



**REVIEWED**

By SLGFD at 3:41 pm, Nov 19, 2021

**HarrisburgNC**  
*The right side of opportunity*



# **BASIC FINANCIAL STATEMENTS & ACCOMPANYING INFORMATION**

For Fiscal Year Ended June 30, 2021

## **TOWN COUNCIL MEMBERS**

**Steve Sciascia**, Mayor

**Ron Smith**, Mayor Pro Tem

**John Booth**

**Rodney Dellinger**

**Ian Patrick**

**Rick Russo**

**Troy Selberg**

**Diamond Staton-Williams**

## **ADMINISTRATION & FINANCIAL STAFF**

**Lee Connor**, Interim Town Manager

**Rob Donham**, Interim Assistant Town Manager,  
Engineering & Public Works Director

**Brian Lee**, Finance Director







# Town of Harrisburg, North Carolina

## Table of Contents For Fiscal Year June 30, 2021

	<u>Exhibit</u>	<u>Page(s)</u>
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-12
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A	13
Statement of Activities	B	14-15
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	16
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	C	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	D	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	D	19
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	E	20
Statements of Net Position – Proprietary Funds	F	21
Statements of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	G	22
Statements of Cash Flows – Proprietary Funds	H	23
Notes to the Basic Financial Statements		24-61
Required Supplementary Financial Data:		
Schedule of the Proportionate Share of the Net Pension Liability-Local Government Employees' Retirement System	A-1	62
Schedule of Contributions – Local Government Employees' Retirement System	A-2	63

# Town of Harrisburg, North Carolina

## Table of Contents For Fiscal Year June 30, 2021

	<u>Schedule</u>	<u>Page(s)</u>
<b>FINANCIAL SECTION (CONTINUED)</b>		
<b>Combining and Individual Fund Financial Statements and Schedules:</b>		
General Fund:		
Comparative Balance Sheets	1	64
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2020)	2	65-70
Capital Reserve Fund – General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - For the Fiscal Year Ended June 30, 2021	3	71
Capital Project Fund – Parks and Recreation:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - From Inception and for the Fiscal Year Ended June 30, 2021	4	72
Combining Balance Sheets – Nonmajor Governmental Funds	5	73-74
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds - For the Fiscal Year Ended June 30, 2021	6	75-76
Special Revenue Fund – Hwy 49 Corridor		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – For the Fiscal Year Ended June 30, 2021	7	77
Special Revenue Fund – CARES Act:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – For the Fiscal Year Ended June 30, 2021	8	78
Capital Projects Fund - Streets:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - From Inception and for the Fiscal Year Ended June 30, 2021	9	79
Capital Projects Fund – Public Safety:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - From Inception and for the Fiscal Year Ended June 30, 2021	10	80
Capital Projects Fund – Economic Development:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - From Inception and for the Fiscal Year Ended June 30, 2021	11	81
Capital Reserve Fund – Parks and Recreation:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - For the Fiscal Year Ended June 30, 2021	12	82

# Town of Harrisburg, North Carolina

## Table of Contents For Fiscal Year June 30, 2021

	<u>Schedule</u>	<u>Page(s)</u>
<b>FINANCIAL SECTION (CONTINUED)</b>		
<b>Combining and Individual Fund Financial Statements and Schedules (continued):</b>		
Capital Reserve Fund – Economic Development: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - For the Fiscal Year Ended June 30, 2021	13	83
Enterprise Funds:		
Water and Sewer Fund:		
Comparative Statements of Net Position	14	84
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)	15	85-86
Capital Projects Fund – Water and Sewer:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – From Inception and for the Fiscal Year Ended June 30, 2021	16	87-88
Capital Reserve Fund – Water and Sewer:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – For the Fiscal Year Ended June 30, 2021	17	89
Capital Reserve Fund – Water and Sewer - Expansion:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – For the Fiscal Year Ended June 30, 2021	18	90
Storm Water Fund:		
Comparative Statements of Net Position	19	91
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)	20	92
Capital Projects Fund – Storm Water:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – From Inception and for the Fiscal Year Ended June 30, 2021	21	93
Capital Reserve Fund – Storm Water:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – For the Fiscal Year Ended June 30, 2021	22	94
Other Schedules:		
Schedule of Ad Valorem Taxes Receivable	23	95
Analysis of Current Tax Levy	24	96

# Town of Harrisburg, North Carolina

## Table of Contents For Fiscal Year June 30, 2021

	<u>Schedule</u>	<u>Page(s)</u>
<b>COMPLIANCE SECTION</b>		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		97-98
Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; in Accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act		99-100
Schedule of Findings and Questioned Costs		101
Summary Schedule of Prior Year's Audit Findings		102
Schedule of Expenditures of Federal and State Awards		103

## FINANCIAL SECTION

TOWN OF HARRISBURG, NORTH CAROLINA

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## **Independent Auditor's Report**

The Honorable Mayor and  
Members of Town Council  
Town of Harrisburg, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Harrisburg, North Carolina (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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 from material misstatement. The financial statements of Harrisburg Community and Youth Association, Inc. and the Harrisburg Business Alliance were not audited in accordance with *Government Auditing Standards*.

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 Town'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 Town'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2021, 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.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees' Retirement System, and Schedule of Contributions – Local Government Employee's Retirement System, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements, budget to actual comparisons, schedule of ad valorem taxes receivable, schedule of current tax levy, and the schedule of expenditures of state and federal awards as required by 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, as listed in the Table of Contents 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 to actual comparisons, schedule of ad valorem taxes receivable, schedule of current tax levy and schedule of expenditures of federal and state awards are the responsibility of management, and were derived from and relates 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 additional 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 combining and individual fund financial statements, budget to actual comparisons, schedule of ad valorem taxes receivable, schedule of current tax levy and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 the Town's internal control over financial reporting and compliance.



Raleigh, North Carolina  
October 29, 2021

TOWN OF HARRISBURG, NORTH CAROLINA

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# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis

As management of the Town of Harrisburg (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Harrisburg for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

- The assets and deferred outflows of resources of the Town of Harrisburg exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$71,641,848 (*net position*). Of this amount, \$22,355,805 (*unrestricted net position*) may be used to meet the Town's needs.
- The Town's total net position increased by \$5,207,341, due to increases in both the governmental and business-type activities net position.
- As of the close of the current fiscal year, the Town of Harrisburg's governmental funds reported combined ending fund balances of \$17,002,350, with a net increase of \$402,205 in fund balance. Approximately 65.03% of this total amount, or \$11,055,998, is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,946,352, or 37.77%, of total General Fund expenditures for the fiscal year.
- The Town of Harrisburg's total long-term outstanding liabilities increased by \$2,535,657 (7.12%) during the current fiscal year. The key factor in this change was the issuance of the Town's first General Obligation Transportation Bonds for street, sidewalk, and intersection improvements and Water and Sewer Revenue Bonds for various waterline and sewer line capital projects.

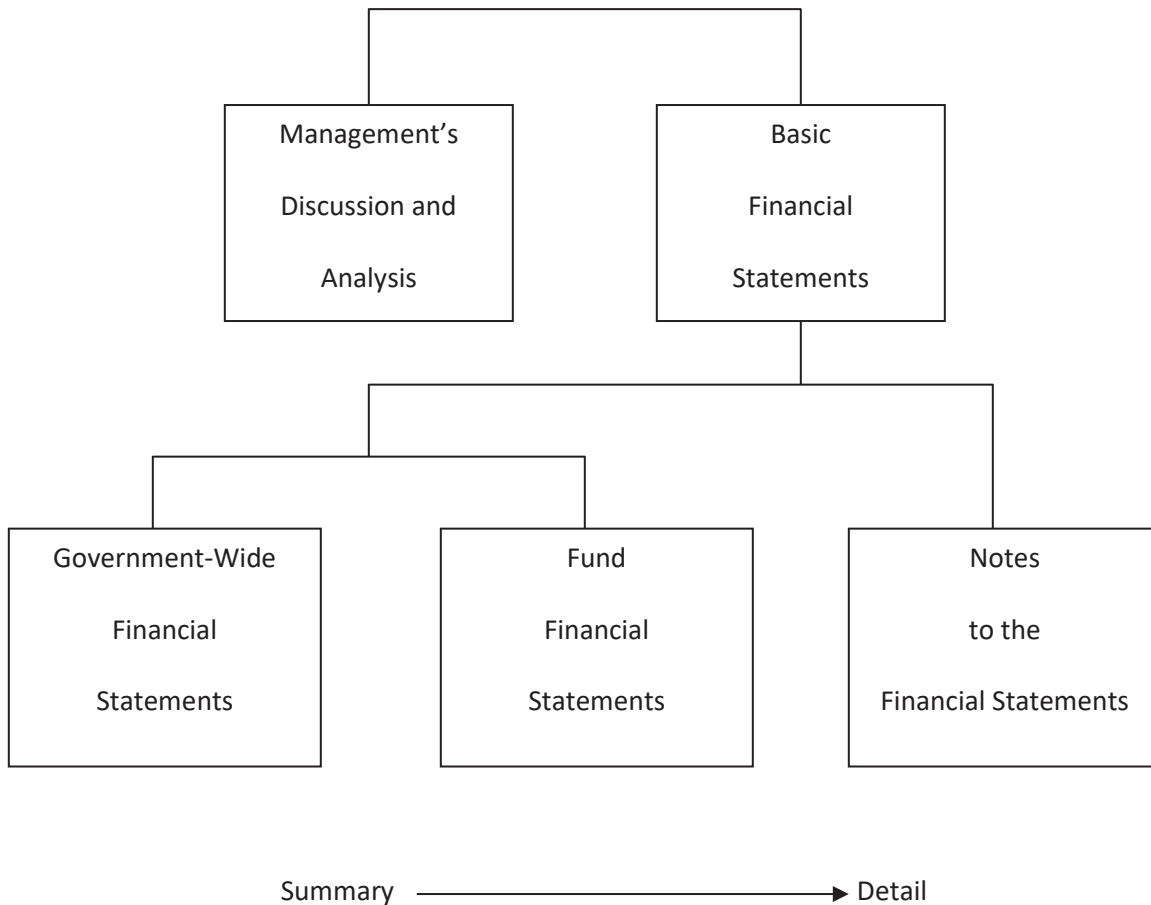
### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Harrisburg's basic financial statements. The Town'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 Town 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 the Town of Harrisburg.

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

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 Town's financial status.

The next statements (Exhibits C through H) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.



# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town'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 Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town'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 Town's basic services, such as general government, planning and zoning, public safety, transportation, environmental protection, and cultural and recreational. Property taxes and State-collected local taxes and utility franchise taxes finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer and storm water services offered by the Town of Harrisburg.

The government-wide financial statements are Exhibits A and B of this report.

### Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town'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. The Town of Harrisburg, 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 Town's budget ordinance. All of the funds of the Town of Harrisburg can be divided into two categories: governmental funds and proprietary 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 Town'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 short-term spending 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 Town's programs. The relationship between government 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.

The Town of Harrisburg 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 Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town 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 legal budget document. The statement shows four columns: 1) the original budget as adopted by the Town Council; 2) the final budget as amended by the Town Council; 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Fund Financial Statements (continued)

**Proprietary Funds** – The Town of Harrisburg has only 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. The Town of Harrisburg uses enterprise funds to account for its water and sewer activity, along with its storm water activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**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 are on pages 24-61 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Harrisburg's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 61 of this report.

**Interdependence with Other Entities** – The Town depends on the financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

### Government-Wide Financial Analysis

**The Town of Harrisburg's Net Position  
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 18,426,035	\$ 18,146,757	\$ 14,400,194	\$ 14,695,422	\$ 32,826,229	\$ 32,842,179
Capital assets	38,818,656	34,262,786	39,221,263	36,491,339	78,039,919	70,754,125
Deferred outflows of resources	1,333,383	1,108,972	444,041	369,238	1,777,424	1,478,210
Total assets and deferred outflows of resources	58,578,074	53,518,515	54,065,498	51,555,999	112,643,572	105,074,514
Long-term liabilities outstanding	21,676,527	19,951,840	16,477,634	15,666,666	38,154,161	35,618,506
Other liabilities	1,530,216	1,650,045	1,100,109	1,203,415	2,630,325	2,853,460
Total liabilities	23,206,743	21,601,885	17,577,743	16,870,081	40,784,486	38,471,966
Deferred inflows of resources	153,796	117,376	63,442	50,665	217,238	168,041
<b>Net position:</b>						
Net investment in capital assets	21,149,372	19,869,015	26,383,856	23,648,421	47,533,228	43,517,436
Restricted	2,343,621	4,836,603	933	933	2,344,554	4,837,536
Unrestricted	11,724,542	7,093,636	10,039,524	10,985,899	21,764,066	18,079,535
Total net position	\$ 35,217,535	\$ 31,799,254	\$ 36,424,313	\$ 34,635,253	\$ 71,641,848	\$ 66,434,507

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Government-Wide Financial Analysis (continued)

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Harrisburg exceeded liabilities and deferred inflows of resources by \$71,641,848 as of June 30, 2021. The Town's net position increased by \$5,207,341 for the fiscal year ended June 30, 2021. However, the largest portion (66.35%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Harrisburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Harrisburg's net investment in 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 Town's net position, \$2,344,554, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$21,764,066, may be used to meet the Town's ongoing obligations to citizens and creditors.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a current levy collection percentage of 99.63%.
- Growth in the tax base, particularly in new residential growth combined with strong collection rates helped strengthen the Town's financial position.
- New residential and commercial growth positively impacted water and sewer receipts.

**The Town of Harrisburg Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 811,381	\$ 829,787	\$ 11,075,622	\$ 10,471,988	\$ 11,887,003	\$ 11,301,775
Operating grants and contributions	2,314,923	1,773,157	-	-	2,314,923	1,773,157
Capital grants and contributions	321,994	1,367,320	108,102	294,800	430,096	1,662,120
General revenues:						
Property taxes	9,974,708	8,332,068	-	-	9,974,708	8,332,068
Grants and contributions not restricted to specific programs	4,106,247	3,811,990	-	-	4,106,247	3,811,990
Other	658,945	815,609	38,357	179,830	697,302	995,439
Total revenues	<u>18,188,198</u>	<u>16,929,931</u>	<u>11,222,081</u>	<u>10,946,618</u>	<u>29,410,279</u>	<u>27,876,549</u>
<b>Expenses:</b>						
General government	1,645,562	1,381,532	-	-	1,645,562	1,381,532
Planning and zoning	632,164	452,240	-	-	632,164	452,240
Public safety	6,544,748	5,937,056	-	-	6,544,748	5,937,056
Transportation	1,788,246	1,352,964	-	-	1,788,246	1,352,964
Environmental protection	1,741,108	1,669,043	-	-	1,741,108	1,669,043
Cultural and recreational	1,887,712	1,956,912	-	-	1,887,712	1,956,912
Water and sewer	-	-	9,028,804	8,482,274	9,028,804	8,482,274
Storm water	-	-	404,217	432,493	404,217	432,493
Interest	530,377	493,797	-	-	530,377	493,797
Total expenses	<u>14,769,917</u>	<u>13,243,544</u>	<u>9,433,021</u>	<u>8,914,767</u>	<u>24,202,938</u>	<u>22,158,311</u>
Increase in net position	3,418,281	3,686,387	1,789,060	2,031,851	5,207,341	5,718,238
Net position, beginning	<u>31,799,254</u>	<u>28,112,867</u>	<u>34,635,253</u>	<u>32,603,402</u>	<u>66,434,507</u>	<u>60,716,269</u>
Net position, ending	<u>\$ 35,217,535</u>	<u>\$ 31,799,254</u>	<u>\$ 36,424,313</u>	<u>\$ 34,635,253</u>	<u>\$ 71,641,848</u>	<u>\$ 66,434,507</u>

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Government-Wide Financial Analysis (continued)

**Governmental Activities.** Governmental activities increased the Town of Harrisburg's net position by \$3,418,281 thereby accounting for 65.64% of the total growth in the net position of the Town. Key elements of this increase are as follows:

- Tax revenues increased approximately 20%, or \$1,640,000.
- Intergovernmental revenues consisting of mostly sales and franchise taxes increased by 8%, or \$295,000.

**Business-Type Activities.** Business-type activities increased the Town of Harrisburg's net position by \$1,789,060 accounting for 34.36% of the total growth in the Town's net position. A key element of this increase is as follows:

- Water and Sewer charges for services increased by 4%, or \$315,000.
- Water and Sewer development charges increased by 26%, or \$382,000

### Financial Analysis of the Town's Funds

As noted earlier, the Town of Harrisburg uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town of Harrisburg's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Harrisburg's financing requirements. Specifically, unassigned (available) fund balance 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 the Town of Harrisburg. At the end of the current fiscal year, available fund balance in the General Fund was \$5,946,352, while total fund balance reached \$7,824,773. The Town Council of the Town of Harrisburg has determined that the Town should maintain an available fund balance of 40% of General Fund operating and debt service expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 40% per the fund balance policy and 37.77% of total General Fund expenditures, while total fund balance represents 49.70% of the same amount.

