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEM FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 835,814	\$ 835,813	\$ (1)	\$ 793,157
Total revenues	<u>835,814</u>	<u>835,813</u>	<u>(1)</u>	<u>793,157</u>
Expenditures:				
Public safety:				
Operating expenditures	<u>908,936</u>	<u>875,423</u>	<u>33,513</u>	<u>863,193</u>
Total expenditures	<u>908,936</u>	<u>875,423</u>	<u>33,513</u>	<u>863,193</u>
Revenues over (under) expenditures	<u>(73,122)</u>	<u>(39,610)</u>	<u>33,512</u>	<u>(70,036)</u>
Other Financing Sources (Uses):				
Transfers in (out)	-	93,588	93,588	-
Appropriated fund balance	<u>73,122</u>	<u>-</u>	<u>(73,122)</u>	<u>-</u>
Total other financing sources (uses)	<u>73,122</u>	<u>93,588</u>	<u>20,466</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>53,978</u>	<u>\$ 53,978</u>	<u>(70,036)</u>
Fund Balance:				
Beginning of year - July 1		<u>473,933</u>		<u>543,969</u>
End of year - June 30		<u>\$ 527,911</u>		<u>\$ 473,933</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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 448,488	\$ 344,509	\$ (103,979)	\$ 355,016
Total revenues	<u>448,488</u>	<u>344,509</u>	<u>(103,979)</u>	<u>355,016</u>
Expenditures:				
Public safety:				
Operating expenditures	304,900	230,330	74,570	229,977
Capital outlay	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total expenditures	<u>354,900</u>	<u>230,330</u>	<u>124,570</u>	<u>229,977</u>
Revenues over (under) expenditures	<u>93,588</u>	<u>114,179</u>	<u>20,591</u>	<u>125,039</u>
Other Financing Sources (Uses):				
Transfers out	<u>(93,588)</u>	<u>(93,588)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(93,588)</u>	<u>(93,588)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>20,591</u>	<u>\$ 20,591</u>	<u>125,039</u>
Fund Balance:				
Beginning of year - July 1		<u>473,198</u>		<u>348,159</u>
End of year - June 30		<u>\$ 493,789</u>		<u>\$ 473,198</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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 90,000	\$ 43,220	\$ (46,780)	\$ 56,147
Total revenues	<u>90,000</u>	<u>43,220</u>	<u>(46,780)</u>	<u>56,147</u>
Expenditures:				
General government:				
Operating expenditures	<u>90,000</u>	<u>89,963</u>	<u>37</u>	<u>73,488</u>
Total expenditures	<u>90,000</u>	<u>89,963</u>	<u>37</u>	<u>73,488</u>
Net change in fund balance	<u>\$ -</u>	<u>(46,743)</u>	<u>\$ (46,743)</u>	<u>(17,341)</u>
Fund Balance:				
Beginning of year - July 1		<u>149,644</u>		<u>166,985</u>
End of year - June 30		<u>\$ 102,901</u>		<u>\$ 149,644</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other general revenues	\$ 75,975	\$ 75,000	\$ (975)	\$ 75,000
Total revenues	<u>75,975</u>	<u>75,000</u>	<u>(975)</u>	<u>75,000</u>
Expenditures:				
Public safety:				
Salaries and fringe benefits	34,759	34,759	-	33,533
Other operating expenditures	<u>41,216</u>	<u>41,216</u>	-	<u>86,050</u>
Total expenditures	<u>75,975</u>	<u>75,975</u>	-	<u>119,583</u>
Net change in fund balance	<u>\$ -</u>	(975)	<u>\$ (975)</u>	(44,583)
Fund Balance:				
Beginning of year - July 1		<u>13,812</u>		<u>58,395</u>
End of year - June 30		<u>\$ 12,837</u>		<u>\$ 13,812</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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 880,342	\$ 683,939	\$ (196,403)	\$ 765,648
Total revenues	<u>880,342</u>	<u>683,939</u>	<u>(196,403)</u>	<u>765,648</u>
Expenditures:				
General government:				
Operating expenditures	<u>880,342</u>	<u>656,531</u>	<u>223,811</u>	<u>765,081</u>
Total expenditures	<u>880,342</u>	<u>656,531</u>	<u>223,811</u>	<u>765,081</u>
Net change in fund balance	<u>\$ -</u>	<u>27,408</u>	<u>\$ 27,408</u>	<u>567</u>
Fund Balance:				
Beginning of year - July 1		<u>6,148</u>		<u>5,581</u>
End of year - June 30		<u>\$ 33,556</u>		<u>\$ 6,148</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, 2019**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
Total revenues	50,000	50,000	-	50,000	-
Expenditures:					
General government:					
Operating expenditures	50,000	49,955	-	49,955	45
Total expenditures	50,000	49,955	-	49,955	45
Net change in fund balance	\$ -	\$ 45	-	\$ 45	\$ 45
Fund Balance:					
Beginning of year - July 1			45		
End of year - June 30			\$ 45		

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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 525,000	\$ 525,998	\$ 998	\$ 655,556
Total revenues	<u>525,000</u>	<u>525,998</u>	<u>998</u>	<u>655,556</u>
Expenditures:				
General government:				
Operating expenditures	<u>525,000</u>	<u>-</u>	<u>525,000</u>	<u>25,000</u>
Total expenditures	<u>525,000</u>	<u>-</u>	<u>525,000</u>	<u>25,000</u>
Revenues over (under) expenditures	<u>-</u>	<u>525,998</u>	<u>525,998</u>	<u>630,556</u>
Other Financing Sources (Uses):				
Transfer (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,011</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,011</u>
Net change in fund balance	<u>\$ -</u>	<u>525,998</u>	<u>\$ 525,998</u>	<u>802,567</u>
Fund Balance:				
Beginning of year - July 1		<u>1,787,178</u>		<u>984,611</u>
End of year - June 30		<u>\$ 2,313,176</u>		<u>\$ 1,787,178</u>

HARNETT COUNTY, NORTH CAROLINA**SHERIFF EXECUTION FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 350,000	\$ 93,222	\$ (256,778)	\$ 119,348
Total revenues	<u>350,000</u>	<u>93,222</u>	<u>(256,778)</u>	<u>119,348</u>
Expenditures:				
Public safety:				
Operating expenditures	<u>350,000</u>	<u>66,093</u>	<u>283,907</u>	<u>122,364</u>
Total expenditures	<u>350,000</u>	<u>66,093</u>	<u>283,907</u>	<u>122,364</u>
Net change in fund balance	<u>\$ -</u>	<u>27,129</u>	<u>\$ 27,129</u>	<u>(3,016)</u>
Fund Balance:				
Beginning of year - July 1		<u>1,338</u>		<u>4,354</u>
End of year - June 30		<u>\$ 28,467</u>		<u>\$ 1,338</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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2019</u>			<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Permits and fees	\$ -	\$ -	\$ -	\$ 5
Total revenues	-	-	-	5
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	5
Fund Balance:				
Beginning of year - July 1		<u>5,982</u>		<u>5,977</u>
End of year - June 30		<u>\$ 5,982</u>		<u>\$ 5,982</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, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 10,000	\$ 8,231	\$ (1,769)	\$ -
Total revenues	<u>10,000</u>	<u>8,231</u>	<u>(1,769)</u>	<u>-</u>
Expenditures:				
Economic and physical development:				
Operating expenditures	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>5,214</u>
Total expenditures	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>5,214</u>
Net change in fund balance	<u>\$ -</u>	<u>8,231</u>	<u>\$ 8,231</u>	<u>(5,214)</u>
Fund Balance:				
Beginning of year - July 1		<u>185</u>		<u>5,399</u>
End of year - June 30		<u>\$ 8,416</u>		<u>\$ 185</u>

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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:

Benhaven Elementary School – accounts for the expenditures and revenues for the construction of the new Benhaven Elementary School.

Government Complex Park – accounts for the expenditures associated with the construction of Phase I for the Government Complex Park located at 350 Alexander Drive in Lillington. Amenities under construction include two multiuse fields, two baseball/softball fields, 1.75 miles of walking trails, canoe/kayak water access, river observation deck and park infrastructure.

Government Complex South – accounts for the expenditures associated with the construction of a 57,000 square foot government resource center and library located at 455 McKinney Parkway in Lillington and the 10,000 square foot addition to the existing social services building to house the child support enforcement division that is currently located in rental space in Erwin.

Essential Family Rehabilitation – accounts for the expenditures associated with the home rehabilitation of five homes whose owners meet a certain age, income and needs.

Campbell Stadium Sidewalk – accounts for the expenditures associated with the construction of a sidewalk that will connect the Osteopathic Center with the football stadium at Campbell University

Overhills High School Cafeteria – accounts for the expenditures associated with the new dining room addition at Overhills High School.

Brightwater Phase II – accounts for the expenditures associated with infrastructure improvement at the Brightwater Technology Park. These expenditures consist of the construction of approximately 540 linear feet of roadway to extend Brightwater Drive to include associated storm drainage and gravity sewer.

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.

Former Boone Trail – accounts for the expenditures associated with the renovation of the former Benhaven Elementary School, located at 2815 Olivia Road in Sanford, in three phases to provide space for county functions, an early college and community partner organizations.

Shawtown Area Community Center – accounts for the preparation of a conceptual plan for costs associated for a community center to be located behind the former Shawtown School. The center will be constructed by the Shawtown Alumni Association on property the Association acquired from Harnett County.

Aircraft Apron and Helipad Design – accounts for the expansion of the aircraft apron to create a parking area for larger turbo-prop and jet aircraft and the creation of a helipad.

2017 G.O. Bonds Projects – accounts for the construction of six new tennis courts at Harnett Central Middle/High School, tennis court lighting of three courts at Harnett Central Middle/High School and ballfield lighting at Western Harnett Middle School baseball and softball fields.

Jetport Terminal - accounts for the design of the terminal site improvements and related work to replace the existing terminal at the Harnett Regional Jetport.

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HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Government Complex Park	Government Complex South	Essential Family Rehabilitation	Benhaven Elementary School	Jetport Terminal	Former Boone Trail	Shawtown Area Community Center
Assets:							
Cash and investments	\$ 84,371	\$ 687,523	\$ -	\$ -	\$ 1,554	\$ 151,500	\$ 10,000
Accounts receivable, net	-	2,560	-	260,348	-	-	-
Restricted assets:							
Cash and cash equivalents	-	-	-	7,330,795	-	-	-
Total assets	<u>\$ 84,371</u>	<u>\$ 690,083</u>	<u>\$ -</u>	<u>\$ 7,591,143</u>	<u>\$ 1,554</u>	<u>\$ 151,500</u>	<u>\$ 10,000</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 435,081	\$ -	\$ 861,773	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>435,081</u>	<u>-</u>	<u>861,773</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Restricted for stabilization by state statute	-	2,560	-	260,348	-	-	-
Restricted for education	-	-	-	7,330,795	-	-	-
Restricted for culture and recreation	84,371	-	-	-	-	151,500	-
Restricted for general government	-	252,442	-	-	-	-	10,000
Committed for economic development	-	-	-	-	1,554	-	-
Unassigned	-	-	-	(861,773)	-	-	-
Total fund balances	<u>84,371</u>	<u>255,002</u>	<u>-</u>	<u>6,729,370</u>	<u>1,554</u>	<u>151,500</u>	<u>10,000</u>
Total liabilities and fund balances	<u>\$ 84,371</u>	<u>\$ 690,083</u>	<u>\$ -</u>	<u>\$ 7,591,143</u>	<u>\$ 1,554</u>	<u>\$ 151,500</u>	<u>\$ 10,000</u>