At June 30, 2021, the governmental funds of the Town of Harrisburg reported a combined fund balance of \$17,002,350, a 2.42% increase from last year.

**General Fund Budgetary Highlights.** During the fiscal year, the Town 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 and to prevent budget overruns.

Revenues were more than the budgeted amounts primarily because both property and sales taxes were collected at higher levels than were budgeted. While there were some variations of budgeted to actual expenditures at the line item level, the Town was able to comply with its budgetary requirements based on an approved budget ordinance at the department level.

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Financial Analysis of the Town's Funds (continued)

**Proprietary Funds.** The Town of Harrisburg's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$8,260,304, and those for the Storm Water Fund amounted to \$1,779,220. The total change in net position for both funds was an increase of \$1,417,779 and \$371,281, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Harrisburg's business-type activities.

Revenues were less than budgeted amounts primarily due to lower than anticipated growth in water and sewer sales and the suspension of permits, fees, and convenience charges as a COVID-19 relief measure. An efficient use of funds and lower than anticipated demand for water purchases and sewer treatment allowed for expenditures to be lower than the budgeted amounts.

### Capital Asset and Debt Administration

**Capital Assets.** The Town of Harrisburg's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$78,039,919 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, water and sewer facilities, and vehicles.

Major capital asset transactions during the year include the following additions and disposals:

- Purchase of vehicles and equipment
- Purchase 2021 Smeal Fire Engine
- Construction of Harrisburg Park Redevelopment – Phase I and Holcomb Woods Athletic Complex
- Construction of the Elevated Water Storage Tank
- Construction of 6-inch water lines throughout neighborhoods
- Construction of gravity-fed sewer lines and removal of pump stations
- Construction of Storm Water System A – Phase II Improvements
- Contributions of capital including streets and storm water infrastructure
- Sale of Old Fire Station #2 property

**The Town of Harrisburg's Capital Assets  
(net of depreciation)  
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Construction in progress	\$ 11,904,498	\$ 7,383,262	\$ 3,554,360	\$ 3,537,083	\$ 15,458,858	\$ 10,920,345
Land	2,370,824	2,370,824	858,549	858,549	3,229,373	3,229,373
Buildings and systems	10,828,190	11,334,216	6,838,346	6,994,191	17,666,536	18,328,407
Improvements other than buildings	3,165,597	3,343,079	-	-	3,165,597	3,343,079
Water lines	-	-	16,295,820	15,607,773	16,295,820	15,607,773
Machinery and equipment	2,919,520	2,242,279	1,719,906	1,926,319	4,639,426	4,168,598
Interceptors	-	-	49,724	73,872	49,724	73,872
Collection system	-	-	7,788,830	6,339,330	7,788,830	6,339,330
Infrastructure	7,630,027	7,588,510	2,115,728	1,154,222	9,745,755	8,742,732
Total	<u>\$ 38,818,656</u>	<u>\$ 34,262,170</u>	<u>\$ 39,221,263</u>	<u>\$ 36,491,339</u>	<u>\$ 78,039,919</u>	<u>\$ 70,753,509</u>



## Town of Harrisburg, North Carolina

### Management's Discussion and Analysis (continued)

#### Capital Asset and Debt Administration (continued)

**Long-Term Debt.** As of June 30, 2021, the Town of Harrisburg had total debt outstanding of \$34,162,554. Of this debt, \$15,527,497 is secured by the assets of the water and sewer system. However, in the event water and sewer revenues are insufficient to repay the debt, the total outstanding debt, including the remainder of the debt (\$18,635,057), is backed by the full faith and credit of the Town.

#### Long-Term Obligations Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct Placement						
Installment purchase	\$ 16,985,057	\$ 17,523,854	\$ 13,357,497	\$ 14,875,728	\$ 30,342,554	\$ 32,399,582
General obligation bonds	1,650,000	-	-	-	1,650,000	-
Revenue bonds	-	-	2,170,000	-	2,170,000	-
Total	<u>\$ 18,635,057</u>	<u>\$ 17,523,854</u>	<u>\$ 15,527,497</u>	<u>\$ 14,875,728</u>	<u>\$ 34,162,554</u>	<u>\$ 32,399,582</u>

The Town of Harrisburg's total long-term outstanding debt increased by \$1,762,972 (5.44%) during the past fiscal year due to regularly scheduled debt service payments on existing debt, new debt issued amounting to \$4,435,000, and \$8,537,000 in refunded installment purchase notes.

North Carolina General Statutes limit 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 the Town of Harrisburg is \$223,783,346.

Additional information regarding the Town of Harrisburg's long-term debt can be found in note II.B on pages 49-58 of this report.

#### Economic Factors and Next Year's Budgets and Rates

The following key economic factors reflect the growth and general prosperity of the Town:

- **New Residential Growth.** The Town continues to experience increases in residential growth as a result of previously approved development projects. Interest in living in Harrisburg continues to soar which has created a strong desire from some of the region's best developers. The Town is ranked ninth in North Carolina in growth for municipalities overall and seventh for municipalities over a population of 10,000. With several residential subdivisions currently under construction and several proposed plans being considered, the Town is in a great position to grow and strengthen its residential market with low-density, high quality homes. Economic activity continues to thrive in Cabarrus County as evidenced by strong State-shared revenue distributions to the Town.

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Economic Factors and Next Year's Budgets and Rates (continued)

- **Non-Residential Growth.** The construction of the Farmington mixed-use development along Rocky River Road and I-485 began in FY2020. The southern portion of Town needs more commercial growth to support the continued residential growth in the area. The Harris Square Shopping Center on Highway 49 continues to help generate several new businesses, with outparcels building out around the development. Individual parcels along Highway 49 are rapidly being developed with new businesses, with multiple projects underway. The Town's economic development initiative in the Morehead West area will also help to jump-start development in this currently underutilized section of Town.
- **Governmental Projects.** The Town's largest park redevelopment project, Harrisburg Park, has been completed. Harrisburg Park has been transformed with the addition of an amphitheater, splash-pad, multipurpose fields, shelters, bike trails, and other active amenities within the park. A one-million-gallon elevated water storage tank has been constructed and was placed in service in FY2021. The Town has placed a focus on transportation improvement projects that will be taking place over the next few years with increased amounts of pavement resurfacing, new sidewalks and multipurpose paths, and various intersection improvements. A partnership with NCDOT and NC Railroad will result in the construction of a passenger-rail train station that is accompanied by approximately 2,400 sq. ft. of Town-owned office and/or community space. The Town also continues to invest in our aging utility infrastructure by replacing or up-sizing existing water and sewer lines in the older portions of our community and addressing Storm Water deficiencies in the Town's System A Storm Water area.

### Budget Highlights for the Fiscal Year Ending June 30, 2022

The approved FY2022 General Operating Budget is a balanced budget totaling \$34,315,844 for the General Fund and the two enterprise funds, the Water and Sewer and Storm Water Funds. This compares to \$40,190,243 in FY2021, a decrease of approximately \$5,870,000. The General Fund, which comprises the core services provided by the Town, accounts for \$21,208,000 of the total budget. The remainder of the budget consists of the Water and Sewer Fund, \$11,925,000, and the Storm Water Fund, \$775,000. The budget addresses current departmental needs and anticipates future needs as the Town continues to experience growth.

#### Overview:

The Town continues to focus on providing the highest quality services and facilities to its residents as possible. Town Council and management have invested in professional personnel, state-of-the-art equipment, and attractive Town amenities and facilities to work toward this goal. The highest standards in home and commercial building, streets, storm water, and all other infrastructure is required for projects currently taking place in Harrisburg. The commitment to our ten-year financial models and capital improvement plans outline the needs and priorities of the Town moving forward in a financially responsible way. The Town has either completed or is in the process of completing a number of major guiding documents, such as the Transportation Plan, ADA Plan, Highway 49 Corridor Plan, UDO update, Law Enforcement feasibility study, Water and Sewer Master Plan, and a Sanitary Sewer Model and Land Use Plan. Each of these interact together and help the Town implement a cohesive vision. Significant efforts are being made to ensure community engagement, education, and participation remain a priority of the Town's as it grows, develops, and sets a path forward. Making smart growth decisions, becoming more transparent, promoting and strengthening our local businesses, generating new economic development buzz within our Town, and being proactive in our decision making ensures that what we do today will prepare and protect the Town into the future.

We want to operate the Town with the sophistication, efficiencies and effectiveness of a larger city while maintaining the small-town feel Harrisburg is known for. Financial stability and security are paramount to the future success and stability of the Town. The budget represents a commitment to not only maintain, but to further improve what the Town offers its residents, businesses, and visitors. High-quality, efficient, and customer-service oriented operations are Harrisburg's most important objectives, and the budget reflects those efforts by providing the resources necessary to make Harrisburg a safe and prosperous community.

## **Town of Harrisburg, North Carolina**

### **Management's Discussion and Analysis (continued)**

#### **Requests for Information**

This report is designed to provide an overview of the Town'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 Finance Director, Brian Lee, Town of Harrisburg, 4100 Main Street, Suite 101, Harrisburg, North Carolina 28075.

TOWN OF HARRISBURG, NORTH CAROLINA

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## BASIC FINANCIAL STATEMENTS



TOWN OF HARRISBURG, NORTH CAROLINA

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## Town of Harrisburg, North Carolina

Statement of Net Position  
June 30, 2021

	Primary Government			Harrisburg Community and Youth Association, Inc.	Harrisburg Business Alliance, Inc.
	Governmental Activities	Business-Type Activities	Total		
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 15,521,144	\$ 9,915,422	\$ 25,436,566	\$ 55,446	\$ 5,733
Taxes receivables (net)	64,937	-	64,937	-	-
Accrued interest receivable on taxes	11,876	-	11,876	-	-
Accounts receivable (net)	5,335	1,489,850	1,495,185	-	-
Due from other governments	1,297,210	-	1,297,210	-	-
Inventory	22,304	-	22,304	-	-
Prepaid expenses	104,235	-	104,235	-	-
Restricted cash and cash equivalents	1,398,994	2,994,922	4,393,916	-	-
Total current assets	18,426,035	14,400,194	32,826,229	55,446	5,733
Noncurrent assets:					
Capital assets:					
Non-depreciable	14,275,322	4,412,909	18,688,231	-	-
Depreciable, net of accumulated depreciation	24,543,334	34,808,354	59,351,688	-	-
Total noncurrent assets	38,818,656	39,221,263	78,039,919	-	-
Total assets	57,244,691	53,621,457	110,866,148	55,446	5,733
<b>Deferred outflows of resources</b>					
Pension deferrals	1,333,383	444,041	1,777,424	-	-
Total deferred outflows of resources	1,333,383	444,041	1,777,424	-	-
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities	578,721	796,210	1,374,931	-	-
Prepaid fees	3,985	-	3,985	-	-
Payables from restricted assets:					
Accounts payable and accrued liabilities	731,245	-	731,245	-	-
Performance bond deposits	216,265	-	216,265	-	-
Customer deposits	-	303,899	303,899	-	-
Long-term liabilities-due within one year	1,756,275	1,882,781	3,639,056	-	-
Total current liabilities	3,286,491	2,982,890	6,269,381	-	-
Long-term liabilities:					
Net pension liability	2,559,618	853,018	3,412,636	-	-
Long-term liabilities-due in more than one year	17,360,634	13,741,835	31,102,469	-	-
Total long-term liabilities	19,920,252	14,594,853	34,515,105	-	-
Total liabilities	23,206,743	17,577,743	40,784,486	-	-
<b>Deferred inflows of resources</b>					
Prepaid Taxes	4,052	-	4,052	-	-
Pension deferrals	149,744	63,442	213,186	-	-
Total deferred inflows of resources	153,796	63,442	217,238	-	-
<b>Net position</b>					
Net investment in capital assets	21,149,372	26,383,856	47,533,228	-	-
Restricted for:					
Stabilization by State statute	1,534,926	-	1,534,926	-	-
Streets	680,149	-	680,149	-	-
Public safety	128,546	-	128,546	-	-
Storm Water	-	933	933	-	-
Cultural and recreational	-	-	-	55,446	5,733
Unrestricted	11,724,542	10,039,524	21,764,066	-	-
Total net position	\$ 35,217,535	\$ 36,424,313	\$ 71,641,848	\$ 55,446	\$ 5,733

The notes to the financial statements are an integral part of this statement.

# Town of Harrisburg, North Carolina

## Statement of Activities For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
<b>Governmental activities</b>				
General government	\$ 1,645,562	\$ 94,020	\$ 149,053	\$ -
Planning and zoning	632,164	236,013	258,582	-
Public safety	6,544,748	265,789	1,459,876	-
Transportation	1,788,246	-	433,885	321,439
Environmental protection	1,741,108	-	13,527	-
Cultural and recreational	1,887,712	215,559	-	555
Interest on long-term debt	530,377	-	-	-
Total governmental activities	<u>14,769,917</u>	<u>811,381</u>	<u>2,314,923</u>	<u>321,994</u>
<b>Business-type activities</b>				
Water and sewer	9,028,804	10,409,630	-	-
Storm water	404,217	665,992	-	108,102
Total business-type activities	<u>9,433,021</u>	<u>11,075,622</u>	<u>-</u>	<u>108,102</u>
Total primary government	<u>\$ 24,202,938</u>	<u>\$ 11,887,003</u>	<u>\$ 2,314,923</u>	<u>\$ 430,096</u>
<b>Component unit</b>				
Harrisburg Community and Youth Association, Inc.	\$ 10,420	\$ -	\$ 27,000	\$ -
Harrisburg Business Alliance, Inc.	1,052	-	6,785	-
Total component unit	<u>\$ 11,472</u>	<u>\$ -</u>	<u>\$ 33,785</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

## Town of Harrisburg, North Carolina

### Statement of Activities For the Fiscal Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Harrisburg Community and Youth Association, Inc.	Harrisburg Business Alliance, Inc.
	Governmental Activities	Business-Type Activities	Total		
<b>Primary government</b>					
<b>Governmental activities</b>					
General government	\$ (1,402,489)	\$ -	\$ (1,402,489)	\$ -	\$ -
Planning and zoning	(137,569)	-	(137,569)	-	-
Public safety	(4,819,083)	-	(4,819,083)	-	-
Transportation	(1,032,922)	-	(1,032,922)	-	-
Environmental protection	(1,727,581)	-	(1,727,581)	-	-
Cultural and recreational	(1,671,598)	-	(1,671,598)	-	-
Interest on long-term debt	(530,377)	-	(530,377)	-	-
Total governmental activities	<u>(11,321,619)</u>	<u>-</u>	<u>(11,321,619)</u>	<u>-</u>	<u>-</u>
<b>Business-type activities</b>					
Water and sewer	-	1,380,826	1,380,826	-	-
Storm water	-	369,877	369,877	-	-
Total business-type activities	<u>-</u>	<u>1,750,703</u>	<u>1,750,703</u>	<u>-</u>	<u>-</u>
Total primary government	<u>(11,321,619)</u>	<u>1,750,703</u>	<u>(9,570,916)</u>	<u>-</u>	<u>-</u>
<b>Component unit</b>					
Harrisburg Community and Youth Association, Inc.	-	-	-	16,580	-
Harrisburg Business Alliance, Inc.	-	-	-	-	5,733
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,580</u>	<u>5,733</u>
<b>General revenues</b>					
Taxes:					
Property taxes, levied for general purpose	9,974,708	-	9,974,708	-	-
Unrestricted intergovernmental	4,106,247	-	4,106,247	-	-
Gain on disposal of capital assets	274,036	13,300	287,336	-	-
Investment earnings	29,418	25,057	54,475	-	-
Miscellaneous	355,491	-	355,491	-	-
Total general revenues	<u>14,739,900</u>	<u>38,357</u>	<u>14,778,257</u>	<u>-</u>	<u>-</u>
Change in net position	3,418,281	1,789,060	5,207,341	16,580	5,733
Net position, beginning	<u>31,799,254</u>	<u>34,635,253</u>	<u>66,434,507</u>	<u>38,866</u>	<u>-</u>
Net position, ending	<u>\$ 35,217,535</u>	<u>\$ 36,424,313</u>	<u>\$ 71,641,848</u>	<u>\$ 55,446</u>	<u>\$ 5,733</u>

The notes to the financial statements are an integral part of this statement.

Town of Harrisburg, North Carolina

Balance Sheet  
Governmental Funds  
June 30, 2021

	General	Capital Reserve Fund - General Fund	Capital Projects Fund - Parks and Recreation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 6,686,759	\$ 5,261,964	\$ 622,581	\$ 2,949,840	\$ 15,521,144
Restricted cash and cash equivalents	433,221	-	-	965,773	1,398,994
Receivables, net:					
Property taxes	64,937	-	-	-	64,937
Other	5,335	-	-	-	5,335
Due from other governments	1,188,546	-	108,664	-	1,297,210
Inventory	22,304	-	-	-	22,304
Prepaid items	104,235	-	-	-	104,235
Total assets	<u>\$ 8,505,337</u>	<u>\$ 5,261,964</u>	<u>\$ 731,245</u>	<u>\$ 3,915,613</u>	<u>\$ 18,414,159</u>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 391,325	\$ -	\$ -	\$ -	\$ 391,325
July 4th Celebration unearned revenue	3,985	-	-	-	3,985
Payable from restricted assets:					
Accounts payable and accrued liabilities	-	-	731,245	-	731,245
Performance bonds on deposit	216,265	-	-	-	216,265
Total liabilities	<u>611,575</u>	<u>-</u>	<u>731,245</u>	<u>-</u>	<u>1,342,820</u>
<b>Deferred inflows of resources</b>					
Property taxes receivable	64,937	-	-	-	64,937
Prepaid taxes	4,052	-	-	-	4,052
Total deferred inflows of resources	<u>68,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,989</u>
<b>Fund balances</b>					
Non-spendable					
Inventory	22,304	-	-	-	22,304
Prepays	104,235	-	-	-	104,235
Restricted					
Stabilization by State statute	1,534,926	-	-	-	1,534,926
Streets	88,410	-	-	591,739	680,149
Public safety	128,546	-	-	374,034	502,580
Committed	-	5,261,964	-	2,949,840	8,211,804
Unassigned	5,946,352	-	-	-	5,946,352
Total fund balances	<u>7,824,773</u>	<u>5,261,964</u>	<u>-</u>	<u>3,915,613</u>	<u>17,002,350</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,505,337</u>	<u>\$ 5,261,964</u>	<u>\$ 731,245</u>	<u>\$ 3,915,613</u>	<u>\$ 18,414,159</u>

The notes to the financial statements are an integral part of this statement.



## Town of Harrisburg, North Carolina

### Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Ending fund balance - governmental funds	\$ 17,002,350
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,818,656
Deferred outflows of resources related to pensions are not reported in the funds.	1,333,383
Other long-term assets are not available to pay for current-period expenditures and, therefore, are inflows of resources in the funds:	
Accrued interest on taxes receivable	11,876
Earned revenues considered deferred inflows of resources in fund statements	64,937
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(187,396)
Compensated absences	(481,854)
Notes payable	(18,635,055)
Net pension liability	(2,559,618)
Deferred inflows of resources related to pensions are not reported in the funds.	<u>(149,744)</u>
Net position of governmental activities	<u><u>\$ 35,217,535</u></u>

The notes to the financial statements are an integral part of this statement.

Town of Harrisburg, North Carolina

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2021

	General	Capital Reserve Fund - General Fund	Capital Projects Fund - Parks and Recreation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Ad valorem taxes	\$ 9,974,703	\$ -	\$ -	\$ -	\$ 9,974,703
Unrestricted intergovernmental	4,106,247	-	-	-	4,106,247
Restricted intergovernmental	1,908,288	-	555	148,053	2,056,896
Permits and fees	600,671	-	-	-	600,671
Sales and services	210,710	-	-	-	210,710
Investment earnings	7,738	2,193	17,650	1,837	29,418
Other general revenues	878,671	-	-	258,582	1,137,253
Total revenues	17,687,028	2,193	18,205	408,472	18,115,898
<b>Expenditures</b>					
Current:					
General government	1,192,122	-	-	-	1,192,122
Planning and economic development	608,055	-	-	50	608,105
Engineering	268,138	-	-	-	268,138
Public safety	6,058,873	-	-	613,745	6,672,618
Transportation	879,241	-	-	735,179	1,614,420
Environmental protection	1,920,047	-	-	-	1,920,047
Cultural and recreational	1,928,131	-	4,092,129	-	6,020,260
Debt service:					
Principal retirement	2,359,797	-	-	-	2,359,797
Interest	529,186	-	-	-	529,186
Total expenditures	15,743,590	-	4,092,129	1,348,974	21,184,693
Excess (deficiency) of revenues over expenditures	1,943,438	2,193	(4,073,924)	(940,502)	(3,068,795)
<b>Other financing sources (uses)</b>					
Transfers from other funds	1,061,687	3,100,000	657,618	208,110	5,027,415
Transfers to other funds	(3,308,110)	(1,571,805)	-	(147,500)	(5,027,415)
Installment note issued	1,206,000	-	-	615,000	1,821,000
General obligation bond issued	-	-	-	1,650,000	1,650,000
Total other financing sources (uses)	(1,040,423)	1,528,195	657,618	2,325,610	3,471,000
Net change in fund balances	903,015	1,530,388	(3,416,306)	1,385,108	402,205
Fund balances, beginning	6,921,758	3,731,576	3,416,306	2,530,505	16,600,145
Fund balances, ending	\$ 7,824,773	\$ 5,261,964	\$ -	\$ 3,915,613	\$ 17,002,350

The notes to the financial statements are an integral part of this statement.

## Town of Harrisburg, North Carolina

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$	402,205
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay expenditures	5,719,657	
Depreciation expense	<u>(1,236,079)</u>	4,483,578
Disposal of capital assets		(249,147)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Amount of donated assets	321,439	
Other	1,254	
Change in unavailable revenue for tax revenues	<u>(1,246)</u>	321,447
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of those differences in the treatment of long-term debt and related items.		
Debt service payments	2,359,797	
Long-term debt issuance	(3,471,000)	
Pension expense	(365,751)	
Compensated absences	<u>(61,657)</u>	(1,538,611)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest payable		<u>(1,191)</u>
Changes in net position of governmental activities	\$	<u><u>3,418,281</u></u>

The notes to the financial statements are an integral part of this statement.

# Town of Harrisburg, North Carolina

## Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 9,412,000	\$ 9,412,000	\$ 9,974,703	\$ 562,703
Unrestricted intergovernmental	3,462,000	3,462,000	4,106,247	644,247
Restricted intergovernmental	1,831,500	1,831,500	1,908,288	76,788
Permits and fees	602,500	672,500	600,671	(71,829)
Sales and services	535,000	535,000	210,710	(324,290)
Investment earnings	51,000	51,000	7,738	(43,262)
Other general revenues	440,900	983,600	878,671	(104,929)
Total revenues	16,334,900	16,947,600	17,687,028	739,428
<b>Expenditures</b>				
Current:				
General government	1,107,774	1,344,974	1,192,122	152,852
Planning and economic development	527,530	785,508	608,055	177,453
Engineering	294,315	393,115	268,138	124,977
Public safety	5,280,800	6,626,065	6,058,873	567,192
Transportation	1,033,200	1,248,200	879,241	368,959
Environmental protection	2,055,700	2,205,700	1,920,047	285,653
Cultural and recreational	2,607,665	2,939,950	1,928,131	1,011,819
Debt service:				
Principal retirement	2,397,500	2,397,500	2,359,797	37,703
Interest	558,000	558,000	529,186	28,814
Contingency	372,705	341,455	-	341,455
Total expenditures	16,235,189	18,840,467	15,743,590	3,096,877
Revenues over (under) expenditures	99,711	(1,892,867)	1,943,438	3,836,305
<b>Other financing sources (uses)</b>				
Transfers from other funds	1,293,000	1,887,500	1,061,687	(825,813)
Transfers to other funds	(1,392,711)	(3,320,821)	(3,308,110)	12,711
Proceeds from note	-	1,210,000	1,206,000	(4,000)
Appropriated fund balance	-	2,116,188	-	(2,116,188)
Total other financing sources (uses)	(99,711)	1,892,867	(1,040,423)	(2,933,290)
Net change in fund balance	\$ -	\$ -	903,015	\$ 903,015
Fund balance, beginning			6,921,758	
Fund balance, ending (Exhibit D)			\$ 7,824,773	

The notes to the financial statements are an integral part of this statement.

# Town of Harrisburg, North Carolina

## Statements of Net Position Proprietary Funds June 30, 2021

	Major Enterprise Funds		
	Water and Sewer	Storm Water	Total
	Fund	Fund	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 8,110,598	\$ 1,804,824	\$ 9,915,422
Accounts receivable (net) - customers	1,304,802	88,183	1,392,985
Accounts receivable - other	80,562	16,303	96,865
Restricted cash and cash equivalents	2,993,989	933	2,994,922
Total current assets	12,489,951	1,910,243	14,400,194
Non-current assets:			
Capital assets:			
Non-depreciable	4,395,409	17,500	4,412,909
Depreciable, net of accumulated depreciation	32,644,261	2,164,093	34,808,354
Total non-current assets	37,039,670	2,181,593	39,221,263
Total assets	49,529,621	4,091,836	53,621,457
<b>Deferred outflows of resources</b>			
Pension deferrals	444,041	-	444,041
Total deferred outflows of resources	444,041	-	444,041
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	666,120	130,090	796,210
Long-term debt, current portion	1,785,662	-	1,785,662
Compensated absences, current portion	97,119	-	97,119
Payable from restricted assets:			
Customer deposits	303,899	-	303,899
Total current liabilities	2,852,800	130,090	2,982,890
Non-current liabilities:			
Long-term debt, non-current portion	13,741,835	-	13,741,835
Net pension liability	853,018	-	853,018
Total noncurrent liabilities	14,594,853	-	14,594,853
Total liabilities	17,447,653	130,090	17,577,743
<b>Deferred inflows of resources</b>			
Pension deferrals	63,442	-	63,442
Total deferred inflows of resources	63,442	-	63,442
<b>Net position</b>			
Net investment in capital assets	24,202,263	2,181,593	26,383,856
Restricted	-	933	933
Unrestricted	8,260,304	1,779,220	10,039,524
Total net position	\$ 32,462,567	\$ 3,961,746	\$ 36,424,313

The notes to the financial statements are an integral part of this statement.

# Town of Harrisburg, North Carolina

## Statements of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2021

	Major Enterprise Funds		
	Water and Sewer Fund	Storm Water Fund	Total
<b>Operating revenues</b>			
Charges for services	\$ 8,205,181	\$ 665,742	\$ 8,870,923
Water and sewer development charges	1,857,685	-	1,857,685
Permits and fees	99,374	250	99,624
Service connection fees	159,595	-	159,595
Other operating revenues	87,795	-	87,795
<b>Total operating revenues</b>	<u>10,409,630</u>	<u>665,992</u>	<u>11,075,622</u>
<b>Operating expenses</b>			
Water administration and distribution	7,024,957	-	7,024,957
Storm water operations	-	333,873	333,873
Depreciation and amortization	1,665,329	70,344	1,735,673
<b>Total operating expenses</b>	<u>8,690,286</u>	<u>404,217</u>	<u>9,094,503</u>
<b>Operating income</b>	<u>1,719,344</u>	<u>261,775</u>	<u>1,981,119</u>
<b>Non-operating revenues (expenses)</b>			
Investment earnings	23,653	1,404	25,057
Interest and other charges	(338,518)	-	(338,518)
Gain on sale of capital assets	13,300	-	13,300
<b>Total non-operating revenues (expenses)</b>	<u>(301,565)</u>	<u>1,404</u>	<u>(300,161)</u>
<b>Income before contributions</b>	<u>1,417,779</u>	<u>263,179</u>	<u>1,680,958</u>
Contributions of infrastructure	-	108,102	108,102
<b>Change in net position</b>	<u>1,417,779</u>	<u>371,281</u>	<u>1,789,060</u>
<b>Total net position, beginning</b>	<u>31,044,788</u>	<u>3,590,465</u>	<u>34,635,253</u>
<b>Total net position, ending</b>	<u>\$ 32,462,567</u>	<u>\$ 3,961,746</u>	<u>\$ 36,424,313</u>

The notes to the financial statements are an integral part of this statement.

## Town of Harrisburg, North Carolina

**Statements of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

	Major Enterprise Funds		
	Water and Sewer Fund	Storm Water Fund	Total
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 10,347,142	\$ 658,214	\$ 11,005,356
Cash paid for goods and services	(5,077,980)	(14,166)	(5,092,146)
Cash paid to or on behalf of employees for services	(2,127,143)	(196,089)	(2,323,232)
Customer deposits received and returned, net	13,878	-	13,878
Net cash provided by operating activities	<u>3,155,897</u>	<u>447,959</u>	<u>3,603,856</u>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from sale of capital assets	13,300	-	13,300
Acquisition and construction of capital assets	(3,521,366)	(836,129)	(4,357,495)
Principal paid on long-term debt	(8,849,231)	-	(8,849,231)
Proceeds from issuance of long-term debt	9,501,000	-	9,501,000
Interest paid on long-term debt	(301,783)	-	(301,783)
Net cash used by capital and related financing activities	<u>(3,158,080)</u>	<u>(836,129)</u>	<u>(3,994,209)</u>
<b>Cash flows from investing activities</b>			
Interest on investments	<u>23,653</u>	<u>1,404</u>	<u>25,057</u>
Net increase in cash and cash equivalents	21,470	(386,766)	(365,296)
Balances, beginning	<u>11,083,117</u>	<u>2,192,523</u>	<u>13,275,640</u>
Balances, ending	<u>\$ 11,104,587</u>	<u>\$ 1,805,757</u>	<u>\$ 12,910,344</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>			
Operating income	\$ 1,719,344	\$ 261,775	\$ 1,981,119
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	1,665,329	70,344	1,735,673
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable - customers	(43,141)	6,468	(36,673)
(Increase) decrease in accounts receivable - other	(19,347)	(14,246)	(33,593)
(Increase) decrease in prepaid items	198	-	198
Increase (decrease) in accounts payable and accrued liabilities	(277,537)	123,618	(153,919)
Increase (decrease) in compensated absences	(24,744)	-	(24,744)
(Increase) decrease in deferred outflows of resources for pensions	(74,803)	-	(74,803)
Increase (decrease) in deferred inflows of resources for pensions	12,777	-	12,777
Increase (decrease) in net pension liability	183,943	-	183,943
Increase (decrease) in customer deposits	13,878	-	13,878
Total adjustments	<u>1,436,553</u>	<u>186,184</u>	<u>1,622,737</u>
Net cash provided by operating activities	<u>\$ 3,155,897</u>	<u>\$ 447,959</u>	<u>\$ 3,603,856</u>

**Noncash investing, capital, and financing activities:**

The Town received noncash capital contributions in the Storm Water Fund in the amount of \$108,102 representing donated assets.

The notes to the financial statements are an integral part of this statement.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### I. Summary of Significant Accounting Policies

The accounting policies of the Town of Harrisburg (the "Town") and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

#### A. Reporting Entity

The Town is a municipal corporation, which is governed by an elected Mayor and a seven-member Council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

##### Harrisburg Community and Youth Association, Inc.

The members of the Harrisburg Community and Youth Association, Inc.'s (HCYA) governing board are designated within HCYA's bylaws to include specified current employees of the Town. HCYA is presented discretely in the government-wide statements. Complete financial statements for HCYA may be obtained from the organization's administrative offices at the Town of Harrisburg, 4100 Main Street, Suite 101, Harrisburg, NC 28075.

##### Harrisburg Business Alliance, Inc.

The members of the Harrisburg Business Alliance, Inc.'s (HBA) governing board are designated within HBA's bylaws to include one Town Council member and a specified current employee of the Town. HBA is presented discretely in the government-wide statements. Complete financial statements for HBA may be obtained from the organization's administrative offices at the Town of Harrisburg, 4100 Main Street, Suite 101, Harrisburg, NC 28075.

#### B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. 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 Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.



# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### I. Summary of Significant Accounting Policies (continued)

#### B. Basis of Presentation (continued)

**Fund Financial Statements:** The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The Town has no fiduciary funds to report. 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 are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in other funds. The primary revenue sources are ad valorem taxes, State and federal grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, parks and recreation, administration, and other general government services.

**Capital Reserve Fund – General Fund** – This fund is established to accumulate funds to be used for future capital expenditures for the General Fund.

**Capital Projects Fund – Parks and Recreation** – This fund is used to account for the construction of Harrisburg Park Redevelopment – Phase I.

The Town reports the following non-major governmental funds:

**Special Revenue Fund – Highway 49 Corridor** – This fund is used to accumulate funds paid in lieu of installing underground utilities along the Hwy 49 Corridor during development.

**Special Revenue Fund – CARES Act** – This fund is used to account for CARES Act Coronavirus Relief Fund revenues.

**Capital Projects Fund – Streets** – This fund is used to account for the construction of streets and sidewalks with the 2017 Transportation Bonds.

**Capital Projects Fund – Public Safety** – This fund is used to account for the construction of Fire Station #2 and the purchase of Fire Engine #3.

**Capital Projects Fund – Economic Development** – This fund was established for the construction of the Harrisburg Train Station.

**Capital Reserve Fund – Parks and Recreation** – This fund is established to accumulate development-related funds to be used for parks and recreation per Town ordinance.

**Capital Reserve Fund – Economic Development** – This fund is established to accumulate funds to be used for future capital expenditures for economic development/economic incentives.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### I. Summary of Significant Accounting Policies (continued)

#### B. Basis of Presentation (continued)

The Town reports the following major enterprise funds:

**Water and Sewer Fund** – This fund is used to account for the Town’s water and sewer operations. A Capital Projects Fund - Water and Sewer, a Capital Reserve Fund - Water and Sewer, and a Capital Reserve Fund – Water and Sewer – Expansion have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparisons for the Capital Projects Fund - Water and Sewer, the Capital Reserve Fund – Water and Sewer, and the Capital Reserve Fund – Water and Sewer – Expansion have been included in the supplemental information.