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Campbell Stadium Sidewalk	Overhills High School Cafeteria	QSCB 2016 Capital Project Fund	Aircraft Apron and Helipad Design	2017 G.O Bonds Projects	Brightwater Phase II	Total
Assets:							
Cash and investments	\$ 174,392	\$ 29,994	\$ -	\$ 29,314	\$ -	\$ 466,913	\$ 1,635,561
Accounts receivable, net	-	-	-	-	-	-	262,908
Restricted assets:							
Cash and cash equivalents	-	-	506	-	826,385	-	8,157,686
Total assets	<u>\$ 174,392</u>	<u>\$ 29,994</u>	<u>\$ 506</u>	<u>\$ 29,314</u>	<u>\$ 826,385</u>	<u>\$ 466,913</u>	<u>\$ 10,056,155</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 437	\$ -	\$ -	\$ -	\$ 2,846	\$ 5,664	\$ 1,305,801
Total liabilities	<u>437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,846</u>	<u>5,664</u>	<u>1,305,801</u>
Fund Balances:							
Restricted for stabilization by state statute	-	-	-	-	-	-	262,908
Restricted for education	-	29,994	506	-	826,385	-	8,187,680
Restricted for public safety	173,955	-	-	-	-	-	409,826
Restricted for general government	-	-	-	-	-	-	262,442
Committed for economic development	-	-	-	29,314	-	461,249	492,117
Unassigned	-	-	-	-	(2,846)	-	(864,619)
Total fund balances	<u>173,955</u>	<u>29,994</u>	<u>506</u>	<u>29,314</u>	<u>823,539</u>	<u>461,249</u>	<u>8,750,354</u>
Total liabilities and fund balances	<u>\$ 174,392</u>	<u>\$ 29,994</u>	<u>\$ 506</u>	<u>\$ 29,314</u>	<u>\$ 826,385</u>	<u>\$ 466,913</u>	<u>\$ 10,056,155</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, 2019

	Government Complex Park	Government Complex South	Essential Family Rehabilitation	Benhaven Elementary School	Jetport Terminal	Former Boone Trail	Shawtown Area Community Center
Revenues:							
Restricted intergovernmental	\$ -	\$ -	\$ 118,303	\$ -	\$ 68,981	\$ -	\$ 10,000
Investment earnings	-	-	-	337,381	-	-	-
Total revenues	-	-	118,303	337,381	68,981	-	10,000
Expenditures:							
Current:							
General government	-	892,082	-	-	-	87,500	-
Economic and physical development	-	-	118,303	-	77,082	-	-
Cultural and recreation	258,597	-	-	-	-	-	-
Education	-	-	-	4,061,937	-	-	-
Total expenditures	258,597	892,082	118,303	4,061,937	77,082	87,500	-
Revenues over (under) expenditures	(258,597)	(892,082)	-	(3,724,556)	(8,101)	(87,500)	10,000
Other Financing Sources (Uses):							
Transfers in	-	1,010,000	-	-	-	239,000	-
Transfers (out)	-	-	-	(1,088,045)	-	-	-
Total other financing sources (uses)	-	1,010,000	-	(1,088,045)	-	239,000	-
Net change in fund balances	(258,597)	117,918	-	(4,812,601)	(8,101)	151,500	10,000
Fund Balances:							
Beginning of year - July 1	342,968	137,084	-	11,541,971	9,655	-	-
End of year - June 30	\$ 84,371	\$ 255,002	\$ -	\$ 6,729,370	\$ 1,554	\$ 151,500	\$ 10,000

HARNETT COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Campbell Stadium Sidewalk	Overhills High School Cafeteria	QSCB 2016 Capital Project Fund	Aircraft Apron and Helipad Design	2017 G.O Bonds Projects	Brightwater Phase II	Total
Revenues:							
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,284
Investment earnings	-	-	-	-	-	-	337,381
Total revenues	-	-	-	-	-	-	534,665
Expenditures:							
Current:							
General government	-	-	-	-	-	-	979,582
Economic and physical development	-	-	-	-	-	54,116	249,501
Cultural and recreation	2,195	-	-	-	-	-	260,792
Education	-	580,072	-	-	210,461	-	4,852,470
Total expenditures	2,195	580,072	-	-	210,461	54,116	6,342,345
Revenues over (under) expenditures	(2,195)	(580,072)	-	-	(210,461)	(54,116)	(5,807,680)
Other Financing Sources (Uses):							
Transfers in	-	-	-	29,314	1,034,000	317,551	2,629,865
Transfers (out)	-	-	-	-	-	-	(1,088,045)
Total other financing sources (uses)	-	-	-	29,314	1,034,000	317,551	1,541,820
Net change in fund balances	(2,195)	(580,072)	-	29,314	823,539	263,435	(4,265,860)
Fund Balances:							
Beginning of year - July 1	176,150	610,066	506	-	-	197,814	13,016,214
End of year - June 30	\$ 173,955	\$ 29,994	\$ 506	\$ 29,314	\$ 823,539	\$ 461,249	\$ 8,750,354

HARNETT COUNTY, NORTH CAROLINA
BENHAVEN ELEMENTARY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ 300,407	\$ 337,381	\$ 637,788	\$ 637,788
Total revenues	-	300,407	337,381	637,788	637,788
Expenditures:					
Education:					
Legal and administrative	2,409,465	1,315,384	979,139	2,294,523	114,942
Construction	27,699,639	18,640,201	3,082,798	21,722,999	5,976,640
Total expenditures	30,109,104	19,955,585	4,061,937	24,017,522	6,091,582
Revenues over (under) expenditures	(30,109,104)	(19,655,178)	(3,724,556)	(23,379,734)	6,729,370
Other Financing Sources (Uses):					
Bond proceeds	29,500,000	29,500,000	-	29,500,000	-
Transfer out	(1,920,565)	(832,520)	(1,088,045)	(1,920,565)	-
Bond premium	2,529,669	2,529,669	-	2,529,669	-
Total other financing sources (uses)	30,109,104	31,197,149	(1,088,045)	30,109,104	-
Net change in fund balance	\$ -	\$ 11,541,971	(4,812,601)	\$ 6,729,370	\$ 6,729,370
Fund Balance:					
Beginning of year - July 1			11,541,971		
End of year - June 30			\$ 6,729,370		

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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 400,000	\$ -	\$ -	\$ -	\$ (400,000)
Miscellaneous	-	4,400	-	4,400	4,400
Total revenues	400,000	4,400	-	4,400	(395,600)
Expenditures:					
Culture and recreation:					
Engineering	135,000	61,432	32,002	93,434	41,566
Construction	665,000	-	226,595	226,595	438,405
Total expenditures	800,000	61,432	258,597	320,029	479,971
Revenues over (under) expenditures	(400,000)	(57,032)	(258,597)	(315,629)	84,371
Other Financing Sources (Uses):					
Transfers in	400,000	400,000	-	400,000	-
Total other financing sources (uses)	400,000	400,000	-	400,000	-
Net change in fund balance	\$ -	\$ 342,968	(258,597)	\$ 84,371	\$ 84,371
Fund Balance:					
Beginning of year - July 1			342,968		
End of year - June 30			\$ 84,371		

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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
General government:					
Professional services	\$ 2,061,337	\$ 162,916	\$ 525,061	\$ 687,977	\$ 1,373,360
Operating	2,484,330	-	-	-	2,484,330
Construction	19,686,590	-	367,021	367,021	19,319,569
Total expenditures	<u>24,232,257</u>	<u>162,916</u>	<u>892,082</u>	<u>1,054,998</u>	<u>23,177,259</u>
Revenues over (under) expenditures	<u>(24,232,257)</u>	<u>(162,916)</u>	<u>(892,082)</u>	<u>(1,054,998)</u>	<u>23,177,259</u>
Other Financing Sources (Uses):					
Transfers in	1,232,257	300,000	1,010,000	1,310,000	77,743
Loan proceeds	<u>23,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,000,000)</u>
Total other financing sources (uses)	<u>24,232,257</u>	<u>300,000</u>	<u>1,010,000</u>	<u>1,310,000</u>	<u>(22,922,257)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 137,084</u>	117,918	<u>\$ 255,002</u>	<u>\$ 255,002</u>
Fund Balance:					
Beginning of year - July 1			<u>137,084</u>		
End of year - June 30			<u>\$ 255,002</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, 2019

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental	\$ 175,000	\$ 40,417	\$ 118,303	\$ 158,720	\$ (16,280)
Total revenues	<u>175,000</u>	<u>40,417</u>	<u>118,303</u>	<u>158,720</u>	<u>(16,280)</u>
Expenditures:					
Economic and physical development:					
Rehabilitation	50,000	40,417	9,583	50,000	-
Construction	<u>125,000</u>	<u>-</u>	<u>108,720</u>	<u>108,720</u>	<u>16,280</u>
Total expenditures	<u>175,000</u>	<u>40,417</u>	<u>118,303</u>	<u>158,720</u>	<u>16,280</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u><u>\$ -</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, 2019**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 336,662	\$ 128,483	\$ 68,981	\$ 197,464	\$ (139,198)
Total revenues	<u>336,662</u>	<u>128,483</u>	<u>68,981</u>	<u>197,464</u>	<u>(139,198)</u>
Expenditures:					
General government:					
Operating expenditures	<u>374,069</u>	<u>142,759</u>	<u>77,082</u>	<u>219,841</u>	<u>154,228</u>
Total expenditures	<u>374,069</u>	<u>142,759</u>	<u>77,082</u>	<u>219,841</u>	<u>154,228</u>
Revenues over (under) expenditures	<u>(37,407)</u>	<u>(14,276)</u>	<u>(8,101)</u>	<u>(22,377)</u>	<u>15,030</u>
Other Financing Sources (Uses):					
Transfers in	<u>37,407</u>	<u>23,931</u>	<u>-</u>	<u>23,931</u>	<u>(13,476)</u>
Total other financing sources (uses)	<u>37,407</u>	<u>23,931</u>	<u>-</u>	<u>23,931</u>	<u>(13,476)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,655</u>	<u>(8,101)</u>	<u>\$ 1,554</u>	<u>\$ 1,554</u>
Fund Balance:					
Beginning of year - July 1			<u>9,655</u>		
End of year - June 30			<u>\$ 1,554</u>		

HARNETT COUNTY, NORTH CAROLINA

FORMER BOONE TRAIL SCHOOL DEMOLITION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
General government:					
Construction	\$ 239,000	\$ -	\$ 87,500	\$ 87,500	\$ 151,500
Total expenditures	<u>239,000</u>	<u>-</u>	<u>87,500</u>	<u>87,500</u>	<u>151,500</u>
Revenues over (under) expenditures	<u>(239,000)</u>	<u>-</u>	<u>(87,500)</u>	<u>(87,500)</u>	<u>151,500</u>
Other Financing Sources (Uses):					
Transfers in	<u>239,000</u>	<u>-</u>	<u>239,000</u>	<u>239,000</u>	<u>-</u>
Total other financing sources (uses)	<u>239,000</u>	<u>-</u>	<u>239,000</u>	<u>239,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>151,500</u>	<u>\$ 151,500</u>	<u>\$ 151,500</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 151,500</u>		

HARNETT COUNTY, NORTH CAROLINA

SHAWTOWN AREA COMMUNITY CENTER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental revenues	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -
Total revenues	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Expenditures:					
Capital outlay	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u><u>\$ 10,000</u></u>		

HARNETT COUNTY, NORTH CAROLINA

**AIRCRAFT APRON AND HELIPAD DESIGN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental revenues	\$ 263,826	\$ -	\$ -	\$ -	\$ (263,826)
Total revenues	<u>263,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(263,826)</u>
Expenditures:					
General government:					
Engineering	293,140	-	-	-	293,140
Total expenditures	<u>293,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,140</u>
Revenues over (under) expenditures	<u>(29,314)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,314</u>
Other Financing Sources (Uses):					
Transfers in (out)	29,314	-	29,314	29,314	-
Total other financing sources (uses)	<u>29,314</u>	<u>-</u>	<u>29,314</u>	<u>29,314</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	29,314	<u>\$ 29,314</u>	<u>\$ 29,314</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 29,314</u>		

HARNETT COUNTY, NORTH CAROLINA**2017 G.O. BONDS PROJECTS****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Education:					
Engineering	\$ 51,700	\$ -	\$ 3,931	\$ 3,931	\$ 47,769
Construction	982,300	-	206,530	206,530	775,770
Total expenditures	<u>1,034,000</u>	<u>-</u>	<u>210,461</u>	<u>210,461</u>	<u>823,539</u>
Revenues over (under) expenditures	<u>(1,034,000)</u>	<u>-</u>	<u>(210,461)</u>	<u>(210,461)</u>	<u>823,539</u>
Other Financing Sources (Uses):					
Transfers in	<u>1,034,000</u>	<u>-</u>	<u>1,034,000</u>	<u>1,034,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,034,000</u>	<u>-</u>	<u>1,034,000</u>	<u>1,034,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>823,539</u>	<u>\$ 823,539</u>	<u>\$ 823,539</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 823,539</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, 2019**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Culture and recreation:					
Legal and administrative	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Engineering	120,000	23,850	2,195	26,045	93,955
Capital outlay	60,000	-	-	-	60,000
Total expenditures	<u>200,000</u>	<u>23,850</u>	<u>2,195</u>	<u>26,045</u>	<u>173,955</u>
Revenues over (under) expenditures	<u>(200,000)</u>	<u>(23,850)</u>	<u>(2,195)</u>	<u>(26,045)</u>	<u>173,955</u>
Other Financing Sources (Uses):					
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 176,150</u>	<u>(2,195)</u>	<u>\$ 173,955</u>	<u>\$ 173,955</u>
Fund Balance:					
Beginning of year - July 1			<u>176,150</u>		
End of year - June 30			<u>\$ 173,955</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, 2019

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

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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Expenditures:					
Economic and physical development:					
Engineering	127,813	-	54,116	54,116	73,697
Construction	<u>887,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>887,551</u>
Total expenditures	<u>1,015,364</u>	<u>-</u>	<u>54,116</u>	<u>54,116</u>	<u>961,248</u>
Revenues over (under) expenditures	<u>(515,364)</u>	<u>-</u>	<u>(54,116)</u>	<u>(54,116)</u>	<u>461,248</u>
Other Financing Sources (Uses):					
Transfers in	<u>515,364</u>	<u>197,814</u>	<u>317,551</u>	<u>515,365</u>	<u>1</u>
Total other financing sources (uses)	<u>515,364</u>	<u>197,814</u>	<u>317,551</u>	<u>515,365</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 197,814</u>	<u>263,435</u>	<u>\$ 461,249</u>	<u>\$ 461,249</u>
Fund Balance:					
Beginning of year - July 1			<u>197,814</u>		
End of year - June 30			<u>\$ 461,249</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Expenditures:					
Education:					
Construction	\$ 832,520	\$ 222,454	\$ 580,072	\$ 802,526	\$ 29,994
Total expenditures	<u>832,520</u>	<u>222,454</u>	<u>580,072</u>	<u>802,526</u>	<u>29,994</u>
Revenues over (under) expenditures	<u>(832,520)</u>	<u>(222,454)</u>	<u>(580,072)</u>	<u>(802,526)</u>	<u>29,994</u>
Other Financing Sources (Uses):					
Transfers in	<u>832,520</u>	<u>832,520</u>	<u>-</u>	<u>832,520</u>	<u>-</u>
Total other financing sources (uses)	<u>832,520</u>	<u>832,520</u>	<u>-</u>	<u>832,520</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 610,066</u>	<u>(580,072)</u>	<u>\$ 29,994</u>	<u>\$ 29,994</u>
Fund Balance:					
Beginning of year - July 1			<u>610,066</u>		
End of year - June 30			<u>\$ 29,994</u>		

ENTERPRISE FUNDS

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

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 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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water and sewer sales	\$ 32,050,050	\$ 38,029,519	\$ 5,979,469
Other operating revenues	1,952,900	1,958,384	5,484
Total operating revenues	<u>34,002,950</u>	<u>39,987,903</u>	<u>5,984,953</u>
Non-operating revenues:			
Interest earned on investments	<u>12,000</u>	<u>42,325</u>	<u>30,325</u>
Total revenues	<u>34,014,950</u>	<u>40,030,228</u>	<u>6,015,278</u>
Expenditures:			
Salaries and employee benefits	8,331,154	7,186,513	1,144,641
Sewage treatment	2,098,576	1,960,084	138,492
Other operating expenses	18,087,582	13,995,264	4,092,318
Capital outlay	720,244	664,140	56,104
Debt service:			
Debt principal	3,199,737	3,199,737	-
Interest and fees	<u>1,577,657</u>	<u>1,577,654</u>	<u>3</u>
Total expenditures	<u>34,014,950</u>	<u>28,583,392</u>	<u>5,431,558</u>
Revenues over (under) expenditures	<u>-</u>	<u>11,446,836</u>	<u>11,446,836</u>
Other Financing Sources (Uses):			
Appropriated net position	5,397,151	-	(5,397,151)
Transfers in (out)	<u>(5,397,151)</u>	<u>(3,134,205)</u>	<u>2,262,946</u>
Total other financing sources (uses)	<u>-</u>	<u>(3,134,205)</u>	<u>(3,134,205)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 8,312,631</u>	<u>\$ 8,312,631</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 8,312,631	
Reconciling items:			
Debt principal		3,199,737	
Amortization of bond premium		111,865	
Amortization of deferred charge on refunding		(159,557)	
Change in accrued interest		11,402	
Increase in compensated absences		(1,501)	
Change in OPEB liability		(1,103,834)	
Change in deferred outflows of resources - OPEB		525,217	
Change in deferred inflows of resources - OPEB		83,355	
Change in deferred outflows - pension		556,637	
Change in net pension liability		(708,985)	
Change in deferred inflows - pension		31,940	
Contributed asset		3,005,857	
Interest and fees from project		(996,040)	
Lease revenue from districts		996,040	
Intrafund transfers		3,134,205	
Capital outlay		664,140	
Depreciation		<u>(11,425,493)</u>	
Change in net position		<u>\$ 6,237,616</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 493,000	\$ 493,000	\$ -
Interest and fees	700,513	700,513	-
Total expenditures	<u>1,193,513</u>	<u>1,193,513</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,193,513)</u>	<u>(1,193,513)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>1,193,513</u>	<u>700,513</u>	<u>(493,000)</u>
Total other financing sources (uses)	<u>1,193,513</u>	<u>700,513</u>	<u>(493,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (493,000)</u>	<u>\$ (493,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (493,000)	
Reconciling items:			
Debt principal		<u>493,000</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 100,000	\$ 100,000	\$ -
Interest and fees	46,575	46,575	-
Total expenditures	<u>146,575</u>	<u>146,575</u>	<u>-</u>
Revenues over (under) expenditures	<u>(146,575)</u>	<u>(146,575)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>146,575</u>	<u>46,575</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>146,575</u>	<u>46,575</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>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 65,000	\$ 65,000	\$ -
Interest and fees	<u>25,288</u>	<u>25,288</u>	<u>-</u>
Total expenditures	<u>90,288</u>	<u>90,288</u>	<u>-</u>
Revenues over (under) expenditures	<u>(90,288)</u>	<u>(90,288)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>90,288</u>	<u>25,288</u>	<u>(65,000)</u>
Total other financing sources (uses)	<u>90,288</u>	<u>25,288</u>	<u>(65,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (65,000)	
Reconciling items:			
Debt principal		<u>65,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTHWEST
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 165,000	\$ 165,000	\$ -
Interest and fees	<u>71,263</u>	<u>71,263</u>	<u>-</u>
Total expenditures	<u>236,263</u>	<u>236,263</u>	<u>-</u>
Revenues over (under) expenditures	<u>(236,263)</u>	<u>(236,263)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>236,263</u>	<u>71,263</u>	<u>(165,000)</u>
Total other financing sources (uses)	<u>236,263</u>	<u>71,263</u>	<u>(165,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (165,000)</u>	<u>\$ (165,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (165,000)	
Reconciling items:			
Debt principal		<u>165,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - SOUTHEAST
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 45,000	\$ 45,000	\$ -
Interest and fees	<u>31,100</u>	<u>31,100</u>	<u>-</u>
Total expenditures	<u>76,100</u>	<u>76,100</u>	<u>-</u>
Revenues over (under) expenditures	<u>(76,100)</u>	<u>(76,100)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>76,100</u>	<u>31,100</u>	<u>(45,000)</u>
Total other financing sources (uses)	<u>76,100</u>	<u>31,100</u>	<u>(45,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (45,000)	
Reconciling items:			
Debt principal		<u>45,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - NON-OPERATING ENTERPRISE FUND - EAST CENTRAL
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 110,000	\$ 110,000	\$ -
Interest and fees	<u>87,663</u>	<u>87,663</u>	<u>-</u>
Total expenditures	<u>197,663</u>	<u>197,663</u>	<u>-</u>
Revenues over (under) expenditures	<u>(197,663)</u>	<u>(197,663)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>197,663</u>	<u>87,663</u>	<u>(110,000)</u>
Total other financing sources (uses)	<u>197,663</u>	<u>87,663</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>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Debt principal	\$ 25,000	\$ 25,000	\$ -
Interest and fees	<u>33,638</u>	<u>33,638</u>	<u>-</u>
Total expenditures	<u>58,638</u>	<u>58,638</u>	<u>-</u>
Revenues under expenditures	<u>(58,638)</u>	<u>(58,638)</u>	<u>-</u>
Other Financing Sources (Uses):			
Capital lease transfer in	<u>58,638</u>	<u>33,638</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>58,638</u>	<u>33,638</u>	<u>(25,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (25,000)	
Reconciling items:			
Debt principal		<u>25,000</u>	
Change in net position		<u>\$ -</u>	

HARNETT COUNTY, NORTH CAROLINA

WHIP TRANSMISSION LINE CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Construction	\$ 955,335	\$ 363,656	\$ 571,585	\$ 935,241	\$ 20,094
Legal and administration	8,000	3,933	-	3,933	4,067
Engineering	150,300	112,044	35,656	147,700	2,600
Materials and supplies	15,028	-	-	-	15,028
Land	18,000	-	-	-	18,000
Contingency	68,987	-	-	-	68,987
Total expenditures	<u>1,215,650</u>	<u>479,633</u>	<u>607,241</u>	<u>1,086,874</u>	<u>128,776</u>
Revenues over (under) expenditures	<u>(1,215,650)</u>	<u>(479,633)</u>	<u>(607,241)</u>	<u>(1,086,874)</u>	<u>128,776</u>
Other Financing Sources (Uses):					
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>\$ 736,017</u>	<u>\$ (607,241)</u>	<u>\$ 128,776</u>	<u>\$ 128,776</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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Construction	\$ 782,000	\$ 260,413	\$ 322,684	\$ 583,097	\$ 198,903
Legal and administration	8,000	3,985	-	3,985	4,015
Engineering	135,800	102,248	49,752	152,000	(16,200)
Materials and supplies	45,000	-	24,126	24,126	20,874
Land	18,000	1,325	-	1,325	16,675
Contingency	39,100	-	-	-	39,100
Total expenditures	<u>1,027,900</u>	<u>367,971</u>	<u>396,562</u>	<u>764,533</u>	<u>263,367</u>
Revenues over (under) expenditures	<u>(1,027,900)</u>	<u>(367,971)</u>	<u>(396,562)</u>	<u>(764,533)</u>	<u>263,367</u>
Other Financing Sources (Uses):					
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>\$ 659,929</u>	<u>\$ (396,562)</u>	<u>\$ 263,367</u>	<u>\$ 263,367</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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Construction	\$ 10,163,717	\$ -	\$ 2,720,574	\$ 2,720,574	\$ 7,443,143
Legal and administration	6,000	208	-	208	5,792
Engineering	423,000	163,000	188,000	351,000	72,000
Materials and supplies	70,000	-	-	-	70,000
Contingency	508,186	-	-	-	508,186
Total expenditures	<u>11,170,903</u>	<u>163,208</u>	<u>2,908,574</u>	<u>3,071,782</u>	<u>8,099,121</u>
Revenues over (under) expenditures	<u>(11,170,903)</u>	<u>(163,208)</u>	<u>(2,908,574)</u>	<u>(3,071,782)</u>	<u>8,099,121</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>11,170,903</u>	<u>5,773,752</u>	<u>-</u>	<u>5,773,752</u>	<u>(5,397,151)</u>
Total other financing sources (uses)	<u>11,170,903</u>	<u>5,773,752</u>	<u>-</u>	<u>5,773,752</u>	<u>(5,397,151)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,610,544</u>	<u>\$ (2,908,574)</u>	<u>\$ 2,701,970</u>	<u>\$ 2,701,970</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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Construction	\$ 700,000	\$ -	\$ 361,460	\$ 361,460	\$ 338,540
Legal and administration	10,000	-	-	-	10,000
Materials and supplies	100,000	-	-	-	100,000
Contingency	70,000	-	-	-	70,000
Total expenditures	<u>880,000</u>	<u>-</u>	<u>361,460</u>	<u>361,460</u>	<u>518,540</u>
Revenues over (under) expenditures	<u>(880,000)</u>	<u>-</u>	<u>(361,460)</u>	<u>(361,460)</u>	<u>518,540</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>880,000</u>	<u>-</u>	<u>880,000</u>	<u>880,000</u>	<u>-</u>
Total other financing sources (uses)	<u>880,000</u>	<u>-</u>	<u>880,000</u>	<u>880,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,540</u>	<u>\$ 518,540</u>	<u>\$ 518,540</u>