**Storm Water Fund** – This fund is used to account for the Town’s Storm Water operations. A Capital Projects Fund – Storm Water and a Capital Reserve Fund – Storm Water have been consolidated into the Storm Water Fund for financial reporting purposes. The budgetary comparison for the Capital Projects Fund – Storm Water and the Capital Reserve Fund – Storm Water have been included in the supplemental information.

#### C. Measurement Focus and Basis of Accounting

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

*Government-Wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide, and proprietary 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 Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants 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 provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town’s enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of development fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the 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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### I. Summary of Significant Accounting Policies (continued)

#### C. Measurement Focus and Basis of Accounting (continued)

*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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At 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. Also, 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. 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 in 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Harrisburg because the tax is levied by Cabarrus County and then remitted to and distributed by the State. Most 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. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund – Streets, Capital Projects Fund – Public Safety, Capital Projects Fund – Parks and Recreation, and the Enterprise Funds Capital Projects Funds. The enterprise funds' projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

# **Town of Harrisburg, North Carolina**

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021**

### **I. Summary of Significant Accounting Policies (continued)**

#### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

##### **Deposits and Investments**

All deposits of the Town, HCYA, and HBA are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town, HCYA, and HBA may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town, HCYA, and HBA 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 Town, HCYA, and HBA 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 bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's, HCYA's, and HBA's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

##### **Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

##### **Restricted Assets**

The North Carolina Firemen's Relief Fund funds are classified as restricted cash and cash equivalents because it can be expended only for the purposes of financially assisting firefighters that have been injured or killed while performing fire department duties, educational benefits, supplemental retirement, purchase other insurance, and pension protection per G.S. 58-84-1 through 58-84-60. Customer deposits, refundable tap fees, and performance bond deposits held by the Town before any services are supplied or completed are restricted to the service for which the deposit was collected.

The unexpended debt proceeds of the General Fund are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### I. Summary of Significant Accounting Policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### Restricted Assets (continued)

##### Town of Harrisburg Restricted Cash

	<u>General Fund</u>	<u>Public Safety</u>	<u>Transportation</u>	<u>Total</u>
Governmental Activities				
Public safety	\$ 128,546	\$ -	\$ -	\$ 128,546
Streets	88,410	-	-	88,410
Performance bonds	216,265	-	-	216,265
Unspent debt proceeds	-	374,034	591,739	965,773
Total governmental activities	<u>\$ 433,221</u>	<u>\$ 374,034</u>	<u>\$ 591,739</u>	<u>1,398,994</u>
Business-type Activities				
Water and Sewer Fund				
Customer deposits				303,899
Unspent debt proceeds				2,690,090
Storm Water Fund				
Contribution - fee in lieu of				933
Total business-type activities				<u>2,994,922</u>
Total restricted cash				<u>\$ 4,393,916</u>

##### Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

##### Utility Service Revenues – Unbilled Usage

An estimated amount has been recorded for utility services provided, but not billed, as of the end of the year, and is included in accounts receivable, net of uncollectible amounts.

##### Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

##### Prepaid items

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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### I. Summary of Significant Accounting Policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and are defined by the Town as assets with an initial individual cost of more than a certain amount and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements	25 years
Equipment and vehicles	3-10 years
Infrastructure, distribution and collection systems	30-40 years

##### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows 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 Town has one item that meets this criterion, pension deferrals for the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes 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 Town has three items that meet the criteria for this category – property taxes receivable, prepaid property taxes, and pension deferrals.

##### Long-Term Obligations

In the government-wide financial statements and 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, governmental fund types recognize the face amount of debt issued as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# **Town of Harrisburg, North Carolina**

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021**

### **I. Summary of Significant Accounting Policies (continued)**

#### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

##### **Compensated Absences**

The vacation policy of the Town provides for the accumulation of up to thirty days of earned vacation leave to full-time employees based upon the number of years of service, with such leave being fully vested when earned. Years of service are determined, and vacation time is earned based on each employee's hire date. An employee accrues but may not use any paid vacation days until he/she completes their six months' probationary period with the Town. An employee can carry vacation time over into the following year. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of accumulated compensated time. Since accrued vacation time may be carried over no more than one year, the entire liability has been designated as a current liability in the government-wide financial statements.

The Town'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. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

The Town's compensatory time policy provides for up to 240 hours of accumulated compensatory time for non-exempt employees and up to an unlimited number of hours for exempt employees. Compensatory leave only vests with non-exempt employees, for which accumulated time may be paid upon separation. Exempt employees' compensatory time does not vest and any accumulated time at separation is forfeited. Since non-exempt employees' accrued compensatory time is payable upon separation, the entire liability has been designated as a current liability in the government-wide financial statements. As the Town has no obligation for exempt employees' accrued compensatory time until it is actually taken, no accrual for this time 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, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### I. Summary of Significant Accounting Policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### Net Position/Fund Balances (continued)

##### Net Investment in Capital Assets

Net investment in capital assets at June 30, 2021, is computed as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net of accumulated depreciation	\$ 38,818,656	\$ 39,221,263
Long-term debt	(18,635,057)	(15,527,497)
Unspent debt proceeds	965,773	2,690,090
Net investment in capital assets	<u>\$ 21,149,372</u>	<u>\$ 26,383,856</u>

##### 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 the spendable form or (b) legally or contractually required to be maintained intact.

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

Inventory – portion of fund balance that is not an available resource because it represents the year-end balance of inventory, 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.

Restricted for 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 a 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 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 nonspendable. Outstanding Encumbrances are included with RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.



# **Town of Harrisburg, North Carolina**

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021**

### **I. Summary of Significant Accounting Policies (continued)**

#### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

##### **Net Position/Fund Balances (continued)**

##### **Fund Balances (continued)**

Restricted for Streets – Powell Bill portion of fund balance totaling \$88,410 that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill Funds.

Restricted for Streets – portion of fund balance totaling \$591,739 that represents proceeds for debt issuance that has not been spent for the designated project.

Restricted for Public Safety – portion of fund balance totaling \$128,546 that is restricted by revenue source for certain Firemen's Relief Fund expenditures.

Restricted for Public Safety – portion of fund balance totaling \$374,034 that represents proceeds for debt issuance that has not been spent for the designated project.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Capital Outlay – portion of fund balance that is committed, per the fund balance policy, to fund future capital outlay.

Assigned Fund Balance – portion of fund balance that the Town intends to use for specific purposes. The Town Council has the authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified as restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$50,000.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### I. Summary of Significant Accounting Policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### Net Position/Fund Balances (continued)

##### Fund Balances (continued)

The Town has also adopted a minimum fund balance policy for the General Fund, the Water and Sewer Fund and the Storm Water Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 40% for the General Fund and 30% for both the Water and Sewer and Storm Water funds, of operating and debt service expenditures. The Town will adjust this minimum as appropriate based upon recommendation from the LGC and the current financial outlook. Once the respective 40% or 30% goal is realized, all revenues in excess of expenditures realized at the end of any given fiscal year will be credited as capital reserves. Should the available fund balance fall below the respective threshold, a plan shall be created, with Town Council approval, to restore the reserves within two (2) years. If the restoration cannot be accomplished within such time period without severe hardship to the Town, then the Council will establish a different but appropriate time period.

The following schedule provides management and citizens with information on the portion of General Fund fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 7,824,773
Less:	
Prepays	104,235
Inventory	22,304
Stabilization by State statute	1,534,926
Streets	88,410
Public safety - Firemen's Relief Fund	128,546
Fund balance policy	5,931,761
Remaining fund balance	<u>\$ 14,591</u>

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The outstanding encumbrances for the General Fund were \$341,045.

##### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS), and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Harrisburg's employer contributions are recognized when due and the Town of Harrisburg has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### I. Summary of Significant Accounting Policies (continued)

#### F. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### II. Detail Notes On All Funds

#### A. Assets

##### Deposits

All the deposits of the Town, HCYA, and HBA are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's, HCYA's, or HBA's agents in these units' names. 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 Town, HCYA, and HBA, these deposits are considered to be held by the Town's, HCYA's, or HBA's agents in their names. 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 Town, HCYA, or HBA or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town, HCYA, and HBA under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. HCYA and HBA have no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$21,795,757 and a bank balance of \$22,002,057. Of the bank balance, \$750,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. The carrying amounts of deposits for HCYA and HBA were \$55,446, and \$5,733, respectively, and the bank balances were \$55,446 and \$5,733, respectively, all of which was covered by federal depository insurance. At June 30, 2021, the Town's petty cash totaled \$625.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### A. Assets (continued)

##### Investments

At June 30, 2021, the Town had \$8,034,100 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

##### Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021, are net of the following allowances for doubtful accounts:

General Fund:		
Taxes receivable	\$	3,700
Water and Sewer Fund:		
Accounts receivable		10,000
Total	\$	<u>13,700</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### A. Assets (continued)

##### Capital Assets

##### Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	July 1, 2020	Additions	Retirements	Transfers	June 30, 2021
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,370,824	\$ -	\$ -	\$ -	\$ 2,370,824
Construction in progress	7,383,262	4,522,398	-	(1,162)	11,904,498
Total capital assets not being depreciated	9,754,086	4,522,398	-	(1,162)	14,275,322
Capital assets being depreciated:					
Buildings	12,932,177	-	353,400	-	12,578,777
Other improvements	4,453,542	-	-	-	4,453,542
Equipment	6,055,494	1,197,259	84,400	1,162	7,169,515
Infrastructure	8,699,918	321,439	-	-	9,021,357
Total capital assets being depreciated	32,141,131	1,518,698	437,800	1,162	33,223,191
Less accumulated depreciation for:					
Buildings	1,597,961	256,879	104,253	-	1,750,587
Other improvements	1,109,804	178,141	-	-	1,287,945
Equipment	3,813,258	521,137	84,400	-	4,249,995
Infrastructure	1,111,408	279,922	-	-	1,391,330
Total accumulated depreciation	7,632,431	\$ 1,236,079	\$ 188,653	\$ -	8,679,857
Total capital assets being depreciated, net	24,508,700				24,543,334
Governmental activity capital assets, net	\$ 34,262,786				\$ 38,818,656

TOWN OF HARRISBURG, NORTH CAROLINA

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# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### A. Assets (continued)

##### Capital Assets (continued)

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

General government	\$	97,030
Public safety		520,511
Transportation		273,374
Environmental protection		92,383
Cultural and recreational		252,781
Total	\$	<u>1,236,079</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### A. Assets (continued)

##### Capital Assets (continued)

##### Business-type activities:

##### **Water and Sewer Fund:**

##### Capital assets not being depreciated:

Land and rights-of-way

Construction in progress

Total capital assets not being depreciated

##### Capital assets being depreciated:

Buildings

Water lines

Equipment

Interceptors

Collection system

Total capital assets being depreciated

##### Less accumulated depreciation for:

Buildings

Water lines

Equipment

Interceptors

Collection system

Total accumulated depreciation

Total capital assets being depreciated, net

Water and sewer fund capital assets, net

	July 1, 2020	Additions	Retirements	Transfers	June 30, 2021
\$ 858,549	\$ -	\$ -	\$ -	\$ -	\$ 858,549
3,457,508	1,768,853	-	(1,689,501)	-	3,536,860
4,316,057	1,768,853	-	(1,689,501)	-	4,395,409
7,540,422	-	-	-	-	7,540,422
23,171,863	232,555	-	1,214,754	-	24,619,172
3,246,128	187,887	22,210	-	-	3,411,805
724,436	-	-	-	-	724,436
10,754,349	1,332,071	-	474,747	-	12,561,167
45,437,198	1,752,513	22,210	1,689,501	-	48,857,002
546,231	155,845	-	-	-	702,076
7,564,090	759,262	-	-	-	8,323,352
1,393,718	368,756	22,210	-	-	1,740,264
650,564	24,148	-	-	-	674,712
4,415,019	357,318	-	-	-	4,772,337
14,569,622	\$ 1,665,329	\$ 22,210	\$ -	\$ -	16,212,741
30,867,576					32,644,261
\$ 35,183,633					\$ 37,039,670



# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### A. Assets (continued)

##### Capital Assets (continued)

##### Business-type activities:

##### **Storm Water Fund:**

Capital assets not being depreciated:					
Construction in progress	\$	79,575	\$	-	\$
Total capital assets not being depreciated		79,575		-	

##### Capital assets being depreciated:

Equipment	233,021	-	-	-	233,021
Infrastructure	1,287,775	944,231	-	62,075	2,294,081
Total capital assets being depreciated	1,520,796	944,231	-	62,075	2,527,102

##### Less accumulated depreciation for:

Equipment	159,112	25,544	-	-	184,656
Infrastructure	133,553	44,800	-	-	178,353
Total accumulated depreciation	292,665	70,344	-	-	363,009
Total capital assets being depreciated, net	1,228,131				2,164,093
Storm water fund capital assets, net	\$ 1,307,706				\$ 2,181,593

##### **Business-type activities capital assets, net**

	\$ 36,491,339				\$ 39,221,263
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# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### A. Assets (continued)

##### Construction Commitments

The Town has active construction projects as of June 30, 2021. At year-end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Harrisburg Park Renovation Phase 1	\$ 10,152,258	\$ 143,209
Elevated Water Storage Tank	2,461,950	320,050
FY20/21 Waterline Replacements	205,191	794,748
FY2021 Sanitary Sewer Rehab	-	456,278
Total	<u>\$ 12,819,399</u>	<u>\$ 1,714,285</u>

#### B. Liabilities

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
<b>Governmental activities</b>			
General Fund	\$ 391,325	\$ 187,396	\$ 578,721
Capital Projects Fund - Parks and Recreation	731,245	-	731,245
<b>Total governmental activities</b>	<u>\$ 1,122,570</u>	<u>\$ 187,396</u>	<u>\$ 1,309,966</u>
<b>Business-type activities</b>			
Water and Sewer Fund	\$ 584,263	\$ 81,857	\$ 666,120
Storm Water Fund	130,090	-	130,090
<b>Total business-type activities</b>	<u>\$ 714,353</u>	<u>\$ 81,857</u>	<u>\$ 796,210</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Pension Plan Obligations

###### Local Governmental Employees' Retirement System

**Plan Description.** The Town of Harrisburg 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 government 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 Government Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1140 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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 beneficiaries of LEO members who die while in active service or within 180 days of their last 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 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

# **Town of Harrisburg, North Carolina**

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021**

### **II. Detail Notes On All Funds (continued)**

#### **B. Liabilities (continued)**

##### **Pension Plan Obligations (continued)**

###### **Local Governmental Employees' Retirement System (continued)**

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Harrisburg employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Harrisburg's contractually required contribution rate for the year ended June 30, 2021, was 10.15% for general employees and firefighters, 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 Town of Harrisburg were \$600,529 for the year ended June 30, 2021.

**Refunds of Contributions** – Town 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, 2021, the Town reported a liability of \$3,412,636 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town'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, 2020, the Town's proportion was 0.09550%, which was an decrease of 0.00252% from its proportion measured as of June 30, 2019.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Pension Plan Obligations (continued)

##### Local Governmental Employees' Retirement System (continued)

For the year ended June 30, 2021, the Town recognized pension expense of \$294,170. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 430,954	\$ -
Changes of assumptions	253,966	-
Net difference between projected and actual earnings on pension plan investments	480,235	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,740	213,186
Town contributions subsequent to the measurement date	600,529	-
Total	<u>\$ 1,777,424</u>	<u>\$ 213,186</u>

\$600,529 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	
2022	\$ 261,593
2023	358,585
2024	201,405
2025	142,126
2026	-
Thereafter	-
	<u>\$ 963,709</u>

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Pension Plan Obligations (continued)

###### Local Governmental Employees' Retirement System (continued)

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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, 2020, 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%</u>	

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

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Pension Plan Obligations (continued)

###### Local Governmental Employees' Retirement System (continued)

**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 contributions 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 benefit payments to determine the total pension liability.

**Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate.** The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Town'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:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 6,923,852	\$ 3,412,636	\$ 494,568

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Pension Plan Obligations (continued)

###### Local Governmental Employees' Retirement System (continued)

###### Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 600,529
Differences between expected and actual experience	430,954
Changes of assumptions	253,966
Net difference between projected and actual earnings on pension plan investments	480,235
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,740
Total	<u>\$ 1,777,424</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable, less penalties (General Fund)	\$ -	\$ 64,937
Prepaid taxes (General Fund)	4,052	4,052
Changes in proportion and differences between Town contributions and proportionate share of contributions	213,186	-
Total	<u>\$ 217,238</u>	<u>\$ 68,989</u>

##### Risk Management

The Town 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 Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$3 million per occurrence, auto liability coverage of \$1 million per occurrence, public officials liability coverage of \$1 million each claim and, annual property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, boiler and machinery coverage of \$5 million comprehensive coverage, and employee health coverage up to a \$1 million lifetime limit. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on



## Town of Harrisburg, North Carolina

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

#### II. Detail Notes On All Funds (continued)

##### B. Liabilities (continued)

###### Risk Management (continued)

the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries flood insurance through the Interlocal Risk Financing Fund of North Carolina in the amount of \$5 million for a single occurrence.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$50,000 and \$10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

###### Operating Leases

The Town leases certain office equipment and a park under operating leases. Lease expenditures for these and other rental agreements during the year ended June 30, 2021 totaled \$9,369.

Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	\$ 6,520	\$ 1,165
2023	949	1,165
2024	949	1,068
2025	712	-
2026	1	-
2027-2031	5	-
2032-2036	5	-
	<u>\$ 9,141</u>	<u>\$ 3,398</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations

###### Installment Purchases

All of the Town's installment purchase debt financing is through direct borrowing. GASB 88 does not apply to any of the contracts listed below.

###### **Serviced by General Fund:**

In January 2008, the Town borrowed \$1,050,000 from a local financial institution to complete the purchase of a portion of the building that houses Town Hall. The terms of the loan state that the interest will accrue at the rate of 4.28% per annum. Principal and interest payments are payable semi-annually beginning in July 2008 and ending in January 2023. The debt is secured by the property. The debt is serviced equally by the General Fund and the Water and Sewer Fund.

The General Fund's portion of the future minimum payments of the installment purchase as of June 30, 2021, is as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 69,800	\$ 2,406
	<u>\$ 69,800</u>	<u>\$ 2,406</u>

In January 2017, the Town borrowed \$582,000 from a local financial institution to purchase a new fire engine. The terms of the loan state that the interest will accrue at the rate of 1.97% per annum. Principal and interest payments are payable monthly beginning in February 2017 and ending in January 2024. The debt is secured by the property.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 85,510	\$ 3,649
2023	87,209	1,949
2024	51,569	339
	<u>\$ 224,288</u>	<u>\$ 5,937</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations (continued)

##### Installment Purchases (continued)

In May 2017, the Town borrowed \$2,000,000 from a local financial institution to purchase the remaining portion of the building that houses Town Hall. The terms of the loan state that the interest will accrue at the rate of 2.96% per annum. Principal and interest payments are payable monthly beginning in May 2017 and ending in May 2032. The debt is secured by the property. The debt is serviced equally by the General Fund and the Water and Sewer Fund.

The General Fund's portion of the future minimum payments of the installment purchase as of June 30, 2021 is as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 66,667	\$ 20,638
2023	66,667	18,664
2024	66,667	16,691
2025	66,667	14,718
2026	66,667	12,744
2027-2031	333,334	34,122
2032	61,113	904
	<u>\$ 727,782</u>	<u>\$ 118,481</u>

In April 2018, the Town borrowed \$5,500,000 from a financial institution to construct Fire Station #2. The terms of the loan state that the interest will accrue at the rate of 3.90% per annum. Principal and interest payments are payable semi-annually beginning in September 2018 and ending in March 2038. The debt is secured by the property.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 276,000	\$ 179,556
2023	276,000	168,792
2024	276,000	158,028
2025	276,000	147,264
2026	276,000	136,500
2027-2031	1,375,000	521,235
2032-2036	1,370,000	253,793
2037-2038	548,000	26,715
	<u>\$ 4,673,000</u>	<u>\$ 1,591,883</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations (continued)

##### Installment Purchases (continued)

In September 2019, the Town borrowed \$10,000,000 from a financial institution to construct Harrisburg Park Phase I. The terms of the loan state that the interest will accrue at the rate of 2.85% per annum. Principal and interest payments are payable semi-annually beginning in February 2020 and ending in August 2039. The debt is secured by the property.

The future minimum payments of the installment purchase as of June 30, 2021 are as follows:

Year Ending June 30	Government-type Activities	
	Principal	Interest
2022	\$ 500,565	\$ 263,622
2023	500,565	249,356
2024	500,565	235,090
2025	500,565	220,824
2026	500,565	206,558
2027-2031	2,499,058	819,066
2032-2036	2,499,058	462,950
2037-2040	1,999,246	113,957
	<u>\$ 9,500,187</u>	<u>\$ 2,571,423</u>

In August 2020, the Town borrowed \$615,000 from a financial institution to purchase a new fire engine. The terms of the loan state that the interest will accrue at the rate of 1.74% per annum. Principal and interest payments are payable semi-annually beginning in March 2022 and ending in September 2030. The debt is secured by the property.

The future minimum payments of the installment purchase as of June 30, 2021, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 62,000	\$ 9,892
2023	62,000	8,813
2024	62,000	7,734
2025	62,000	6,656
2026	62,000	5,577
2027-2031	274,000	11,832
	<u>\$ 584,000</u>	<u>\$ 50,504</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations (continued)

##### Installment Purchases (continued)

In January 2021, the Town refunded \$1,206,000 of an installment purchase obligation for Fire Station #3 with a financial institution. The terms of the loan state that the interest will accrue at the rate of 1.19% per annum. Principal and interest payments are payable semi-annually beginning in July 2021 and ending in January 2033. The debt is secured by the property.

The future minimum payments of the installment purchase as of June 30, 2021, are as follows:

Year Ending June 30	Government-type Activities	
	Principal	Interest
2022	\$ 131,379	\$ 14,000
2023	132,368	12,394
2024	133,498	10,815
2025	134,628	9,224
2026	128,553	7,641
2027-2031	464,770	18,255
2032-2033	80,804	941
	<u>\$ 1,206,000</u>	<u>\$ 73,270</u>

##### **Serviced by the Water and Sewer Fund:**

In January 2008, the Town borrowed \$1,050,000 from a local financial institution to complete the purchase of a portion of the building that houses Town Hall. The terms of the loan state that the interest will accrue at the rate of 4.28% per annum. Principal and interest payments are payable semi-annually beginning in July 2008 and ending in January 2023. The debt is secured by the property. The debt is serviced equally by the General Fund and the Water and Sewer Fund.

The Water and Sewer Fund's portion of the future minimum payments of the installment purchase as of June 30, 2021 is as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2022	\$ 69,800	\$ 2,406
	<u>\$ 69,800</u>	<u>\$ 2,406</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations (continued)

##### Installment Purchases (continued)

In January 2012, the Town entered into a water asset purchase agreement with the City of Charlotte, North Carolina, in the amount of \$5,945,341 for water and sewer infrastructure located within Cabarrus County, NC. The agreement obligates the Town to pay \$247,722 semi-annually, through January 31, 2024. The agreement states that no interest shall accrue for each payment except that each payment that is past due shall bear interest at the current Charlotte water and sewer revenue bond rate for the period the installment is delinquent.

The future minimum payments of the installment purchase as of June 30, 2021, are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 495,444	\$ -
2023	495,444	-
2024	495,444	-
	<u>\$ 1,486,332</u>	<u>\$ -</u>

In October 2012, the Town borrowed \$1,500,000 from a local financial institution to finance the extension and replacement of water lines in town. The terms of the loan state that interest will accrue at the rate of 3.15% per annum. Principal payments in the amount of \$8,475 plus applicable interest payments are payable monthly, through December 31, 2027. The debt is secured by certain property and improvements.

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 101,695	\$ 18,716
2023	101,695	15,513
2024	101,695	12,309
2025	101,695	9,106
2026	101,695	5,903
2027-2028	132,300	2,887
	<u>\$ 640,775</u>	<u>\$ 64,434</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations (continued)

##### Installment Purchases (continued)

In May 2017, the Town borrowed \$2,000,000 from a local financial institution to purchase the remaining portion of the building that houses Town Hall. The terms of the loan state that the interest will accrue at the rate of 2.96% per annum. Principal and interest payments are payable monthly beginning in May 2017 and ending in May 2032. The debt is secured by the property. The debt is serviced equally by the General Fund and the Water and Sewer Fund.

The Water and Sewer Fund's portion of the future minimum payments of the installment purchase as of June 30, 2021, is as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2022	\$ 66,667	\$ 20,638
2023	66,667	18,664
2024	66,667	16,691
2025	66,667	14,718
2026	66,667	12,744
2027-2031	333,334	34,122
2032	61,109	904
	<u>\$ 727,778</u>	<u>\$ 118,481</u>

In September 2019, the Town borrowed \$3,265,000 from a financial institution to construct an Elevated Water Storage Tank. The terms of the loan state that the interest will accrue at the rate of 2.85% per annum. Principal and interest payments are payable semi-annually beginning in February 2020 and ending in August 2039. The debt is secured by the property.

The future minimum payments of the installment purchase as of June 30, 2021 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 163,435	\$ 86,073
2023	163,435	81,415
2024	163,435	76,757
2025	163,435	72,099
2026	163,435	67,441
2027-2031	815,942	267,425
2032-2036	815,942	151,153
2037-2040	652,753	37,207
	<u>\$ 3,101,812</u>	<u>\$ 839,570</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations (continued)

##### Installment Purchases (continued)

In January 2021, the Town refunded \$7,331,000 of various installment purchase obligations for the Public Works Facility, water wells, and waterlines with a financial institution. The terms of the loan state that the interest will accrue at the rate of 1.19% per annum. Principal and interest payments are payable semi-annually beginning in July 2021 and ending in January 2033. The debt is secured by the property.

The future minimum payments of the installment purchase as of June 30, 2021, are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2022	\$ 798,621	\$ 85,105
2023	804,632	75,339
2024	811,502	65,743
2025	818,372	56,071
2026	781,447	46,445
2027-2031	2,825,230	110,967
2032-2033	491,196	5,723
	<u>\$ 7,331,000</u>	<u>\$ 445,393</u>

Annual debt service requirements to maturity for long-term installment purchase obligations are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 1,191,921	\$ 493,763	\$ 1,695,662	\$ 212,938
2023	1,124,809	459,968	1,631,873	190,931
2024	1,090,299	428,697	1,638,743	171,501
2025	1,039,860	398,686	1,150,169	151,994
2026	1,033,785	369,020	1,113,244	132,533
2027-2031	4,946,162	1,404,510	4,106,806	415,401
2032-2036	4,010,975	718,588	1,368,247	157,780
2037-2041	2,547,246	140,672	652,753	37,207
	<u>\$ 16,985,057</u>	<u>\$ 4,413,904</u>	<u>\$ 13,357,497</u>	<u>\$ 1,470,285</u>



# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations (continued)

###### General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued for street improvements. Those general obligation bonds were issued to finance the construction of sidewalks, pedestrian crossings, street resurfacing and intersection improvements. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2021, are comprised of the following:

###### General Obligation Bond

Serviced by the General Fund:

\$1,650,000, 2021 Transportation serial bonds. Principal installments are due annually on May 1 with semiannual interest payments due on November 1 and May 1, at an annual interest rate of 1.50%.

\$1,650,000

Annual Debt Service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Government-type Activities	
	Principal	Interest
2022	\$ 82,500	\$ 40,381
2023	82,500	41,225
2024	82,500	39,056
2025	82,500	36,886
2026	82,500	34,716
2027-2031	412,500	141,034
2032-2036	412,500	86,790
2037-2041	412,500	32,546
	<u>\$ 1,650,000</u>	<u>\$ 452,634</u>

At June 30, 2021, the Town of Harrisburg has bonds authorized but unissued of \$2,350,000 and a legal debt margin of \$223,783,346.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations (continued)

###### Revenue Bond

\$2,170,000 Water and Sewer Revenue Bonds, Series 2021, issued for water and sewer system improvements. Principal installments are due annually on May 1 with semiannual interest payments due on November 1 and May 1, at an annual interest rate of 2.75%. \$2,170,000

Annual Debt Service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 90,000	\$ 52,794
2023	85,000	56,576
2024	90,000	54,264
2025	90,000	51,816
2026	90,000	49,368
2027-2031	500,000	208,216
2032-2036	570,000	136,272
2037-2041	655,000	54,536
	<u>\$ 2,170,000</u>	<u>\$ 663,842</u>

Annual debt service requirements to maturity for long-term General Obligation Bond and Revenue Bond obligations are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 82,500	\$ 40,381	\$ 90,000	\$ 52,794
2023	82,500	41,225	85,000	56,576
2024	82,500	39,056	90,000	54,264
2025	82,500	36,886	90,000	51,816
2026	82,500	34,716	90,000	49,368
2027-2031	412,500	141,034	500,000	208,216
2032-2036	412,500	86,790	570,000	136,272
2037-2041	412,500	32,546	655,000	54,536
	<u>\$ 1,650,000</u>	<u>\$ 452,634</u>	<u>\$ 2,170,000</u>	<u>\$ 663,842</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### B. Liabilities (continued)

##### Long-Term Obligations (continued)

##### Changes in Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Direct Placement Installment Purchase	\$ 17,523,854	\$ 1,821,000	\$ 2,359,797	\$ 16,985,057	\$ 1,191,921
General obligation bonds	-	1,650,000		1,650,000	82,500
Compensated absences	420,197	402,937	341,280	481,854	481,854
Net pension obligation (LGRS)	2,007,789	551,829	-	2,559,618	-
Total	19,951,840	4,425,766	2,701,077	21,676,529	1,756,275
Business-type activities:					
<u>Water and Sewer Fund</u>					
Direct Placement Installment Purchase	14,875,728	7,331,000	8,849,231	13,357,497	1,695,662
Revenue bonds	-	2,170,000		2,170,000	90,000
Compensated absences	121,863	78,161	102,905	97,119	97,119
Net pension obligation (LGRS)	669,075	183,943	-	853,018	-
Total	15,666,666	9,763,104	8,952,136	16,477,634	1,882,781
Total	\$ 35,618,506	\$ 14,188,870	\$ 11,653,213	\$ 38,154,163	\$ 3,639,056

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

### II. Detail Notes On All Funds (continued)

#### C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2021, consist of the following:

From the General Fund to the Capital Reserve Fund - General Fund to fund the Capital Reserve Fund	\$ 3,100,000
From the General Fund to the Capital Reserve Fund - Economic Development to fund the Capital Reserve Fund used for future capital expenditures and economic incentives	60,000
From the General Fund to the Capital Reserve Fund - Parks and Recreation to fund future greenway easements	148,110
From the Capital Reserve Fund - General Fund to the General Fund to fund actual capital outlay expenditures	914,187
From the Capital Reserve Fund - General Fund to the Capital Projects Fund - Parks and Recreation to fund Harrisburg Park Renovation capital outlay expenditures	657,618
From the Special Revenue Fund - CARES Act to the General Fund to fund COVID-19 related expenditures	147,500
From the Water and Sewer Fund to the Capital Reserve Fund - Water and Sewer to fund the Capital Reserve Fund	1,450,000
From the Capital Reserve Fund - Water and Sewer to the Water and Sewer Fund to fund Water and Sewer Capital Projects	245,993
From the Capital Reserve Fund - Water and Sewer to the Capital Projects Fund - Water and Sewer to fund Water and Sewer Capital Projects	1,087,850
From the Capital Reserve Fund - Water and Sewer - Expansion to the Water and Sewer Fund to fund expansion-related debt service	1,850,000
From the Storm Water Fund to the Capital Reserve Fund - Storm Water to fund the Capital Reserve Fund	<u>1,500,000</u>
	<u>\$ 11,161,258</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

# **Town of Harrisburg, North Carolina**

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021**

### **III. Summary Disclosure of Significant Contingencies**

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

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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 grant monies.

### **IV. Significant Dependence**

The Town is dependent upon other government entities for water purchases and sewer transportation services in the Water and Sewer Fund. The Town purchases the majority of its water from the City of Concord and all of its sewer transportation services from WSACC.

### **V. Jointly Governed Organizations**

The Town, Cabarrus County, and three other municipalities established the Water and Sewer Authority of Cabarrus County (WSACC). WSACC was established to provide water and sewer services to the citizens of Cabarrus County. The Town appoints one member to the nine-member Board. In the year ended June 30, 2021, the Town purchased sewer treatment services amounting to \$1,151,319 from WSACC. At June 30, 2021, there was \$97,364 due to WSACC, which is reflected in accounts payable of the Water and Sewer Fund.

### **VI. Joint Ventures**

The Town and the members of the Town's fire department each appoint two members to the five-member local Board of Trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local Board of Trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these monies to the local Board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the Board of Trustees. During the fiscal year ended June 30, 2021, the Town made one payment through the Firemen's Relief Fund and reported \$16,272 in revenues and \$3,240 in expenditures. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2021. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

### **VII. Claims, Judgments and Contingent Liabilities**

At June 30, 2021, the Town was involved in various lawsuits involving damages and potential claims. It is the opinion of the Attorney and Town management that none of these lawsuits would have any adverse financial impact upon the Town or its financial position.

# **Town of Harrisburg, North Carolina**

## **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021**

### **VII. Uncertainties**

The 2019 novel coronavirus ("COVID-19") has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the Town's and its customers' costs, tourism to the Town, and the U.S. economy. These conditions could adversely affect the Town's business, financial condition, and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of some of the Town's operations or other businesses of the Town's customers and suppliers, which could significantly disrupt the Town's operations and the operations of the Town's customers. The extent of the adverse impact of the COVID-19 outbreak on the Town cannot be predicted at this time.

### **IX. Significant Effects of Subsequent Events**

Subsequent events were evaluated through October 29, 2021.

## REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

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- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

## Town of Harrisburg, North Carolina

### Town of Harrisburg's Proportionate Share of Net Pension Liability (Asset) Required Supplementary Information Last Eight Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Local Government Employees' Retirement System</b>								
Harrisburg's proportion of the net pension liability (asset) (%)	0.095500%	0.098020%	0.094680%	0.095140%	0.073800%	0.080200%	0.077430%	0.077000%
Harrisburg's proportion of the net pension liability (asset) (\$)	\$ 3,412,636	\$ 2,676,864	\$ 2,246,147	\$ 1,453,490	\$ 1,566,297	\$ 359,920	\$ (456,640)	\$ 928,146
Harrisburg's covered-employee payroll	\$ 5,528,638	\$ 5,045,075	\$ 4,679,408	\$ 4,623,537	\$ 3,786,002	\$ 3,533,569	\$ 3,329,996	\$ 2,897,960
Harrisburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	61.73%	53.06%	48.00%	31.44%	41.37%	10.19%	-13.71%	32.03%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

\* 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.



# Town of Harrisburg, North Carolina

## Town of Harrisburg's Contributions Required Supplementary Information Last Eight Fiscal Years

### Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 600,529	\$ 494,814	\$ 390,994	\$ 350,956	\$ 316,231	\$ 252,632	\$ 232,442	\$ 222,421
Contributions in relation to the contractually required contribution	600,529	494,814	390,994	350,956	316,231	252,632	232,442	222,421
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Harrisburg's covered-employee payroll	\$ 5,916,537	\$ 5,528,638	\$ 5,045,075	\$ 4,679,408	\$ 4,623,537	\$ 3,786,002	\$ 3,533,569	\$ 3,329,996
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	7.75%	7.50%	6.84%	6.67%	6.58%	6.68%

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

TOWN OF HARRISBURG, NORTH CAROLINA

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INDIVIDUAL  
FUND FINANCIAL STATEMENTS AND SCHEDULES

TOWN OF HARRISBURG, NORTH CAROLINA

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# Town of Harrisburg, North Carolina

## General Fund Comparative Balance Sheets June 30, 2021 and 2020

	June 30, 2021	June 30, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 6,686,759	\$ 5,709,493
Restricted cash and cash equivalents	433,221	465,893
Receivables - net:		
Property taxes	64,937	66,183
Other	5,335	4,267
Due from other funds	-	192,205
Due from government agencies	1,188,546	982,296
Inventory	22,304	17,044
Prepaid items	104,235	59,045
	<u>104,235</u>	<u>59,045</u>
Total assets	<u>\$ 8,505,337</u>	<u>\$ 7,496,426</u>
<b>Liabilities, deferred inflows of resources and fund balance</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 391,325	\$ 339,943
July 4th celebration revenue	3,985	-
Payable from restricted assets		
Performance bonds on deposit	216,265	162,578
Total liabilities	<u>611,575</u>	<u>502,521</u>
Deferred inflows of resources:		
Property taxes receivable	64,937	66,183
Prepaid taxes	4,052	5,964
Total deferred inflows of resources	<u>68,989</u>	<u>72,147</u>
Fund balance:		
Non-spendable:		
Inventory	22,304	17,044
Prepays	104,235	59,045
Restricted:		
Stabilization by State statute	1,534,926	1,796,340
Streets	88,410	187,850
Public safety	128,546	115,465
Unassigned	5,946,352	4,746,014
Total fund balance	<u>7,824,773</u>	<u>6,921,758</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 8,505,337</u>	<u>\$ 7,496,426</u>

## Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	2021			2020
	Budget	Actual	Variance Positive Over/(Under)	Actual
<b>Revenues</b>				
<b>Ad valorem taxes</b>				
Current year	\$ 9,375,000	\$ 9,903,350	\$ 528,350	\$ 8,265,451
Prior years	25,000	50,418	25,418	24,671
Penalties and interest	12,000	20,935	8,935	13,019
Total	9,412,000	9,974,703	562,703	8,303,141
<b>Unrestricted intergovernmental</b>				
Local option sales tax	2,500,000	3,123,894	623,894	2,834,506
Utility franchise tax	890,000	906,870	16,870	902,349
Beer and wine tax	72,000	75,483	3,483	75,135
Total	3,462,000	4,106,247	644,247	3,811,990
<b>Restricted intergovernmental</b>				
Powell Bill allocation	460,000	433,885	(26,115)	444,192
Grants - other	-	1,000	1,000	7,821
Fire taxes	1,360,000	1,459,876	99,876	1,280,609
Solid waste disposal	11,500	13,527	2,027	13,343
Total	1,831,500	1,908,288	76,788	1,745,965
<b>Permits and fees</b>				
Compliance permits	150,000	98,763	(51,237)	31,160
Passport acceptance fees	15,000	1,120	(13,880)	10,000
Traffic review fees	150,000	137,250	(12,750)	57,600
Plan review fees	200,000	132,040	(67,960)	394,808
Grading permits	50,000	92,900	42,900	72,900
Inspection fees and fines	100,000	133,749	33,749	49,507
Credit card convenience fees	7,500	4,849	(2,651)	-
Total	672,500	600,671	(71,829)	615,975
<b>Sales and services</b>				
Parks and recreation athletics	485,000	182,108	(302,892)	211,664
Concessions and merchandise	50,000	28,602	(21,398)	2,148
Total	535,000	210,710	(324,290)	213,812
<b>Investment earnings</b>	51,000	7,738	(43,262)	103,134

## Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	2021			2020
	Budget	Actual	Variance Positive Over/(Under)	Actual
<b>Revenues (continued)</b>				
<b>Other general revenues</b>				
Rental Income:				
Facilities	11,100	21,909	10,809	6,210
Town Hall	216,000	216,000	-	234,000
Fire Station #3 - EMS	10,800	10,853	53	10,404
Parks and recreation - special events	21,000	21,353	353	8,953
July 4th celebration	85,000	-	(85,000)	80,928
Contributions	-	-	-	245,428
Donations	50,000	22,840	(27,160)	51,471
Insurance proceeds	15,700	31,489	15,789	82,787
Sale of surplus property	552,000	523,183	(28,817)	22,867
Miscellaneous	22,000	31,044	9,044	48,614
Total	983,600	878,671	(104,929)	791,662
Total revenues	16,947,600	17,687,028	739,428	15,585,679
<b>Expenditures</b>				
<b>General government</b>				
Mayor and Council:				
Personal services	69,460	62,720	6,740	63,311
Employee relations and education	15,100	2,501	12,599	3,671
Supplies and materials	163,650	153,250	10,400	56,096
Current obligations and services	36,820	35,105	1,715	50,687
Fixed charges and other services	13,100	10,786	2,314	16,979
Administrative cost allocations	(40,600)	(26,850)	(13,750)	(50,100)
Total	257,530	237,512	20,018	140,644
Town Clerk:				
Personal services	66,400	66,308	92	59,814
Employee relations and education	1,625	424	1,201	900
Supplies and materials	4,300	2,236	2,064	2,596
Current obligations and services	4,585	2,608	1,977	3,050
Fixed charges and other services	2,200	1,735	465	2,058
Administrative cost allocations	(5,080)	(2,800)	(2,280)	(3,440)
Total	74,030	70,511	3,519	64,978

## Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	2021			2020
	Budget	Actual	Variance Positive Over/(Under)	Actual
<b>Expenditures (continued)</b>				
<b>General government (continued)</b>				
Town Manager's Office:				
Personal services	175,250	179,847	(4,597)	167,974
Employee relations and education	20,150	3,039	17,111	11,340
Supplies and materials	18,790	10,936	7,854	17,138
Current obligations and services	114,800	83,153	31,647	87,193
Fixed charges and other services	133,700	158,785	(25,085)	102,719
Administrative cost allocations	(131,120)	(104,500)	(26,620)	(118,085)
Debt service				
Principal	102,000	101,666	334	128,331
Interest	27,200	27,102	98	30,908
Total	460,770	460,028	742	427,518
Finance:				
Personal services	261,500	230,175	31,325	233,873
Employee relations and education	12,825	3,386	9,439	6,473
Supplies and materials	22,500	16,256	6,244	18,419
Current obligations and services	4,575	3,768	807	4,740
Fixed charges and other services	47,200	44,262	2,938	32,345
Administrative cost allocations	(21,476)	(15,028)	(6,448)	(14,716)
Total	327,124	282,819	44,305	281,134
Human Resources:				
Personal services	59,200	57,069	2,131	50,849
Employee relations and education	97,050	37,902	59,148	51,733
Supplies and materials	5,450	3,900	1,550	627
Current obligations and services	2,870	2,454	416	2,926
Fixed charges and other services	11,535	7,365	4,170	5,872
Administrative cost allocations	(50,600)	(25,800)	(24,800)	(30,600)
Total	125,505	82,890	42,615	81,407
Information Technology:				
Personal services	92,250	90,064	2,186	67,405
Employee relations and education	3,500	91	3,409	2,697
Supplies and materials	6,100	3,803	2,297	2,349
Current obligations and services	4,000	2,209	1,791	3,099
Fixed charges and other services	49,050	47,029	2,021	17,444
Administrative cost allocations	(20,700)	(26,550)	5,850	(12,800)
Capital outlay	4,000	4,472	(472)	48,033
Total	138,200	121,118	17,082	128,227



## Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	2021			2020
	Budget	Actual	Variance Positive Over\ (Under)	Actual
<b>Expenditures (continued)</b>				
<b>General government (continued)</b>				
Communications:				
Personal services	40,850	39,665	1,185	34,529
Employee relations and education	3,550	77	3,473	495
Supplies and materials	14,625	8,287	6,338	9,527
Current obligations and services	26,880	9,560	17,320	27,854
Fixed charges and other services	43,760	31,023	12,737	39,251
Administrative cost allocations	(38,650)	(22,600)	(16,050)	(35,350)
Capital outlay	-	-	-	59,187
Total	91,015	66,012	25,003	135,493
Total general government	1,474,174	1,320,890	153,284	1,259,401
<b>Planning and Economic Development</b>				
Personal services	283,300	271,614	11,686	247,681
Employee relations and education	11,250	1,221	10,029	9,132
Supplies and materials	5,600	2,484	3,116	2,153
Current obligations and services	38,880	24,392	14,488	20,582
Fixed charges and other services	446,478	308,344	138,134	151,398
Total	785,508	608,055	177,453	430,946
<b>Engineering</b>				
Personal services	118,600	115,904	2,696	82,314
Employee relations and education	12,350	5,513	6,837	2,537
Supplies and materials	5,800	4,577	1,223	10,694
Current obligations and services	11,315	9,667	1,648	6,640
Fixed charges and other services	202,550	132,477	70,073	105,552
Capital outlay	42,500	-	42,500	32,031
Total	393,115	268,138	124,977	239,768
<b>Public Safety</b>				
Police:				
Employee relations and education	3,500	3,471	29	-
Supplies and materials	10,150	10,043	107	10,470
Current obligations and services	81,720	58,676	23,044	80,099
Fixed charges and other services	1,541,050	1,509,832	31,218	1,093,058
Capital outlay	68,000	63,928	4,072	196,171
Total	1,704,420	1,645,950	58,470	1,379,798

## Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	2021			2020
	Budget	Actual	Variance Positive Over\ (Under)	Actual
<b>Expenditures (continued)</b>				
<b>Public safety (continued)</b>				
Fire:				
Personal services	3,876,650	3,559,454	317,196	3,327,708
Employee relations and education	81,455	65,693	15,762	70,061
Supplies and materials	229,225	156,333	72,892	173,689
Current obligations and services	331,640	296,771	34,869	306,115
Fixed charges and other services	167,675	154,036	13,639	128,133
Capital outlay	235,000	180,636	54,364	100,070
Debt service				
Principal	1,795,500	1,758,319	37,181	570,602
Interest	250,800	224,206	26,594	249,724
Total	6,967,945	6,395,448	572,497	4,926,102
Total public safety	8,672,365	8,041,398	630,967	6,305,900
<b>Transportation</b>				
Supplies and materials	19,750	14,972	4,778	8,424
Current obligations and services	537,200	336,001	201,199	275,790
Fixed charges and other services	38,750	28,935	9,815	15,496
Resurfacing	555,000	499,333	55,667	418,243
Capital outlay	50,000	-	50,000	-
Debt service				
Principal	25,000	-	25,000	-
Interest	22,500	-	22,500	-
Total	1,248,200	879,241	368,959	717,953
<b>Environmental Protection</b>				
Personal services	641,700	552,435	89,265	526,933
Employee relations and education	3,650	819	2,831	881
Supplies and materials	4,850	8,323	(3,473)	4,110
Current obligations and services	46,250	43,256	2,994	42,065
Fixed charges and other services	1,032,250	1,003,281	28,969	974,145
Capital outlay	477,000	311,933	165,067	9,529
Total	2,205,700	1,920,047	285,653	1,557,663
<b>Parks and Recreation</b>				
Personal services	1,125,800	975,220	150,580	893,462
Employee relations and education	10,250	9,456	794	9,063
Supplies and materials	99,450	71,962	27,488	40,598
Current obligations and services	1,001,690	467,967	533,723	688,634
Fixed charges and other services	71,875	50,308	21,567	53,127
Capital outlay	630,885	353,218	277,667	85,114
Debt service				
Principal	500,000	499,812	188	-
Interest	280,000	277,878	2,122	100,542
Total	3,719,950	2,705,821	1,014,129	1,870,540

## Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	2021			2020
	Budget	Actual	Variance Positive Over\ (Under)	Actual
<b>Expenditures (continued)</b>				
Contingency	341,455	-	341,455	-
Total expenditures	18,840,467	15,743,590	3,096,877	12,382,171
Revenues over (under) expenditures	(1,892,867)	1,943,438	3,836,305	3,203,508
<b>Other financing sources (uses)</b>				
Transfers from other funds:				
Special Revenue Fund - CARES Act	147,500	147,500	-	27,192
Capital Reserve Fund - General Fund	1,658,000	914,187	(743,813)	530,135
Capital Reserve Fund - Economic Development	61,000	-	(61,000)	2,650
Capital Reserve Fund - Parks and Recreation	21,000	-	(21,000)	-
Transfers to other funds:				
Capital Reserve Fund - General Fund	(3,112,711)	(3,100,000)	12,711	(2,500,000)
Capital Reserve Fund - Parks and Recreation	(148,110)	(148,110)	-	(20,000)
Capital Reserve Fund - Economic Development	(60,000)	(60,000)	-	(60,000)
Proceeds from note	1,210,000	1,206,000	(4,000)	-
Total other financing sources (uses)	(223,321)	(1,040,423)	(817,102)	(2,020,023)
Revenues and other financing sources over (under) expenditures and other financing uses	(2,116,188)	903,015	3,019,203	1,183,485
Appropriated fund balance	2,116,188	-	(2,116,188)	-
Net change in fund balance	\$ -	903,015	\$ 903,015	1,183,485
<b>Fund balance</b>				
Fund balance - beginning		6,921,758		5,738,273
Fund balance - ending		\$ 7,824,773		\$ 6,921,758

TOWN OF HARRISBURG, NORTH CAROLINA

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# Town of Harrisburg, North Carolina

## Capital Reserve Fund - General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive Over/(Under)</u>
<b>Revenues</b>			
<b>Non-operating revenues</b>			
Interest income	\$ 10,000	\$ 2,193	\$ (7,807)
Total non-operating revenues	<u>10,000</u>	<u>2,193</u>	<u>(7,807)</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds:			
Transfer from General Fund	3,112,711	3,100,000	(12,711)
Transfers to other funds:			
Transfer to General Fund	(1,678,000)	(914,187)	763,813
Transfer to Capital Projects Fund - Parks and Recreation	(823,000)	(657,618)	165,382
Transfer to Capital Projects Fund - Streets	(190,000)	-	190,000
Total other financing sources (uses)	<u>421,711</u>	<u>1,528,195</u>	<u>1,106,484</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>431,711</u>	<u>1,530,388</u>	<u>1,098,677</u>
Appropriated fund balance	<u>(431,711)</u>	<u>-</u>	<u>431,711</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>1,530,388</u>	<u>\$ 1,530,388</u>
<b>Fund balance</b>			
Fund balance - beginning		<u>3,731,576</u>	
Fund balance - ending		<u>\$ 5,261,964</u>	

TOWN OF HARRISBURG, NORTH CAROLINA

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# Town of Harrisburg, North Carolina