HARNETT COUNTY, NORTH CAROLINA
SCHOOL WASTEWATER EXTENSIONS CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Expenditures:					
Construction	1,988,100	-	-	-	1,988,100
Legal and administration	10,000	-	-	-	10,000
Engineering	497,105	-	98,880	98,880	398,225
Materials and supplies	45,000	-	-	-	45,000
Land	20,000	-	-	-	20,000
Contingency	194,000	-	-	-	194,000
Total expenditures	<u>2,754,205</u>	<u>-</u>	<u>98,880</u>	<u>98,880</u>	<u>2,655,325</u>
Revenues over (under) expenditures	<u>(2,254,205)</u>	<u>-</u>	<u>(98,880)</u>	<u>(98,880)</u>	<u>2,155,325</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>2,254,205</u>	<u>-</u>	<u>2,254,205</u>	<u>2,254,205</u>	<u>-</u>
Total other financing sources (uses)	<u>2,254,205</u>	<u>-</u>	<u>2,254,205</u>	<u>2,254,205</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,155,325</u>	<u>\$ 2,155,325</u>	<u>\$ 2,155,325</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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Construction	\$ 7,545,721	\$ 7,295,030	\$ 250,691	\$ 7,545,721	\$ -
Legal and administration	49,000	19,826	30,783	50,609	(1,609)
Engineering	350,000	331,450	18,550	350,000	-
Materials and supplies	191,018	17,209	-	17,209	173,809
Land	30,000	24,138	5,250	29,388	612
Contingency	343,477	-	-	-	343,477
Total expenditures	<u>8,509,216</u>	<u>7,687,653</u>	<u>305,274</u>	<u>7,992,927</u>	<u>516,289</u>
Revenues over (under) expenditures	<u>(8,509,216)</u>	<u>(7,687,653)</u>	<u>(305,274)</u>	<u>(7,992,927)</u>	<u>516,289</u>
Other Financing Sources (Uses):					
Transfers in - Enterprise Fund	<u>8,509,216</u>	<u>8,509,216</u>	<u>-</u>	<u>8,509,216</u>	<u>-</u>
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>\$ 821,563</u>	<u>\$ (305,274)</u>	<u>\$ 516,289</u>	<u>\$ 516,289</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste fees	\$ 5,496,652	\$ 6,031,959	\$ 535,307
Other operating revenues	18,594	10,250	(8,344)
Total operating revenues	<u>5,515,246</u>	<u>6,042,209</u>	<u>526,963</u>
Non-Operating Revenues:			
Restricted intergovernmental	320,000	282,191	(37,809)
Interest earned on investments	340	2,212	1,872
Total non-operating revenues	<u>320,340</u>	<u>284,403</u>	<u>(35,937)</u>
Total revenues	<u>5,835,586</u>	<u>6,326,612</u>	<u>491,026</u>
Expenditures:			
Salaries and employee benefits	1,103,946	974,821	129,125
Other operating expenses	3,816,653	3,823,551	(6,898)
Capital outlay	439,644	432,391	7,253
Debt service:			
Debt principal and interest	<u>403,856</u>	<u>403,852</u>	<u>4</u>
Total expenditures	<u>5,764,099</u>	<u>5,634,615</u>	<u>129,484</u>
Revenues over (under) expenditures	<u>71,487</u>	<u>691,997</u>	<u>620,510</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>(71,487)</u>	<u>(71,486)</u>	<u>1</u>
Total other financing sources (uses)	<u>(71,487)</u>	<u>(71,486)</u>	<u>1</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 620,511</u>	<u>\$ 620,511</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 620,511	
Reconciling items:			
Debt principal		348,466	
Change in deferred outflows - pension		85,636	
Increase in accrued interest		4,455	
Change in net pension liability		(109,075)	
Change in deferred inflows - pension		4,914	
Decrease in compensated absences		9,597	
Change in OPEB liability		(169,821)	
Change in deferred outflows of resources - OPEB		80,802	
Change in deferred inflows of resources - OPEB		12,823	
Amortization of premium		39,393	
Capital outlay		432,391	
Depreciation		<u>(509,581)</u>	
Change in net position		<u>\$ 850,511</u>	

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INTERNAL SERVICE FUNDS

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

INDIVIDUAL FUND DESCRIPTIONS:

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

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

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

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

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

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

HARNETT COUNTY, NORTH CAROLINA**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF NET POSITION****JUNE 30, 2019**

	Workers' Compensation Fund	Group Insurance Fund	Employee Clinic Fund	Medical Insurance Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 4,255,034	\$ 439,246	\$ 660,993	\$ 5,806,188
Prepays	9,375	-	-	-
Accounts receivable	-	-	295	90
Total assets	<u>4,264,409</u>	<u>439,246</u>	<u>661,288</u>	<u>5,806,278</u>
Liabilities:				
Current liabilities:				
Claims payable	365,000	-	-	-
Accounts payable	<u>60,930</u>	<u>54,803</u>	<u>5,709</u>	<u>1,224,350</u>
Total current liabilities	<u>425,930</u>	<u>54,803</u>	<u>5,709</u>	<u>1,224,350</u>
Non-current liabilities:				
Claims payable	<u>364,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>790,740</u>	<u>54,803</u>	<u>5,709</u>	<u>1,224,350</u>
Net Position:				
Unrestricted	<u>3,473,669</u>	<u>384,443</u>	<u>655,579</u>	<u>4,581,928</u>
Total net position	<u>\$ 3,473,669</u>	<u>\$ 384,443</u>	<u>\$ 655,579</u>	<u>\$ 4,581,928</u>

HARNETT COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2019

	Dental Insurance Fund	Unemployment Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 572,333	\$ 1,361,770	\$ 13,095,564
Prepays	-	-	9,375
Accounts receivable	-	-	385
Total assets	<u>572,333</u>	<u>1,361,770</u>	<u>13,105,324</u>
Liabilities:			
Current liabilities:			
Claims payable	-	-	365,000
Accounts payable	<u>76,084</u>	-	<u>1,421,876</u>
Total current liabilities	<u>76,084</u>	-	<u>1,786,876</u>
Non-current liabilities:			
Claims payable	-	-	364,810
Total liabilities	<u>76,084</u>	-	<u>2,151,686</u>
Net Position:			
Unrestricted	<u>496,249</u>	<u>1,361,770</u>	<u>10,953,638</u>
Total net position	<u>\$ 496,249</u>	<u>\$ 1,361,770</u>	<u>\$ 10,953,638</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, 2019

	<u>Workers' Compensation Fund</u>	<u>Group Insurance Fund</u>	<u>Employee Clinic Fund</u>	<u>Medical Insurance Fund</u>
Operating Revenues:				
County contribution	\$ 783,431	\$ 659,480	\$ 140,634	\$ 8,842,867
Operating Expenses:				
Benefits and premiums	(712,629)	1,411,991	166,178	7,414,808
Total expenditures	(712,629)	1,411,991	166,178	7,414,808
Operating income (loss)	1,496,060	(752,511)	(25,544)	1,428,059
Net Position:				
Beginning of year - July 1	1,977,609	1,136,954	681,123	3,153,869
End of year - June 30	<u>\$ 3,473,669</u>	<u>\$ 384,443</u>	<u>\$ 655,579</u>	<u>\$ 4,581,928</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, 2019

	Dental Insurance Fund	Unemployment Insurance Fund	Total
Operating Revenues:			
County contribution	\$ 572,780	\$ 207,127	\$ 11,206,319
Operating Expenses:			
Benefits and premiums	431,830	14,002	8,726,180
Total expenditures	431,830	14,002	8,726,180
Operating income (loss)	140,950	193,125	2,480,139
Net Position:			
Beginning of year - July 1	355,299	1,168,645	8,473,499
End of year - June 30	\$ 496,249	\$ 1,361,770	\$ 10,953,638

HARNETT COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Workers' Compensation Fund	Group Insurance Fund	Employee Clinic Fund	Medical Insurance Fund
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 783,431	\$ 659,480	\$ 140,634	\$ 8,842,867
Cash paid to suppliers	<u>(977,101)</u>	<u>(1,357,458)</u>	<u>(167,603)</u>	<u>(7,101,731)</u>
Net cash provided (used) by operating activities	<u>(193,670)</u>	<u>(697,978)</u>	<u>(26,969)</u>	<u>1,741,136</u>
Net increase (decrease) in cash and cash equivalents	(193,670)	(697,978)	(26,969)	1,741,136
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>4,448,704</u>	<u>1,137,224</u>	<u>687,962</u>	<u>4,065,052</u>
End of year - June 30	<u>\$ 4,255,034</u>	<u>\$ 439,246</u>	<u>\$ 660,993</u>	<u>\$ 5,806,188</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 1,496,060	\$ (752,511)	\$ (25,544)	\$ 1,428,059
Change in claims payable	<u>(1,689,730)</u>	<u>54,533</u>	<u>(1,425)</u>	<u>313,077</u>
Net cash provided (used) by operating activities	<u>\$ (193,670)</u>	<u>\$ (697,978)</u>	<u>\$ (26,969)</u>	<u>\$ 1,741,136</u>

HARNETT COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Dental Insurance Fund	Unemployment Insurance Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 572,780	\$ 207,127	\$ 11,206,319
Cash paid to suppliers	<u>(395,532)</u>	<u>(14,002)</u>	<u>(10,013,427)</u>
Net cash provided (used) by operating activities	<u>177,248</u>	<u>193,125</u>	<u>1,192,892</u>
Net increase (decrease) in cash and cash equivalents	177,248	193,125	1,192,892
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>395,085</u>	<u>1,168,645</u>	<u>11,902,672</u>
End of year - June 30	<u><u>\$ 572,333</u></u>	<u><u>\$ 1,361,770</u></u>	<u><u>\$ 13,095,564</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 140,950	\$ 193,125	\$ 2,480,139
Change in claims payable	<u>36,298</u>	<u>-</u>	<u>(1,287,247)</u>
Net cash provided (used) by operating activities	<u><u>\$ 177,248</u></u>	<u><u>\$ 193,125</u></u>	<u><u>\$ 1,192,892</u></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, 2019**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 176,289	\$ 140,634	\$ (35,655)
Total revenues	<u>176,289</u>	<u>140,634</u>	<u>(35,655)</u>
Expenditures:			
Benefits and premiums	<u>176,289</u>	<u>166,178</u>	<u>10,111</u>
Total expenditures	<u>176,289</u>	<u>166,178</u>	<u>10,111</u>
Change in net position	<u>\$ -</u>	<u>(25,544)</u>	<u>\$ (25,544)</u>
Net Position:			
Beginning of year - July 1		<u>681,123</u>	
End of year - June 30		<u>\$ 655,579</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, 2019

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 1,250,000	\$ 783,431	\$ (466,569)
Total revenues	<u>1,250,000</u>	<u>783,431</u>	<u>(466,569)</u>
Expenditures:			
Benefits and premiums	<u>1,250,000</u>	<u>(712,629)</u>	<u>1,962,629</u>
Total expenditures	<u>1,250,000</u>	<u>(712,629)</u>	<u>1,962,629</u>
Change in net position	<u>\$ -</u>	<u>1,496,060</u>	<u>\$ 1,496,060</u>
Net Position:			
Beginning of year - July 1		<u>1,977,609</u>	
End of year - June 30		<u>\$ 3,473,669</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, 2019**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 1,085,000	\$ 659,480	\$ (425,520)
Total revenues	<u>1,085,000</u>	<u>659,480</u>	<u>(425,520)</u>
Expenditures:			
Benefits and premiums	<u>1,085,000</u>	<u>1,411,991</u>	<u>(326,991)</u>
Total expenditures	<u>1,085,000</u>	<u>1,411,991</u>	<u>(326,991)</u>
Change in net position	<u>\$ -</u>	<u>(752,511)</u>	<u>\$ (752,511)</u>
Net Position:			
Beginning of year - July 1		<u>1,136,954</u>	
End of year - June 30		<u>\$ 384,443</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, 2019

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	\$ 200,000	\$ 207,127	\$ 7,127
Total revenues	<u>200,000</u>	<u>207,127</u>	<u>7,127</u>
Expenditures:			
Benefits and premiums	<u>200,000</u>	<u>14,002</u>	<u>185,998</u>
Total expenditures	<u>200,000</u>	<u>14,002</u>	<u>185,998</u>
Change in net position	<u>\$ -</u>	<u>193,125</u>	<u>\$ 193,125</u>
Net Position:			
Beginning of year - July 1		<u>1,168,645</u>	
End of year - June 30		<u>\$ 1,361,770</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, 2019**

	Financial Plan	Actual	Variance Over/Under
Revenues:			
County contributions	\$ 8,092,000	\$ 8,842,867	\$ 750,867
Total revenues	<u>8,092,000</u>	<u>8,842,867</u>	<u>750,867</u>
Expenditures:			
Benefits and premiums	<u>8,092,000</u>	<u>7,414,808</u>	<u>677,192</u>
Total expenditures	<u>8,092,000</u>	<u>7,414,808</u>	<u>677,192</u>
Change in net position	<u>\$ -</u>	<u>1,428,059</u>	<u>\$ 1,428,059</u>
Net Position:			
Beginning of year - July 1		<u>3,153,869</u>	
End of year - June 30		<u>\$ 4,581,928</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, 2019**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
County contributions	<u>\$ 475,000</u>	<u>\$ 572,780</u>	<u>\$ 97,780</u>
Expenditures:			
Benefits and premiums	<u>475,000</u>	<u>431,830</u>	<u>43,170</u>
Total expenditures	<u>475,000</u>	<u>431,830</u>	<u>43,170</u>
Change in net position	<u>\$ -</u>	<u>140,950</u>	<u>\$ 140,950</u>
Net Position:			
Beginning of year - July 1		<u>355,299</u>	
End of year - June 30		<u><u>\$ 496,249</u></u>	

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AGENCY FUNDS

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

INDIVIDUAL FUND DESCRIPTIONS:

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

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

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, 2019**

	<u>Social Services Trust Fund</u>	<u>Motor Vehicle Tax Fund</u>	<u>Jail Canteen Fund</u>	<u>Total</u>
Assets:				
Cash and investments	\$ <u>72,467</u>	\$ <u>213,094</u>	\$ <u>99,049</u>	\$ <u>384,610</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ <u>72,467</u>	\$ <u>213,094</u>	\$ <u>99,049</u>	\$ <u>384,610</u>

HARNETT COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Social Services:				
Assets:				
Cash and investments	<u>\$ 66,807</u>	<u>\$ 956,589</u>	<u>\$ 950,929</u>	<u>\$ 72,467</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 66,807</u>	<u>\$ 956,589</u>	<u>\$ 950,929</u>	<u>\$ 72,467</u>
Motor Vehicle Tax Fund:				
Assets:				
Cash and investments	<u>\$ 23,083</u>	<u>\$ 10,256,145</u>	<u>\$ 10,066,134</u>	<u>\$ 213,094</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 23,083</u>	<u>\$ 10,256,145</u>	<u>\$ 10,066,134</u>	<u>\$ 213,094</u>
Fines and Forfeitures Fund:				
Assets:				
Cash and investments	<u>\$ -</u>	<u>\$ 104,382</u>	<u>\$ 104,382</u>	<u>\$ -</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 104,382</u>	<u>\$ 104,382</u>	<u>\$ -</u>
Jail Canteen Fund:				
Assets:				
Cash and investments	<u>\$ 90,699</u>	<u>\$ 579,350</u>	<u>\$ 571,000</u>	<u>\$ 99,049</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 90,699</u>	<u>\$ 579,350</u>	<u>\$ 571,000</u>	<u>\$ 99,049</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	<u>\$ 180,589</u>	<u>\$ 11,896,466</u>	<u>\$ 11,692,445</u>	<u>\$ 384,610</u>
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 180,589</u>	<u>\$ 11,896,466</u>	<u>\$ 11,692,445</u>	<u>\$ 384,610</u>

OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable – General Fund

Analysis of Current Tax Levy

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HARNETT COUNTY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF AD VALOREM TAXES RECEIVABLE****JUNE 30, 2019**

Fiscal Year	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 65,988,291	\$ 65,733,131	\$ 255,160
2017-2018	299,532	-	168,324	131,208
2016-2017	176,573	-	85,885	90,688
2015-2016	93,655	-	20,666	72,989
2014-2015	66,464	-	13,603	52,861
2013-2014	98,178	-	8,269	89,909
2012-2013	111,994	-	7,393	104,601
2011-2012	97,076	-	7,120	89,956
2010-2011	85,285	-	5,865	79,420
2009-2010	92,927	-	10,597	82,330
2008-2009	62,976	-	62,976	-
Total	<u>\$ 1,184,660</u>	<u>\$ 65,988,291</u>	<u>\$ 66,123,829</u>	<u>1,049,122</u>
Less: allowance for uncollectible accounts - General Fund				<u>702,841</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 346,281</u>
Reconcilement with Revenues:				
Ad valorem taxes - General Fund				\$ 65,856,490
Reconciling items:				
Interest collected				299,655
Taxes written off				62,976
Prior year releases				<u>(95,292)</u>
Total collections and credits				<u>\$ 66,123,829</u>

HARNETT COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2019

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 8,821,686,267	\$ 0.7500	\$ 66,162,647	\$ 58,278,209	\$ 7,884,438
Penalties	<u>7,087,867</u>		<u>53,159</u>	<u>53,159</u>	<u>-</u>
Total	<u>8,828,774,134</u>		<u>66,215,806</u>	<u>58,331,368</u>	<u>7,884,438</u>
Discoveries:					
Current years taxes	12,067,200	0.7500	160,896	160,896	-
Abatements	<u>(29,130,825)</u>		<u>(388,411)</u>	<u>(388,411)</u>	<u>-</u>
Total	<u>(17,063,625)</u>		<u>(227,515)</u>	<u>(227,515)</u>	<u>-</u>
Total property valuation	<u>\$ 8,811,710,509</u>				
Net Levy			65,988,291	58,103,853	7,884,438
Uncollected taxes at June 30, 2019			<u>(255,160)</u>	<u>(255,160)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 65,733,131</u>	<u>\$ 57,848,693</u>	<u>\$ 7,884,438</u>
Current Levy Collection Percentage			<u>99.61%</u>	<u>99.56%</u>	<u>100.00%</u>

STATISTICAL SECTION

(unaudited)

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

Contents	Page
Financial Trends	178
<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>	
Revenue Capacity	185
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	192
<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>	
Demographic and Economic Information	196
<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>	
Operating Information	198
<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>	

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Invested in capital assets, net of related debt	\$ 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	\$ 51,755,245
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	21,274,854
Unrestricted	(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)	(92,557,019)
Total governmental activities net position	<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>	<u>\$ (19,526,920)</u>
Business-type activities										
Invested in capital assets, net of related debt	\$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	\$282,059,841
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	56,308,299
Total business-type activities net position	<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>	<u>\$338,368,140</u>
Primary Government										
Invested in capital assets, net of related debt	\$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	\$333,815,086
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	21,274,854
Unrestricted	(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)	(36,248,720)
Total primary government net position	<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>	<u>\$318,841,220</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 23,498,036
Public Safety	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	43,001,530
Transportation	637,306	657,369	646,939	344,069	276,823	952,006	927,620	999,651	1,183,864	2,164,719
Environmental Protection	193,652	165,460	124,255	135,892	138,994	170,630	182,736	181,452	166,931	178,917
Economic & physical development	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	3,993,304
Human Services	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	26,939,763
Cultural & Recreational	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	3,187,931
Education	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	31,850,277
Debt Service:										
Interest and fees	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	5,224,806
Total governmental activities expenses	<u>138,987,444</u>	<u>107,597,783</u>	<u>106,917,196</u>	<u>115,703,247</u>	<u>122,279,630</u>	<u>114,361,867</u>	<u>113,176,852</u>	<u>125,005,643</u>	<u>144,597,711</u>	<u>140,039,283</u>
Business type activities										
Water and Sewer	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	36,798,468
Solid Waste	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	5,404,615
Total business-type activities	<u>24,524,240</u>	<u>39,585,966</u>	<u>27,635,145</u>	<u>32,707,009</u>	<u>33,124,658</u>	<u>31,062,394</u>	<u>35,917,947</u>	<u>37,449,745</u>	<u>39,560,671</u>	<u>42,203,083</u>
Total primary government expenses	<u>\$ 163,511,684</u>	<u>\$ 147,183,749</u>	<u>\$ 134,552,341</u>	<u>\$ 148,410,256</u>	<u>\$ 155,404,288</u>	<u>\$ 145,424,261</u>	<u>\$ 149,094,799</u>	<u>\$ 162,455,388</u>	<u>\$ 184,158,382</u>	<u>\$ 182,242,366</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 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	\$ 8,360,038
Public Safety	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	7,753,365
Transportation	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	2,638	22,128	16,013	4,148	8,085	10,766	20,714	24,814	4,175	-
Human services	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	2,228,092
Cultural and recreational	54,582	45,862	52,284	41,158	39,974	43,284	49,369	51,996	72,403	-
Education	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	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	1,521,624
Public Safety	1,890,581	1,904,951	1,628,139	1,899,606	747,873	648,901	1,022,612	579,565	1,101,278	1,086,874
Transportation	754,113	594,844	382,897	811,311	3,957,957	1,042,078	582,821	660,431	552,814	546,401
Environment protection	23,665	15,502	8,962	-	-	26,965	30,426	22,915	25,169	24,702
Economic and physical development	665,288	704,113	528,743	89,601	41,017	41,395	45,512	34,825	18,697	18,773
Human services	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	1,597,713
Cultural and recreational	180,991	196,413	149,410	161,039	162,175	164,619	161,213	168,442	180,196	197,613
Education	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	282,472	3,414	28,486	-	-	39,421	5,750	-	29,078	-
Total governmental activities programs revenues	<u>48,223,842</u>	<u>37,870,726</u>	<u>37,780,045</u>	<u>41,320,506</u>	<u>39,845,794</u>	<u>35,619,279</u>	<u>44,210,528</u>	<u>42,247,420</u>	<u>38,351,475</u>	<u>23,335,195</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Water and Sewer	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	40,260,717
Solid Waste	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	6,091,812
Operating grants and contributions:										
Water and Sewer	-	-	-	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-	268,549	75,793	28,680	-
Capital grants and contributions:										
Water and Sewer	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	3,005,857
Solid Waste	-	-	-	-	30,000	-	-	-	-	-
Total business-type activities program revenues	62,797,848	93,083,778	52,875,930	50,324,678	48,610,882	41,903,420	46,757,047	44,268,722	45,775,890	49,358,386
Total primary government program revenues	\$ 111,021,690	\$ 130,954,504	\$ 90,655,975	\$ 91,645,184	\$ 88,456,676	\$ 77,522,699	\$ 90,967,575	\$ 86,516,142	\$ 84,127,365	\$ 72,693,581
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (116,704,088)
Business-type activities	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	7,155,303
Total primary government net expense	\$ (52,489,994)	\$ (16,229,246)	\$ (43,896,366)	\$ (56,765,072)	\$ (66,947,612)	\$ (67,901,562)	\$ (58,127,224)	\$ (75,939,246)	\$ (100,031,017)	\$ (109,548,785)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad valorem taxes	\$ 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	\$ 73,555,031
Local option sales tax	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	23,633,916
Other taxes	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	9,530,846
Unrestricted grants and contributions	70,413	125,845	347,202	45,956	38,861	67,514	41,665	120,415	56,135	4,994
Investment earnings	91,358	33,012	15,492	18,991	2,677	11,672	102,503	280,826	950,379	1,647,672
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on sale of capital asset	-	-	-	-	-	-	-	-	-	-
Transfers	72,819	475,001	312,024	400,000	400,000	(2,030)	-	-	397,814	71,486
Total governmental activities	71,007,123	71,194,288	74,892,256	76,805,708	82,141,090	86,633,882	92,572,049	99,655,538	102,876,349	108,443,945
Business-type activities:										
Other taxes	210,121	264,145	236,713	227,228	237,297	234,276	268,129	282,599	258,016	282,191
Investment earnings	25,173	12,585	6,651	5,961	543	660	3,491	(470)	29,994	44,537
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on sale of capital asset	-	-	-	-	-	-	-	-	-	-
Transfers	(72,819)	(475,001)	(312,024)	(400,000)	(400,000)	2,030	-	-	(397,814)	(71,486)
Total business-type activities	162,475	(198,271)	(68,660)	(166,811)	(162,160)	236,966	271,620	282,129	(109,804)	255,242
Total primary government	\$ 71,169,598	\$ 70,996,017	\$ 74,823,596	\$ 76,638,897	\$ 81,978,930	\$ 86,870,848	\$ 92,843,669	\$ 99,937,667	\$ 102,766,545	\$ 108,699,187
Change in Net Position										
Governmental activities	\$ (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)	\$ (8,260,143)
Business-type activities	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	7,410,545
Total primary government	\$ 18,679,604	\$ 54,766,771	\$ 30,927,230	\$ 19,873,825	\$ 15,031,318	\$ 18,969,286	\$ 34,716,445	\$ 23,998,421	\$ 2,735,528	\$ (849,598)