## Capital Projects Fund - Parks and Recreation Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2021

		Actual			Variance Over / (Under)
	Project Authorization	Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Investment earnings	\$ -	\$ 87,356	\$ 17,650	\$ 105,006	\$ 105,006
Restricted intergovernmental	350,000	349,445	555	350,000	-
Total	350,000	436,801	18,205	455,006	105,006
<b>Expenditures</b>					
<u>Harrisburg Park Redevelopment - Phase I</u>					
Engineering	540,000	515,908	8,028	523,936	16,064
Construction	11,033,000	6,747,144	4,084,101	10,831,245	201,755
Total expenditures	11,573,000	7,263,052	4,092,129	11,355,181	217,819
<b>Revenues over (under) expenditures</b>	<u>(11,223,000)</u>	<u>(6,826,251)</u>	<u>(4,073,924)</u>	<u>(10,900,175)</u>	<u>322,825</u>
<b>Other financing sources</b>					
Installment financing	10,000,000	10,000,000	-	10,000,000	-
Transfers from other funds:					
General Fund	300,000	242,557	-	242,557	(57,443)
Capital Reserve Fund - General Fund	923,000	-	657,618	657,618	(265,382)
Total other financing sources	11,223,000	10,242,557	657,618	10,900,175	(322,825)
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 3,416,306</u>	<u>(3,416,306)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance</b>					
Fund balance - beginning			3,416,306		
Fund balance - ending			<u>\$ -</u>		

Town of Harrisburg, North Carolina

Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue Fund - Hwy 49 Corridor	Special Revenue Fund - CARES Act	Capital Projects Fund - Streets	Capital Projects Fund - Public Safety
<b>Assets</b>				
Cash and cash equivalents	\$ 259,551	\$ 700	\$ 153,308	\$ 143,436
Restricted cash and cash equivalents	-	-	591,739	374,034
Total assets	<u>\$ 259,551</u>	<u>\$ 700</u>	<u>\$ 745,047</u>	<u>\$ 517,470</u>
<b>Fund balance</b>				
Restricted	-	-	591,739	374,034
Committed	259,551	700	153,308	143,436
Total fund balances	<u>259,551</u>	<u>700</u>	<u>745,047</u>	<u>517,470</u>
Total liabilities and fund balance	<u>\$ 259,551</u>	<u>\$ 700</u>	<u>\$ 745,047</u>	<u>\$ 517,470</u>



Town of Harrisburg, North Carolina

Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2021

	Capital Projects Fund - Economic Development	Capital Reserve Fund - Parks and Recreation	Capital Reserve Fund - Economic Development	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,750,171	\$ 325,270	\$ 317,404	\$ 2,949,840
Restricted cash and cash equivalents	-	-	-	965,773
Total assets	<u>\$ 1,750,171</u>	<u>\$ 325,270</u>	<u>\$ 317,404</u>	<u>\$ 3,915,613</u>
<b>Fund balance</b>				
Restricted	-	-	-	965,773
Committed	1,750,171	325,270	317,404	2,949,840
Total fund balances	<u>1,750,171</u>	<u>325,270</u>	<u>317,404</u>	<u>3,915,613</u>
Total liabilities and fund balance	<u>\$ 1,750,171</u>	<u>\$ 325,270</u>	<u>\$ 317,404</u>	<u>\$ 3,915,613</u>

Town of Harrisburg, North Carolina

Combining Statements of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2021

	Special Revenue Fund - Hwy 49 Corridor	Special Revenue Fund - CARES Act	Capital Projects Fund - Streets	Capital Projects Fund - Public Safety
<b>Revenues</b>				
Investment earnings	\$ 969	\$ 147	\$ 39	\$ 284
Restricted intergovernmental	-	148,053	-	-
Contribution - fee in lieu of	258,582	-	-	-
Total revenues	259,551	148,200	39	284
<b>Expenditures</b>				
Planning and Economic Development	-	-	-	-
Public safety	-	-	-	613,745
Transportation	-	-	735,179	-
Total expenditures	-	-	735,179	613,745
Revenues over (under) expenditures	259,551	148,200	(735,140)	(613,461)
<b>Other financing sources (uses)</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(147,500)	-	-
Debt issued	-	-	1,650,000	615,000
Total other financing sources	-	(147,500)	1,650,000	615,000
Net change in fund balance	259,551	700	914,860	1,539
<b>Fund balance</b>				
Beginning of year - July 1	-	-	(169,813)	515,931
End of year - June 30	\$ 259,551	\$ 700	\$ 745,047	\$ 517,470

## Town of Harrisburg, North Carolina

Combining Statements of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2021

	Capital Projects Fund - Economic Development	Capital Reserve Fund - Parks and Recreation	Capital Reserve Fund - Economic Development	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Investment earnings	\$ 271	\$ 60	\$ 67	\$ 1,837
Restricted intergovernmental	-	-	-	148,053
Contribution - fee in lieu of	-	-	-	258,582
Total revenues	<u>271</u>	<u>60</u>	<u>67</u>	<u>408,472</u>
<b>Expenditures</b>				
Planning and Economic Development	50	-	-	50
Public safety	-	-	-	613,745
Transportation	-	-	-	735,179
Total expenditures	<u>50</u>	<u>-</u>	<u>-</u>	<u>1,348,974</u>
Revenues over (under) expenditures	<u>221</u>	<u>60</u>	<u>67</u>	<u>(940,502)</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	-	148,110	60,000	208,110
Transfers to other funds	-	-	-	(147,500)
Debt issued	-	-	-	2,265,000
Total other financing sources	<u>-</u>	<u>148,110</u>	<u>60,000</u>	<u>2,325,610</u>
Net change in fund balance	<u>221</u>	<u>148,170</u>	<u>60,067</u>	<u>1,385,108</u>
<b>Fund balance</b>				
Beginning of year - July 1	<u>1,749,950</u>	<u>177,100</u>	<u>257,337</u>	<u>2,530,505</u>
End of year - June 30	<u>\$ 1,750,171</u>	<u>\$ 325,270</u>	<u>\$ 317,404</u>	<u>\$ 3,915,613</u>

# Town of Harrisburg, North Carolina

## Special Revenue Fund - Highway 49 Corridor Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Revenues</b>			
<b>Operating revenues:</b>			
Contribution - fee in lieu of	\$ 500,000	\$ 258,582	\$ (241,418)
Total operating revenues	<u>500,000</u>	<u>258,582</u>	<u>(241,418)</u>
<b>Non operating revenues:</b>			
Interest income	-	969	969
Total non-operating revenues	<u>-</u>	<u>969</u>	<u>969</u>
<b>Total revenues</b>	<u>500,000</u>	<u>259,551</u>	<u>(240,449)</u>
<b>Expenditures</b>			
Capital outlay	500,000	-	500,000
Total expenditures	<u>500,000</u>	<u>-</u>	<u>500,000</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	259,551	<u>\$ 259,551</u>
<b>Fund balance</b>			
Fund balance - beginning		-	
Fund balance - ending		<u>\$ 259,551</u>	

# Town of Harrisburg, North Carolina

## Special Revenue Fund - CARES Act Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Over/(Under)
<b>Revenues</b>			
Restricted intergovernmental	\$ 147,500	\$ 148,053	\$ 553
Interest income	-	147	147
Total non-operating revenues	<u>147,500</u>	<u>148,200</u>	<u>700</u>
<b>Other financing sources (uses)</b>			
Transfers to other funds:			
General Fund	<u>(147,500)</u>	<u>(147,500)</u>	-
Total other financing sources (uses)	<u>(147,500)</u>	<u>(147,500)</u>	-
<b>Net change in fund balance</b>	<u>\$ -</u>	700	<u>\$ 700</u>
<b>Fund balance</b>			
Fund balance - beginning		<u>-</u>	
Fund balance - ending		<u>\$ 700</u>	

# Town of Harrisburg, North Carolina

## Capital Projects Funds - Streets

### Schedule of Revenues, Expenditures, and

### Changes in Fund Balance - Budget and Actual

### From Inception and for the Fiscal Year Ended June 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over / (Under)
<b>Revenues</b>					
Investment earnings	\$ -	\$ 3,886	\$ 39	\$ 3,925	\$ 3,925
<b>Expenditures</b>					
<u>Sidewalk Project</u>					
Engineering	90,000	45,859	39,266	85,125	4,875
Construction	460,000	-	37,785	37,785	422,215
Total expenditures	550,000	45,859	77,051	122,910	427,090
<u>Street Resurfacing</u>					
Construction	1,000,000	360,616	635,631	996,247	3,753
Total expenditures	1,000,000	360,616	635,631	996,247	3,753
<u>Intersection Improvements</u>					
Engineering	455,000	41,224	22,497	63,721	391,279
Construction	2,269,000	-	-	-	2,269,000
Total expenditures	2,724,000	41,224	22,497	63,721	2,660,279
<b>Revenues over (under) expenditures</b>	(4,274,000)	(443,813)	(735,140)	(1,178,953)	3,095,047
<b>Other financing sources</b>					
Installment financing	4,000,000	-	1,650,000	1,650,000	(2,350,000)
Transfers from other funds:					
Capital Reserve Fund - General Fund	274,000	274,000	-	274,000	-
Total other financing sources	4,274,000	274,000	1,650,000	1,924,000	(2,350,000)
<b>Net change in fund balance</b>	\$ -	\$ (169,813)	914,860	\$ 745,047	\$ 745,047
<b>Fund balance</b>					
Fund balance - beginning			(169,813)		
Fund balance - ending			\$ 745,047		

# Town of Harrisburg, North Carolina

## Capital Projects Fund - Public Safety Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over / (Under)
<b>Revenues</b>					
Investment earnings	\$ -	\$ 100,128	\$ 284	\$ 100,412	\$ 100,412
Other general revenues	-	23,592	-	23,592	23,592
Total	-	123,720	284	124,004	124,004
<b>Expenditures</b>					
<u>Fire Station #2 Training Facility</u>					
Engineering	31,711	-	-	-	31,711
Construction	361,662	-	-	-	361,662
Total expenditures	393,373	-	-	-	393,373
<u>Smeal Fire Engine</u>					
Construction	615,000	1,162	613,745	614,907	93
Total expenditures	615,000	1,162	613,745	614,907	93
<b>Revenues over / (under) expenditures</b>	<u>(1,008,373)</u>	<u>122,558</u>	<u>(613,461)</u>	<u>(490,903)</u>	<u>517,470</u>
<b>Other financing sources</b>					
Debt issued	1,008,373	393,373	615,000	1,008,373	-
Total other financing sources	1,008,373	393,373	615,000	1,008,373	-
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 515,931</u>	<u>1,539</u>	<u>\$ 517,470</u>	<u>\$ 517,470</u>
<b>Fund balance</b>					
Fund balance - beginning			<u>515,931</u>		
Fund balance - ending			<u>\$ 517,470</u>		

# Town of Harrisburg, North Carolina

## Capital Projects Fund - Economic Development Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2021

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Over / (Under)
Revenues					
Investment earnings	\$ -	\$ -	\$ 271	\$ 271	\$ 271
Total	-	-	271	271	271
Expenditures					
Harrisburg Train Station					
Construction	\$ 1,750,000	\$ 50	\$ 50	\$ 100	\$ 1,749,900
Total expenditures	1,750,000	50	50	100	1,749,900
Other financing sources					
Transfers from other funds:					
Capital Reserve Fund - General Fund	1,750,000	1,750,000	-	1,750,000	-
Total other financing sources	1,750,000	1,750,000	-	1,750,000	-
Net change in fund balance	\$ -	\$ 1,749,950	221	\$ 1,750,171	\$ 1,750,171
Fund balance					
Fund balance - beginning			1,749,950		
Fund balance - ending			\$ 1,750,171		



# Town of Harrisburg, North Carolina

## Capital Reserve Fund - Parks and Recreation Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive Over/(Under)
<b>Non-operating revenues</b>			
Interest income	\$ 1,000	\$ 60	\$ (940)
Total non-operating revenues	<u>1,000</u>	<u>60</u>	<u>(940)</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds:			
General Fund	148,110	148,110	-
Transfers to other funds:			
General Fund	(21,000)	-	21,000
Total other financing sources (uses)	<u>127,110</u>	<u>148,110</u>	<u>21,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>128,110</u>	<u>148,170</u>	<u>20,060</u>
Appropriated fund balance	<u>(128,110)</u>	<u>-</u>	<u>128,110</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>148,170</u>	<u>\$ 148,170</u>
Fund balance - beginning		<u>177,100</u>	
Fund balance - ending		<u>\$ 325,270</u>	

# Town of Harrisburg, North Carolina

## Capital Reserve Fund - Economic Development Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive Over/(Under)</u>
<b>Non-operating revenues</b>			
Interest income	\$ 1,000	\$ 67	\$ (933)
<b>Other financing sources (uses)</b>			
Transfers from other funds:			
General Fund	60,000	60,000	-
Transfers to other funds:			
General Fund	(61,000)	-	61,000
Total other financing sources (uses)	<u>(1,000)</u>	<u>60,000</u>	<u>61,000</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	60,067	<u>\$ 60,067</u>
Fund balance - beginning		<u>257,337</u>	
Fund balance - ending		<u>\$ 317,404</u>	

TOWN OF HARRISBURG, NORTH CAROLINA

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## Town of Harrisburg, North Carolina

**Water and Sewer Fund**  
**Comparative Statements of Net Position**  
**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,110,598	\$ 8,760,286
Accounts receivable (net) - customers	1,304,802	1,261,661
Accounts receivable - other	80,562	61,215
Prepaid expenses	-	198
Restricted cash and cash equivalents	2,993,989	2,322,831
Total current assets	<u>12,489,951</u>	<u>12,406,191</u>
Non-current assets:		
Capital assets, net of depreciation	<u>37,039,670</u>	<u>35,183,633</u>
Total assets	<u>49,529,621</u>	<u>47,589,824</u>
<b>Deferred outflows of resources</b>		
Pension deferrals	444,041	369,238
Total deferred outflows of resources	<u>444,041</u>	<u>369,238</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	666,120	906,922
Long-term debt, current portion	1,785,662	1,578,872
Compensated absences	97,119	121,863
Payables due from restricted assets:		
Customer deposits	<u>303,899</u>	<u>290,021</u>
Total current liabilities	<u>2,852,800</u>	<u>2,897,678</u>
Non-current liabilities:		
Long-term debt, non-current portion	13,741,835	13,296,856
Net pension liability	<u>853,018</u>	<u>669,075</u>
Total noncurrent liabilities	<u>14,594,853</u>	<u>13,965,931</u>
Total liabilities	<u>17,447,653</u>	<u>16,863,609</u>
<b>Deferred inflows of resources</b>		
Pension deferrals	63,442	50,665
	<u>63,442</u>	<u>50,665</u>
<b>Net position</b>		
Net investment in capital assets	24,202,263	22,340,715
Unrestricted	<u>8,260,304</u>	<u>8,704,073</u>
Total net position	<u>\$ 32,462,567</u>	<u>\$ 31,044,788</u>

Town of Harrisburg, North Carolina

**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	2021			2020
			Variance	
	Budget	Actual	Over/(Under)	Actual
<b>Revenues</b>				
<b>Operating revenues</b>				
Water sales	\$ 4,559,000	\$ 4,415,607	\$ (143,393)	\$ 4,270,196
Sewer charges	3,872,000	3,789,574	(82,426)	3,619,709
Permits and fees	179,800	99,374	(80,426)	172,217
Service connection fees	277,250	159,595	(117,655)	121,638
Rental fees	84,000	86,080	2,080	86,899
Credit card fees	45,000	8	(44,992)	36,638
Miscellaneous revenues	10,000	1,707	(8,293)	30,734
Total operating revenues	<u>9,027,050</u>	<u>8,551,945</u>	<u>(475,105)</u>	<u>8,338,031</u>
<b>Non-operating revenues:</b>				
Interest income	20,000	1,036	(18,964)	27,797
Insurance proceeds	-	-	-	500
Proceeds from sale of capital assets	30,000	13,300	(16,700)	-
Total non-operating revenues	<u>50,000</u>	<u>14,336</u>	<u>(35,664)</u>	<u>28,297</u>
<b>Total revenues</b>	<u>9,077,050</u>	<u>8,566,281</u>	<u>(510,769)</u>	<u>8,366,328</u>
<b>Expenditures</b>				
<b>Administration and distribution</b>				
Personal services	2,407,100	2,102,399	304,701	1,904,044
Employee relations and education	19,550	11,929	7,621	12,437
Supplies and materials	336,850	304,744	32,106	206,305
Current obligations and services	4,446,330	4,007,381	438,949	3,877,452
Fixed charges and other services	379,800	298,678	81,122	108,754
Administrative cost allocations	278,551	202,653	75,898	239,626
Contingency	103,893	-	103,893	-
Total administration and distribution	<u>7,972,074</u>	<u>6,927,784</u>	<u>1,044,290</u>	<u>6,348,618</u>
<b>Debt service</b>				
Principal retirement	9,040,500	8,849,229	191,271	1,396,140
Interest	331,700	301,783	29,917	306,130
Total debt service	<u>9,372,200</u>	<u>9,151,012</u>	<u>221,188</u>	<u>1,702,270</u>
<b>Capital outlay</b>				
Equipment	627,000	245,993	381,007	664,981
Total capital outlay	<u>627,000</u>	<u>245,993</u>	<u>381,007</u>	<u>664,981</u>
<b>Total expenditures</b>	<u>17,971,274</u>	<u>16,324,789</u>	<u>1,646,485</u>	<u>8,715,869</u>
Revenues over (under) expenditures	<u>(8,894,224)</u>	<u>(7,758,508)</u>	<u>1,135,716</u>	<u>(349,541)</u>