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

Fiscal Year	Governmental Activities					Business-type Activities	Total
	Ad Valorem	Sales Tax	Excise Stamp - Real Property	Occupancy Tax	Cable Franchise License	Solid Waste	
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
2019	73,555,031	23,633,916	577,423	559,449	191,975	282,191	98,799,985

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

	Fiscal Year									
	2010	2011	2012	2013 ¹	2014 ²	2015	2016	2017 ³	2018 ⁴	2019
General Fund										
Reserved	\$ 7,586,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,858,325	-	-	-	-	-	-	-	-	-
Non Spendable	-	52,271	748,224	451,088	111,181	159,625	1,418,606	232,245	216,378	249,757
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	11,199,201
Committed	-	-	574,133	-	-	-	-	-	-	-
Assigned	-	-	-	-	3,193,811	2,600,000	-	-	422,916	2,433,321
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	29,737,935
Total General Fund	<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>	<u>\$ 43,620,214</u>
All other governmental funds										
Reserved	\$ 524,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated reported in major governmental funds	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in nonmajor:										
Special Revenue	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	17,985,905
Committed	-	198,652	103,168	471,969	440,695	24,102	122,485	181,634	197,814	492,117
Assigned	-	143,764	60,662	76,734	60,348	246,463	2,316,903	5,001,315	6,045,578	5,821,813
Unassigned	-	(974,816)	(470,924)	(444,222)	(1,869,528)	(881,516)	(895,755)	(618,241)	(1,857,918)	(1,386,783)
Capital Projects	10,366,092	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 22,913,052</u>

¹ 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.

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

³ 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.

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad valorem taxes	\$ 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	\$ 73,612,822
Other taxes and licenses	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	33,164,762
Unrestricted Intergovernmental	70,413	125,845	347,202	45,956	38,861	67,514	41,665	120,415	56,135	4,994
Restricted Intergovernmental	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	19,910,706
Permits and fees	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	2,929,161
Contributions	-	-	-	-	-	-	-	-	-	-
Sales and services	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	7,602,674
Investment earnings	91,358	33,012	15,492	18,991	2,677	11,672	102,503	280,826	950,379	1,647,672
Other general revenues	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	2,546,588
Total revenues	105,403,927	107,691,205	110,122,787	115,433,988	121,889,139	124,026,022	131,485,625	137,407,419	138,031,149	141,419,379
Expenditures										
General government	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	16,168,276
Public safety	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	42,920,389
Transportation	149,435	149,839	160,068	368,313	369,745	418,731	392,951	436,495	472,869	537,989
Environmental protection	184,147	163,285	118,166	123,598	128,133	165,801	182,736	181,452	166,931	178,917
Economic and physical development	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	3,644,583
Human services	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	23,785,760
Cultural and recreational	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	4,069,047
Education	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	31,850,277
Debt Service										
Principal	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	14,307,300
Interest and fees	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	4,318,798
Debt issuance cost	-	-	-	-	-	-	-	-	-	-
Total primary government expenses	\$ 129,241,144	\$ 111,975,916	\$ 110,391,394	\$ 120,376,586	\$ 136,658,963	\$ 125,078,124	\$ 127,558,125	\$ 134,705,458	\$ 157,534,129	\$ 141,781,336
Excess of revenues over (under) expenditures	(23,837,217)	(4,284,711)	(268,607)	(4,942,598)	(14,769,824)	(1,052,102)	3,927,500	2,701,961	(19,502,980)	(361,957)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other financing sources (uses)										
Bonds & capital lease issuance	\$ -	\$ 20,803,000	\$ 329,485	\$ 329,485	\$ 5,497,253	\$ -	\$ 2,200,000	\$ 29,500,000	\$ 1,902,953	\$ -
Bond premium	-	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	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	7,924,291
Transfers out	(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)	(7,852,805)
Total other financing sources (uses)	423,125	978,476	753,805	30,992,033	5,897,253	514,058	3,040,110	32,029,669	2,756,304	71,486
Net change in fund balances	<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>	<u>\$ (290,471)</u>
Debt service as a percentage of noncapital expenditures	<u>9.74%</u>	<u>11.41%</u>	<u>11.28%</u>	<u>9.69%</u>	<u>11.63%</u>	<u>12.48%</u>	<u>13.59%</u>	<u>13.33%</u>	<u>12.54%</u>	<u>13.53%</u>

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

Fiscal Year	Ad Valorem	Sales Tax	Excise Stamp Real Property	Occupancy Tax	Cable TV Franchise	Total
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
2019	65,856,490	23,633,916	577,423	559,449	191,975	90,819,253

¹ Includes Ad Valorem Tax and Other Taxes and Licenses

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

Fiscal Year Ended June 30	Personal Property				Less: Tax Exempt Real Property ²	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ³	Assessed Value as a Percentage of Actual Value ⁴
	Real Property	Public Service ¹	Motor Vehicle	Other					
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 ⁵	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	961,509,860	363,254,196	314,350,768	8,527,308,210	0.750	7,330,046,836	116.33%
2019	7,388,162,947	192,608,831	1,059,727,569	479,953,699	352,986,800	8,767,466,246	0.750	8,513,030,873	102.99%

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

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

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

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

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

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. Assessed valuations are established by the Board of Commissioners at 100% of market value as of the year of the revaluation. The last revaluation was effective January 1, 2017 and reflected in the 2018 fiscal year.

Source: Harnett County Tax Department and NCDMV

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Harnett County	0.725	0.725	0.725	0.725	0.725	0.750	0.750	0.750	0.750	0.750
Municipalities:										
City of Dunn	0.480	0.480	0.480	0.500	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	0.090	0.090	0.090	0.090	0.090
Downtown Revitalization	-	-	0.120	0.012	0.012	0.012	0.012	0.012	0.012	0.012
Combined Rate	1.225	1.225	1.225	1.245	1.245	1.270	1.270	1.270	1.270	1.270
Town of Benson										
Satellite Properties	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.530	0.540	0.540
Combined Rate	1.255	1.255	1.255	1.255	1.255	1.280	1.280	1.280	1.290	1.290
Town of Broadway										
Satellite Properties	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.440	0.490	0.490
Combined Rate	1.165	1.165	1.165	1.165	1.165	1.190	1.190	1.190	1.240	1.240
Town of Lillington										
Combined Rate	1.245	1.245	1.245	1.245	1.245	1.270	1.270	1.270	1.270	1.270
Town of Coats										
Combined Rate	1.275	1.275	1.315	1.315	1.315	1.340	1.340	1.340	1.340	1.340
Town of Angier										
Combined Rate	1.255	1.255	1.255	1.255	1.255	1.280	1.280	1.280	1.280	1.280
Town of Erwin										
Combined Rate	1.225	1.275	1.205	1.205	1.205	1.230	1.260	1.260	1.260	1.260

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire Tax Districts:										
Anderson Creek Fire District	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Combined Rate	0.835	0.835	0.835	0.835	0.835	0.860	0.860	0.860	0.860	0.860
Angier/Black River Fire District	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Combined Rate	0.795	0.795	0.795	0.795	0.795	0.820	0.820	0.820	0.820	0.820
Benhaven Fire District	0.070	0.070	0.080	0.090	0.090	0.090	0.090	0.090	0.090	0.090
Combined Rate	0.795	0.795	0.805	0.815	0.815	0.840	0.840	0.840	0.840	0.840
Benson Banner Fire District	-	-	0.070	0.070	0.070	0.070	0.090	0.090	0.100	0.100
Combined Rate	-	-	0.795	0.795	0.795	0.820	0.840	0.840	0.850	0.850
Boone Trail Emergency Services	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Combined Rate	0.795	0.795	0.795	0.795	0.795	0.820	0.820	0.820	0.820	0.820
Buies Creek Fire District	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	0.825	0.825	0.825	0.825	0.825	0.850	0.850	0.850	0.850	0.850
Bunnlevel Rural FD	0.110	0.110	0.110	-	-	-	-	-	-	-
Combined Rate	0.835	0.835	0.835	-	-	-	-	-	-	-
Crains Creek	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	0.825	0.825	0.825	0.825	0.825	0.850	0.850	0.850	0.850	0.850
Coats-Grove Fire District	0.080	0.080	0.080	0.090	0.090	0.090	0.090	0.090	0.090	0.090
Combined Rate	0.805	0.805	0.805	0.815	0.815	0.840	0.840	0.840	0.840	0.840
Cypress Creek	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Combined Rate	0.810	0.810	0.810	0.810	0.810	0.835	0.835	0.835	0.835	0.835
Duke (Erwin) Fire District	0.070	0.070	0.070	0.070	0.070	0.070	0.080	0.080	0.085	0.085
Combined Rate	0.795	0.795	0.795	0.795	0.795	0.820	0.830	0.830	0.835	0.835
Flat Branch Fire District	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Combined Rate	0.845	0.845	0.845	0.845	0.845	0.870	0.870	0.870	0.870	0.870

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Flatwoods	0.150	0.150	0.150	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Combined Rate	0.875	0.875	0.875	0.845	0.845	0.870	0.870	0.870	0.870	0.870
Godwin Falcon	-	-	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	-	-	0.825	0.825	0.825	0.850	0.850	0.850	0.850	0.850
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	0.805	0.805	0.805	0.805	0.805	0.830	0.830	0.830	0.830	0.830
Spout Springs	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	0.825	0.825	0.825	0.825	0.825	0.850	0.850	0.850	0.850	0.850
Summerville	0.070	0.070	0.070	-	-	-	-	-	-	-
Combined Rate	0.795	0.795	0.795	-	-	-	-	-	-	-
Summerville Bunnlevel	-	-	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.100
Combined Rate	-	-	0.805	0.805	0.805	0.830	0.830	0.830	0.830	0.850
West Area Fire District	-	-	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Rate	-	-	0.825	0.825	-	0.850	0.850	0.850	0.850	0.850
West Johnston Fire District	-	-	-	-	-	0.070	0.070	0.070	0.070	0.070
Combined Rate	-	-	-	-	-	0.820	0.820	0.820	0.820	0.820

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

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

	2019			2010		
	2018 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2009 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Taxpayer						
Atlantic Coast Pipeline, LLC	\$ 99,918,743	1	1.30%			
Duke Energy Progress	65,791,373	2	0.90%	65,587,931	1	1.10%
Rooms to Go	58,636,630	3	0.80%			
South River EMC	42,613,454	4	0.60%	32,939,854	3	0.50%
Delhaize America, Inc	32,293,460	5	0.40%	25,401,960	4	0.40%
Central EMC	24,776,965	6	0.30%			
Wal-Mart Real Estate Business	21,907,160	7	0.30%	12,318,880	10	0.20%
Carolina Telephone	12,121,181	8	0.20%	39,450,992	2	0.60%
Wincor	11,711,160	9	0.20%			
Delhaize America Transportation, LLC	9,662,858	10	0.10%	17,985,130	5	30.00%
Edwards Brothers				15,718,867	6	0.30%
Oldcastle				15,318,228	7	0.20%
Elmwood Builders				14,327,950	8	0.20%
Edward S. Turlington				13,884,610	9	0.20%
	<u>\$ 379,432,984</u>		<u>5.10%</u>	<u>\$ 252,934,402</u>		<u>33.70%</u>

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

Source: Harnett County Tax Department

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

Fiscal Year Ended June 30	Total Net Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected	Collected in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections To Net Levy
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%	168,324	63,080,146	99.79%
2019	65,988,291	65,733,131	99.61%	91,166	65,824,297	99.75%

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	Per Capita ¹
	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		
2010	498,504	131,923,791	-	-	7,920,748	23,805,000	39,895,000	-	-	16,752,075	220,795,118	1,908
2011	299,773	126,224,456	-	-	6,858,851	23,013,000	13,350,000	-	-	15,465,030	185,211,110	1,562
2012	437,297	120,798,269	-	-	5,758,367	35,297,000	12,805,000	-	-	25,551,602	200,647,535	1,654
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	1,963
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	1,869
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	1,611
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	1,664
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	1,882
2018	20,710,289	108,667,200	28,025,000	26,041	1,712,075	28,949,000	9,585,000	16,570,000	929,000	14,452,826	229,626,431	1,724
2019	18,120,802	98,424,386	26,550	-	1,502,990	27,946,000	8,730,000	15,790,000	752,000	13,174,748	184,467,476	1,364

¹ Provided by the NC Department of Commerce. Latest information available is represented. Refer to the schedule on page P-18 for personal income and population data.

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 ended June 30, 2019
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated share of Overlapping Debt
Harnett County			
Debt repaid with property taxes	\$ 124,974,386	100%	\$ 124,974,386
Total direct debt			124,974,386
Municipality:			
Town of Angier	5,337,777	100%	5,337,777
Town of Coats	-	100%	-
City of Dunn	7,134,131	100%	7,134,131
Town of Erwin	-	100%	-
Town of Lillington	1,500,000	100%	1,500,000
Total overlapping debt			13,971,908
Total direct and overlapping debt			\$ 138,946,294

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

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

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

Fiscal Year Ended June 30	Gross Revenues ¹	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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%
2019	38,416,283	23,759,031	14,657,252	875,000	220,869	1,095,869	1337.50%

¹ Total operating revenues including interest

² Total operating expenses exclusive of depreciation and amortization

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 545,723	\$ 564,797	\$ 574,422	\$ 587,486	\$ 586,243	\$ 624,066	\$ 634,974	\$ 651,844	\$ 654,277	\$ 651,843
Total net debt applicable to limit	\$ 157,095	\$ 148,840	\$ 152,546	\$ 195,973	\$ 189,739	\$ 260,392	\$ 100,000	\$ 259,449	\$ 228,452	\$ 215,850
Legal debt margin	<u>\$ 388,628</u>	<u>\$ 415,957</u>	<u>\$ 421,876</u>	<u>\$ 391,513</u>	<u>\$ 396,504</u>	<u>\$ 363,674</u>	<u>\$ 534,974</u>	<u>\$ 392,395</u>	<u>\$ 425,825</u>	<u>\$ 435,993</u>
Total net debt applicable to the limit as a percentage of debt limit	28.29%	26.35%	26.56%	33.36%	32.37%	41.73%	15.75%	39.80%	34.92%	33.11%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 8,148,043,819
Debt Limit (8% of total assessed value)	651,843,506
Debt applicable to limit:	
Certificates of participation	-
Installment purchase	99,927,375
Revolving loan	13,174,748
General obligation bond	54,496,000
State bond loans	-
Revenue bonds	8,730,000
Limited obligation bond	15,790,000
Special obligation bond	752,000
Obligation under capital lease	18,120,802
Subtotal	210,990,925
Authorized and unissued debt	70,500,000
Total Gross Debt	281,490,925
Less: Statutory deductions	
Bonds issued and outstanding for water and sewer purposes	56,910,748
Revenue bonds	8,730,000
	65,640,748
Total amount of debt applicable to debt limit	215,850,177
Legal debt margin	<u>\$ 435,993,329</u>

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

Fiscal Year Ended June 30	Population ¹	Median Household Income ²	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ²
2010	115,742	N/A	28,015	35	18,764	10.8%
2011	118,597	N/A	18,725	34	19,011	11.8%
2012	121,317	N/A	18,884	34	19,378	11.2%
2013	123,428	N/A	18,884	34	19,868	10.5%
2014	125,600	41,962	19,226	34	19,847	7.4%
2015	127,038	41,735	19,095	34	20,099	7.3%
2016	129,434	44,417	20,939	35	20,252	5.4%
2017	131,042	48,301	31,129	34	20,357	5.1%
2018	133,172	51,106	32,010	34	20,306	4.8%
2019	135,239	51,406	32,947	34	20,097	4.1%

¹ North Carolina Office of State Budget and Management

² North Carolina Department of Commerce, AccessNC

³ Harnett County Board of Education

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

Employer	Employment Type	2019	2010
		Employment Range	Employment Range
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	100 - 249
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	
Rha Health Services, LLC	Education & Health Services	100 - 249	
Edwards Brothers, Inc	Manufacturing		250 - 499
Godwin Group	Manufacturing		100 - 249

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	111	99	99	101	101	103.47	103.47	114.07	114.07	123.25
Public Safety	267.5	277.5	278.5	286.5	298.5	303.5	317	340	340	357.5
Environmental Protection	3	3	2	2	2	3	3	3	3	3
Economic and Physical Development	55	43	43	37	38	24	24	24.75	24.75	31.63
Human Services	247.5	259.5	259.5	259.5	257.5	256.25	256.25	264.18	264.18	263
Cultural & Recreation	17	12	12	13	13	14	14	21	21	22
Water and Wastewater	91	95	95	100	101	101.5	101.5	105.2	105.2	105
Solid Waste	13	13	13	13	14	15.28	15.28	16	16	17
Total	805	802	802	812	825	821	834.5	888.2	888.2	922.38

Source: Harnett County Finance Office

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

		Fiscal Year									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire											
Number of calls answered		5,641	6,110	6,234	6,507	6,707	5,783	6,926	8,897	8,740	7,889
Emergency Medical Services											
Number of Calls Answered		-	-	30,660	27,923	28,128	28,260	20,920	22,327	23,330	24,359
Number of Transports											
Scheduled		-	-	9,125	8,234	8,577	6,336	8,963	10,829	9,513	9,572
Sheriff											
Number of law violations:											
Arrests		9,348	10,656	10,869	10,000	11,014	10,650	8,228	8,228	3,223	3,896
Traffic violations		2,333	2,394	2,442	5,423	4,249	4,574	4,757	4,757	4,608	6,179
Inspections											
Number of permits issued		2,900	3,085	3,156	2,329	2,794	2,242	2,800	2,926	2,399	3,311
Culture and Recreation											
Circulation		405,757	411,437	365,817	344,394	266,376	356,210	312,489	291,329	315,945	296,710
Utilities											
Water System:											
Daily average treatment											
in gallons		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	16,234,505
Sewer System:											
Daily average treatment in											
gallons		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	10,005,959

Source: Information provided by various county departments

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

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	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire										
Number of Stations	19	19	19	19	19	20	20	20	20	20
Emergency Medical Services										
Number of Ambulances	-	-	27	27	27	27	28	31	32	33
Number of Quick Response Vehicles	-	-	9	9	9	9	9	9	9	9
Number of Transport Vans	-	-	2	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	156	138	156	176	176	176	181	177	177	177
Culture and Recreation										
Number of libraries	6	6	6	6	6	6	6	7	7	7
Library collections	213,446	219,849	217,323	237,630	209,709	226,870	249,268	269,880	300,199	327,852
Number of Parks	5	5	5	6	6	6	7	8	8	8
Park acreage	1,100	1,100	1,100	1,101	1,101	1,101	1,215	1,222	1,222	1,222
Number of Ball Fields	6	6	6	6	6	6	6	8	8	8
Number of tennis courts	12	12	12	12	12	12	12	12	12	12
Number of playground areas	0	1	1	1	2	2	2	3	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	2,132	2,132	2,200	2,221	2,239	2,239	1,433	1,438	1,451	1,456
Number of service connections	40,575	41,241	42,001	42,274	42,900	43,555	44,274	44,568	45,110	45,709
Number of fire hydrants	5,961	4,548	4,548	4,571	4,603	4,603	4,605	4,630	4,977	5,090

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sewer System:										
Miles of sanitary sewer	322	326	326	341	354	354	362	364	406	408
Number of treatment plants	4	4	4	3	2	2	2	2	2	2
Number of service connections	9,523	10,072	10,421	10,920	11,421	11,970	12,515	12,688	13,031	13,218
Maximum daily capacity of treatment plant in gallons	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	22,500,000
Facilities and services not included in primary government:										
Education:										
Number of schools	27	27	27	27	27	28	28	28	29	29
Number of teachers	1,247	1,230	1,181	1,335	1,335	1,227	1,252	1,260	1,257	1,257
Number of students	18,764	19,011	19,378	19,868	19,847	20,099	20,252	20,357	20,306	20,097
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	2	2	2	2	2	2	2
Number of patient beds	101	101	101	151	151	151	151	151	151	151

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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

Schedule of Prior Year Audit Findings

Schedule of Expenditures of Federal and State Awards

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

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

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

Independent Auditor's Report

To the Board of Commissioners
Harnett County
Lillington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harnett County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 30, 2020.

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
April 30, 2020

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, 2019. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Harnett County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Harnett County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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
April 30, 2020

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

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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, 2019. 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 compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on 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
April 30, 2020

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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? None reported

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

Any audit findings disclosed that are
required to be reported in accordance with 2
CFR 200.516(a)? No

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
Special Supplement Nutrition Program For Woman, Infants, and Children	10.557
Foster Care – Title IV-E	93.658
Adoption Assistance	93.659

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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? None reported

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? No

Identification of major state programs:

Program Name

Medicaid Cluster

Aging Cluster

SNAP Cluster

Foster Care and Adoption Cluster

School Nursing Funding Initiative

State Foster Care Benefits Program

CHA/CHIP Peer Review

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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

None reported

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

None reported

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

Finding 2018-001

Status: Corrected

Finding 2018-002

Status: Corrected

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed-Through to Subrecipients
			Federal	State	
FEDERAL AWARD EXPENDITURES					
U.S. Department of Agriculture					
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	\$ 1,118,638	\$ 47,378	\$ -
Total SNAP Cluster			1,118,638	47,378	-
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program			642,795	-	-
for Women, Infants, and Children	10.557	5NC700705	642,795	-	-
Total of Public Health					
Total U.S. Department of Agriculture			1,761,433	47,378	-
U.S. Department of Justice Office					
Division Bureau of Justice Assistance					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0758	1,920	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0504	16,394	-	-
Equitable Sharing Program	16.922	NC0430000	372,575	-	-
Drug Court Discretionary Grant Program	16.585	2016-DC-BX-0020	135,638	-	-
Drug Enforcement Agency - Alcohol, Tobacco, and Firearms					
Training Assistance Program	16.012	G17GA0004A	19,179	-	-
Total U.S. Department of Justice Office			545,706	-	-
U.S. Department of Labor					
Department of Labor/Employment and Training					
Passed-through Central Carolina Community					
WIOA Cluster					
WIA/WIOA Adult Program	17.258	13-2040-02	198,434	-	-
WIA/WIOA Youth Activities	17.259	13-2040-02	317,201	-	-
WIA/WIOA Dislocated Worker Formula Grant	17.278	13-2040-02	140,896	-	-
Total WIOA Cluster			656,531	-	-
Total U.S. Department of Labor			656,531	-	-
U.S. Department of Health and Human Services					
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	134,680	158,102	-
Nutrition Services Incentive Program	93.053	UNKNOWN	47,176	-	-
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	20.701	102,724	137,310	-
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	16-701-250	18,597	20,146	-
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	16-701-33	48,612	52,663	-
Total Aging Cluster			351,789	368,221	-
Special Programs for the Aging:					
National Family Caregiver Support, Title III, Part E	93.052	17-701	29,555	2,225	-
Total Division of Aging and Adult Services			381,344	370,446	-
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	176,850	-	-
Total Child Care Fund Cluster			176,850	-	-
Total Subsidized Child Care Cluster			176,850	-	-
Division of Social Services					
Foster Care and Adoption Cluster:					
Foster Care - Title IV-E - Administration	93.658	1501NCFOST,1601NCFOST	442,588	165,062	-
Adoption Assistance - Administration	93.659	1501NCADPT,1601NCADPT	25,080	-	-
Direct Benefit Payments:					
Foster Care - Title IV-E	93.658	1501NCFOST,1601NCFOST	380,577	104,284	-
Total Foster Care and Adoption Cluster			848,245	269,346	-

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures		Passed-Through to Subrecipients
			Federal	State	
Temporary Assistance for Needy Families Cluster					
Division of Social Services					
Administration:					
Temporary Assistance for Needy Families - TANF	93.558	G1602NCTANF & 1702NCTANF	873,205	-	-
Division of Public Health Temporary Assistance for Needy Families	93.558	1602NCTAN3	146,616	-	-
Temporary Assistance for Needy Families - TANF	93.558	G1602NCTANF & 1702NCTANF	16,203	-	-
Total TANF Cluster			1,036,024	-	-
Direct Benefit Payments:					
Low-Income Home Energy Assistance	93.568	G16B1NCLIEA & G17B1NCLIEA	595,862	-	-
Low-Income Home Energy Assistance	93.568	G16B1NCLIEA & G17B1NCLIEA	423,700	-	-
Chafee Foster Care Independence Program	93.674	G1501NC1420,G1601NC1420	2,997	-	-
Administration:					
Promoting Safe and Stable Families	93.556	G1501NCFPSS & G1601NCFPSS	7,004	-	-
Refugee and Entrant Assistance - State Replacement Designee Administered Programs	93.566	1601NCRMA	389	-	-
Child Support Enforcement	93.563	1604NC4005	1,079,229	-	-
Low-Income Home Energy Assistance	93.568	G16B1NCLIEA & G17B1NCLIEA	98,491	-	-
Stephanie Tubb Jones Child Welfare Services Program	93.645	G1501NCCWSS & G1601NCCWSS	36,716	-	-
Social Services Block Grant - In Home Services	93.667	G1601NCSOSR & G1701NCSOSR	41,080	-	-
Social Services Block Grant - Adult Protective Services	93.667	G1601NCSOSR & G1701NCSOSR	14,994	-	-
Social Services Block Grant - Adult Day Care	93.667	G1601NCSOSR & G1701NCSOSR	9,945	10,908	-
Social Services Block Grant - Adult Day Care Over 60	93.667	G1601NCSOSR & G1701NCSOSR	6,622	7,312	-
Social Services Block Grant - Other Services	93.667	G1601NCSOSR & G1701NCSOSR	271,447	-	-
Social Services Block Grant - CPS TANF to SSBG	93.667	G1601NCSOSR & G1701NCSOSR	55,277	7,599	-
Chafee Foster Care Independence Program	93.674	G1501NC1420,G1601NC1420	4,633	1,158	-
Total Division of Social Services			4,532,655	296,323	-
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	2,837,245	10,277	-
Total Medicaid Cluster			2,837,245	10,277	-
Division of Social Services					
Administration:					
Children's Health Insurance Program - NC Health Choice	93.767	CHIP18	97,084	-	-
Total State Children's Health Insurance Program - NC Health Choice			97,084	-	-
Total for Centers for Medicare and Medicaid Services			2,934,329	10,277	-
Center for Disease Control and Prevention					
PPHF Capacity Building Assistance to Strengthen Public Health					
Immunization Infrastructure and Performance financed in part by					
Immunization Cooperative Agreements	93.268	3H23IP000759-04	34,330	-	-
Division of Public Health					
Hospital Preparedness Program (HPP) and Public Health Emergency					
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5U90TP000538-02	35,502	-	-
Project Grants and Cooperative Agreements for Tuberculosis					
Control Programs	93.116	1U52PS004698-02	50	-	-
Health Resources and Service Administration					
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC29320	150,434	2,488	-
Total Health Resources and Service Administration					
Total Division of Public Health			220,316	2,488	-
Office of Assistant Secretary For Health					
Family Planning - Services	93.217	FPHPA046226-01-00	42,659	-	-
Total Office of Assistant Secretary for Health		FPHPA046226-02-00	42,659	-	-
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	1H79TI026778-03	331,550	-	-
Total Division of Substance Abuse and Mental Health Services			331,550	-	-
Total U.S. Department of Health and Human Services			8,619,703	679,534	-
Corporation for National and Community Service					
Retired and Senior Volunteer Program	94.002	15SRNC005	40,500	-	-
Total Corporation for National and Community Service			40,500	-	-

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2019

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 Transportation</u>					
Passed-through the N.C. Department of Transportation					
Airport Improvement Program - Jetport Wind Cones	20.106	36237.25.16.1	43,465	-	
Airport Improvement Program - Airport Terminal	20.106	36237.25.15.1 & 36237.25.17.1	68,981	-	-
		18-CT-040			
Formula Grants for Rural Areas	20.509	36233.50.20.3	48,340	6,042	-
Formula Grants for Rural Areas	20.509	19-CT-040 36233.50.21.1	177,567	11,097	-
Highway Safety Cluster					
State and Community Highway Safety	20.600	22018.6.21	19,951	-	-
National Priority Safety Programs	20.616	22018.6.21	19,950	-	-
Total Highway Safety Cluster			39,901	-	-
<u>Total U.S. Department of Transportation</u>			378,254	17,139	-
<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	26,450	26,450	-
Total N.C. Dept. of Crime Control and Public Safety			26,450	26,450	-
TOTAL FEDERAL AWARD EXPENDITURES			12,028,577	770,501	-
STATE AWARD EXPENDITURES					
<u>N.C. Department of Agriculture & Consumer Services</u>					
Veterinary Division Animal Welfare Section					
Icare Spay and Neuter Program			-	3,332	-
<u>Total N.C. Department of Agriculture & Consumer Services</u>			-	3,332	-
<u>N.C. Department of Natural and Cultural Resources</u>					
State Aid to Public Libraries		45310	-	173,376	-
NC Arts Council		FY19-91507	-	38,010	-
<u>Total N.C. Department of Natural and Cultural Resources</u>			-	211,386	-
<u>N.C. Department of Health and Human Services</u>					
Division of Public Health:					
Food and Lodging Fees			-	15,647	-
Mosquito and Tick Suppression			-	286,388	-
CHA/CHIP Peer Review			-	112,781	-
General Communicable Disease Control			-	4,001	-
Healthy Communities			-	4,137	-
Child Health			-	24,969	-
HIV/STD State			-	500	-
Evidence - Based Intervention Services			-	50,000	-
STD Drugs			-	949	-
School Nursing Funding Initiative			-	150,000	-
Family Planning - State			-	28,466	-
High Risk Maternity Clinics			-	10,403	-
Women Health Service Fund			-	11,597	-
TB Control			-	33,969	-
<u>Total Division of Public Health</u>			-	733,807	-
<u>Division of Social Services</u>					
Division of Social Services					
Administration:					
State Child Welfare/CPS/CS LD			-	158,280	-
Smart Start			-	49,316	-
Emergency Assistance Private Grant			-	3,288	-
Direct Benefit Payments:					
Foster Care - Non Title IV-E			-	23,970	-
State Foster Care Benefits Program			-	224,277	-
<u>Total Division of Social Services</u>			-	459,131	-
<u>Total N.C. Department of Health and Human Services</u>			-	1,192,938	-
<u>N.C. Department of Public Safety</u>					
Division of Juvenile Justice					
CBA-Juvenile Restitution		543-10591	-	90,000	-
CBA-JCPC ADM		543-11433	-	15,500	-
Court Psychologist		543-12138	-	4,000	-
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	-	992	-
<u>Total N.C. Department of Public Safety</u>			-	209,492	-

HARNETT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA	Grant I.D. Number	Expenditures		Passed-Through to
	Number		Federal	State	Subrecipients
<u>N.C. Department of Transportation</u>					
Passed-Through the N.C. Department of Transportation					
DOT Cluster					
Rural Operating Assistance Program (ROAP):					
Work First Transportation Grant		FY19 ROAP	-	15,054	-
Rural General Public Program (RGP)		FY19 ROAP	-	48,146	-
Elderly and Disabled Transportation					
Assistance Program (EDTAP)		FY19 ROAP	-	86,429	-
Total DOT Cluster			-	149,629	-
<u>Total N.C. Department of Transportation</u>					
			-	149,629	-
<u>NC Cooperative Extension Service Agriculture</u>					
Natural Resources and Community & Rural Development					
NC AG Ventures Grant Program			-	1,850	-
Total NC Cooperative Extension Service Agriculture			-	1,850	-
<u>NC Department of Commerce</u>					
Division of Rural Economic Development		2017-067-3212-2587	-	118,303	-
Total NC Department of Commerce			-	118,303	-
<u>NC Department of Military and Veterans Affairs</u>					
Division of Veterans Affairs			-	2,216	-
Total NC Department of Military and Veterans Affairs			-	2,216	-
TOTAL STATE AWARD EXPENDITURES			-	1,889,146	-
TOTAL FEDERAL/STATE AWARD EXPENDITURES			\$ 12,028,577	\$ 2,659,647	\$ -

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, 2019. 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.