## Town of Harrisburg, North Carolina

**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP) (continued)**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	2021			2020
	Budget	Actual	Variance Positive Over/(Under)	Actual
<b>Other financing sources (uses)</b>				
Transfers from other funds:				
Capital Reserve Fund - Water and Sewer	499,500	245,993	(253,507)	664,981
Capital Reserve Fund - Water and Sewer - Expansion	1,850,500	1,850,000	(500)	1,392,500
Transfers to other funds:				
Capital Reserve Fund - Water and Sewer	(1,450,526)	(1,450,000)	526	(1,650,000)
Proceeds from note	7,350,000	7,331,000	(19,000)	-
Total other financing sources (uses)	8,249,474	7,976,993	(272,481)	407,481
Revenues and other financing sources over (under) expenditures and other financing uses	(644,750)	218,485	863,235	57,940
Appropriated fund balance	644,750	-	(644,750)	-
<b>Revenues and other sources over expenditures and other uses</b>	<u>\$ -</u>	<u>218,485</u>	<u>\$ 218,485</u>	<u>57,940</u>
<b>Revenues and other sources over (under) expenditures</b>		<u>218,485</u>		<u>57,940</u>
<b>Reconciliation of modified accrual basis with accrual basis:</b>				
Reconciling items:				
Payment of debt principal		8,849,229		1,396,140
Issuance of note payable		(7,331,000)		-
Capital outlay		245,993		664,981
(Increase) decrease in accrued vacation pay		24,744		(10,682)
(Increase) decrease in interest expense accrual		(36,735)		(37,030)
Depreciation and amortization		(1,665,329)		(1,621,142)
Increase (decrease) in deferred outflows of resources - pensions		74,803		(49,721)
(Increase) decrease in net pension liability		(183,943)		(107,679)
(Increase) decrease in deferred inflows of resources - pensions		(12,777)		(1,272)
System Development Charges collected in Capital Reserve Fund - Water and Sewer - Expansion		1,857,685		1,475,680
Transfer from:				
Capital Reserve Fund - Water and Sewer		(245,993)		(664,981)
Capital Reserve Fund - Water and Sewer - Expansion		(1,850,000)		(1,392,500)
Transfer to:				
Capital Reserve Fund - Water and Sewer		1,450,000		1,650,000
Interest earned in:				
Capital Reserve Fund - Water and Sewer		3,908		84,298
Capital Projects Fund - Water and Sewer		17,524		35,083
Capital Reserve Fund - Water and Sewer - Expansion		1,185		5,302
		<u>1,199,294</u>		<u>1,426,477</u>
Change in net position (Exhibit G)		<u>\$ 1,417,779</u>		<u>\$ 1,484,417</u>

## Town of Harrisburg, North Carolina

**Capital Projects Fund - Water and Sewer**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Over / (Under)
Revenues					
Investment earnings	\$ -	\$ 35,286	\$ 17,524	\$ 52,810	\$ 52,810
Other	-	2,360	-	2,360	2,360
Total	-	37,646	17,524	55,170	55,170
Expenditures					
2018-19 Waterline Replacements					
Engineering	116,000	36,138	-	36,138	79,862
Construction	1,174,000	800,170	-	800,170	373,830
Total expenditures	1,290,000	836,308	-	836,308	453,692
2019-20 Waterline Replacements					
Engineering	250,000	99,491	9,645	109,136	140,864
Construction	1,035,000	224,067	167,484	391,551	643,449
Total expenditures	1,285,000	323,558	177,129	500,687	784,313
FY2020 Annual Sanitary Sewer Rehab					
Engineering	205,000	-	183,520	183,520	21,480
Construction	545,000	-	524,571	524,571	20,429
Total expenditures	750,000	-	708,091	708,091	41,909
2020-21 Waterline Replacements					
Engineering	144,000	57,989	74,315	132,304	11,696
Construction	1,096,000	-	207,569	207,569	888,431
Total expenditures	1,240,000	57,989	281,884	339,873	900,127
Elevated Water Storage Tank					
Engineering	655,000	318,214	171,603	489,817	165,183
Construction	2,910,000	1,253,564	1,190,906	2,444,470	465,530
Total expenditures	3,565,000	1,571,778	1,362,509	2,934,287	630,713

## Town of Harrisburg, North Carolina

**Capital Projects Fund - Water and Sewer**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP) (continued)**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Over / (Under)
Expenditures (continued)					
Morehead West Sewer - Phase 1					
Engineering	490,000	138,240	121,781	260,021	229,979
Construction	2,450,000	-	-	-	2,450,000
Total expenditures	2,940,000	138,240	121,781	260,021	2,679,979
Britley #2 Pump Station Decommissioning					
Engineering	125,000	24,259	22,568	46,827	78,173
Construction	861,000	-	246,506	246,506	614,494
Total expenditures	986,000	24,259	269,074	293,333	692,667
Frances Haven/Farmington Pump Station Decommissioning					
Engineering	92,000	39,739	34,326	74,065	17,935
Construction	600,000	-	320,580	320,580	279,420
Total expenditures	692,000	39,739	354,906	394,645	297,355
Revenues over (under) expenditures	(12,748,000)	(2,954,225)	(3,257,850)	(6,212,075)	6,535,925
Other financing sources					
Installment financing	8,735,000	3,265,000	2,170,000	5,435,000	(3,300,000)
Transfers from other funds:					
Capital Reserve Fund - Water and Sewer	4,013,000	1,385,010	1,087,850	2,472,860	(1,540,140)
Total other financing sources	12,748,000	4,650,010	3,257,850	7,907,860	(4,840,140)
Revenues and other financing					
sources over (under) expenditures					
and other financing uses	\$ -	\$ 1,695,785	\$ -	\$ 1,695,785	\$ 1,695,785



# Town of Harrisburg, North Carolina

## Capital Reserve Fund - Water and Sewer Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Revenues</b>			
<b>Non-operating revenues</b>			
Interest income	\$ 25,000	\$ 3,908	\$ (21,092)
<b>Other financing sources (uses)</b>			
Transfers from other funds:			
Water and Sewer Fund	1,450,526	1,450,000	(526)
Transfers to other funds:			
Water and Sewer Fund	(499,500)	(245,993)	253,507
Capital Projects Fund - Water and Sewer	(1,087,850)	(1,087,850)	-
Total other financing sources (uses)	<u>(136,824)</u>	<u>116,157</u>	<u>252,981</u>
Revenues and other financing sources over (under)			
expenditures and other financing uses	<u>(111,824)</u>	<u>120,065</u>	<u>231,889</u>
Appropriated fund balance	<u>111,824</u>	<u>-</u>	<u>(111,824)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>120,065</u>	<u>\$ 120,065</u>
Fund Balance - beginning		<u>7,244,030</u>	
Fund Balance - ending		<u>\$ 7,364,095</u>	

# Town of Harrisburg, North Carolina

## Capital Reserve Fund - Water and Sewer - Expansion Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Revenues</b>			
<b>Operating revenues</b>			
Fees - water system development charges	\$ 708,000	\$ 1,130,035	\$ 422,035
Fees - sewer system development charges	490,000	727,650	237,650
Total operating revenues	<u>1,198,000</u>	<u>1,857,685</u>	<u>659,685</u>
<b>Non-operating revenues</b>			
Interest income	<u>2,500</u>	<u>1,185</u>	<u>(1,315)</u>
<b>Total revenues</b>	<u>1,200,500</u>	<u>1,858,870</u>	<u>658,370</u>
<b>Other financing sources (uses)</b>			
Transfers to other funds:			
Water and Sewer Fund	<u>(1,850,500)</u>	<u>(1,850,000)</u>	<u>500</u>
Total other financing sources (uses)	<u>(1,850,500)</u>	<u>(1,850,000)</u>	<u>500</u>
Revenues and other financing sources over (under)			
expenditures and other financing uses	<u>(650,000)</u>	<u>8,870</u>	<u>658,870</u>
Appropriated fund balance	<u>650,000</u>	<u>-</u>	<u>(650,000)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>8,870</u>	<u>\$ 8,870</u>
Fund Balance - beginning		<u>388,645</u>	
Fund Balance - ending		<u>\$ 397,515</u>	

# Town of Harrisburg, North Carolina

## Storm Water Fund Comparative Statements of Net Position June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,804,824	\$ 2,191,590
Accounts receivable (net) - customers	88,183	94,651
Accounts receivable - other	16,303	2,057
Restricted cash and cash equivalents	933	933
Total current assets	<u>1,910,243</u>	<u>2,289,231</u>
Non-current assets:		
Capital assets, net of depreciation	<u>2,181,593</u>	<u>1,307,706</u>
Total assets	<u>4,091,836</u>	<u>3,596,937</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	<u>130,090</u>	<u>6,472</u>
Total liabilities	<u>130,090</u>	<u>6,472</u>
<b>Net position</b>		
Net investment in capital assets	2,181,593	1,307,706
Restricted	933	933
Unrestricted	<u>1,779,220</u>	<u>2,281,826</u>
Total net position	<u>\$ 3,961,746</u>	<u>\$ 3,590,465</u>

## Town of Harrisburg, North Carolina

## Storm Water Fund

## Schedule of Revenues and Expenditures

## Budget and Actual (Non-GAAP)

## For the Fiscal Year Ended June 30, 2021

## (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Variance Positive Over/(Under)	Actual
<b>Revenues</b>				
<b>Operating revenues</b>				
Storm water services	\$ 655,200	\$ 665,742	\$ 10,542	\$ 650,577
Storm water plan review fees	10,000	250	(9,750)	7,700
Street sweeping	2,000	-	(2,000)	-
Total operating revenues	667,200	665,992	(1,208)	658,277
<b>Non-operating revenues</b>				
Interest income	1,000	1,155	155	13,974
<b>Total revenues</b>	668,200	667,147	(1,053)	672,251
<b>Expenditures</b>				
<b>Administration</b>				
Personal services	218,600	196,089	22,511	177,000
Employee relations and education	4,600	600	4,000	132
Supplies and materials	6,400	849	5,551	1,995
Current obligations and services	87,650	22,446	65,204	53,369
Fixed charges and other services	155,915	92,414	63,501	115,069
Administrative cost allocations	29,675	21,475	8,200	25,465
Contingency	14,873	-	14,873	-
Total administration	517,713	333,873	183,840	373,030
Revenues over expenditures	150,487	333,274	182,787	299,221
<b>Other financing sources (uses)</b>				
Transfers to other funds:				
Capital Projects Fund - Storm Water	(1,507,552)	(1,500,000)	7,552	(67,500)
Total other financing sources (uses)	(1,507,552)	(1,500,000)	7,552	(67,500)
Revenues and other financing sources over (under) expenditures and other financing uses	(1,357,065)	(1,166,726)	190,339	231,721
Appropriated fund balance	1,357,065	-	(1,357,065)	-
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>(1,166,726)</u>	<u>\$ (1,166,726)</u>	<u>231,721</u>
<b>Reconciling items:</b>				
Transfer to Capital Projects Fund - Storm Water		1,500,000		67,500
Contributed Storm Water infrastructure		108,102		294,800
Interest earned in Capital Projects Fund - Storm Water		249		12,876
Depreciation and amortization		(70,344)		(59,463)
		<u>1,538,007</u>		<u>315,713</u>
Change in net position (Exhibit G)		<u>\$ 371,281</u>		<u>\$ 547,434</u>

## Town of Harrisburg, North Carolina

**Storm Water Capital Projects Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over / (Under)
<b>Revenues</b>					
Investment earnings	\$ -	\$ 14,077	\$ 249	\$ 14,326	\$ 14,326
<b>Expenditures</b>					
<u>System A - Phase II</u>					
Engineering	70,000	62,075	6,228	68,303	1,697
Construction	880,000	-	829,900	829,900	50,100
Total expenditures	950,000	62,075	836,128	898,203	51,797
<u>Regional Detention Pond</u>					
Engineering	50,000	17,500	-	17,500	32,500
Construction	250,000	-	-	-	250,000
Total expenditures	300,000	17,500	-	17,500	282,500
<b>Revenues over (under) expenditures</b>	(1,250,000)	(65,498)	(835,879)	(901,377)	348,623
<b>Other financing sources</b>					
Transfers from other funds:					
Storm Water Fund	1,250,000	967,500	-	967,500	(282,500)
Total other financing sources	1,250,000	967,500	-	967,500	(282,500)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 902,002	\$ (835,879)	\$ 66,123	\$ 66,123

# Town of Harrisburg, North Carolina

## Capital Reserve Fund - Storm Water Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Revenues</b>			
<b>Non-operating revenues</b>			
Interest income	\$ 8,750	\$ -	\$ (8,750)
<b>Other financing sources (uses)</b>			
Transfers from other funds:			
Storm Water Fund	1,507,552	1,500,000	(7,552)
Transfers to other funds:			
Storm Water Fund	(1,396,302)	-	1,396,302
Capital Projects Fund - Storm Water	(120,000)	-	120,000
Total other financing sources (uses)	<u>(8,750)</u>	<u>1,500,000</u>	<u>1,508,750</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>1,500,000</u>	<u>\$ 1,500,000</u>
Fund Balance - beginning		-	
Fund Balance - ending		<u>\$ 1,500,000</u>	

# Town of Harrisburg, North Carolina

## Schedule of Ad Valorem Taxes Receivable June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2010-2011	\$ 775	\$ -	\$ 775	\$ -
2011-2012	1,786	-	14	1,772
2012-2013	1,832	-	15	1,817
2013-2014	1,008	-	1	1,007
2014-2015	1,770	-	81	1,689
2015-2016	1,437	-	87	1,350
2016-2017	941	-	-	941
2017-2018	3,131	-	1,938	1,193
2018-2019	9,617	-	5,148	4,469
2019-2020	47,545	-	30,137	17,408
2020-2021	<u>-</u>	<u>9,991,560</u>	<u>9,954,569</u>	<u>36,991</u>
Total	<u>\$ 69,842</u>	<u>\$ 9,991,560</u>	<u>\$ 9,992,765</u>	68,637
Less allowance for uncollectible ad valorem taxes receivable				<u>(3,700)</u>
Ad valorem taxes receivable - net				<u>\$ 64,937</u>
<b>Reconciliation with revenues</b>				
Taxes - ad valorem - General Fund (Exhibit D)				\$ 9,974,703
Less penalties and interest collected				(50,418)
Net releases and discounts allowed				<u>68,480</u>
Total collections and credits				<u>\$ 9,992,765</u>

# Town of Harrisburg, North Carolina

## Analysis of Current Tax Levy Town-Wide Levy June 30, 2021

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 2,794,492,394	\$ 0.355	\$ 9,920,448	\$ 9,046,313	\$ 874,135
Discoveries - current and prior years	8,274,648		86,076	86,076	-
Releases	(1,655,211)		(14,964)	(14,964)	-
Total property valuation	<u>\$ 2,801,111,831</u>				
<b>Net levy</b>			9,991,560	9,117,425	874,135
Unpaid (by taxpayer) taxes at June 30, 2021			<u>(36,991)</u>	<u>(36,991)</u>	<u>-</u>
<b>Current year's taxes collected</b>			<u>\$ 9,954,569</u>	<u>\$ 9,080,434</u>	<u>\$ 874,135</u>
<b>Current levy collection percentage</b>			<u>99.63%</u>	<u>99.59%</u>	<u>100.00%</u>



TOWN OF HARRISBURG, NORTH CAROLINA

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## COMPLIANCE SECTION

**Independent Auditor's 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***

The Honorable Mayor and  
Members of Town Council  
Town of Harrisburg, North Carolina

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Harrisburg, North Carolina (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 29, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing 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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 material weaknesses 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 the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance 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 results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
October 29, 2021

**Independent Auditor's Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; in Accordance with  
OMB Uniform Guidance; and the State Single Audit Implementation Act**

The Honorable Mayor and  
Members of Town Council  
Town of Harrisburg, North Carolina

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

We have audited the Town of Harrisburg, North Carolina's (the "Town") compliance 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 the Town's major state programs for the year ended June 30, 2021. The Town's major state programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, contracts, 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 the Town'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 noncompliance 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 the Town'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 the Town's compliance.

**Opinion on Each Major State Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

Management of the Town 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 the Town's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town'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, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
October 29, 2021

# Town of Harrisburg, North Carolina

## Schedule of Findings and Questioned Costs

For the year ended June 30, 2021

### I. SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ Yes X No

Significant deficiency(ies) identified?

\_\_\_ Yes X None reported

Noncompliance material to the financial statements noted?

\_\_\_ Yes X No

#### State Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_ Yes X No

Significant deficiency(ies) identified?

\_\_\_ Yes X None reported

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

Unmodified

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

\_\_\_ Yes X No

Identification of major state programs:

Powell Bill

### II. FINANCIAL STATEMENT FINDINGS

No matters were reported

### III. STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

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**Town of Harrisburg, North Carolina**

***Summary Schedule of Prior Audit Findings***

***For the year ended June 30, 2021***

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No matters were reported.



# Town of Harrisburg, North Carolina

## Schedule of Expenditures of Federal and State Awards Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<b>Federal awards:</b>					
<u>U.S. Department of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Coronavirus Relief Fund (Note 4)	21.019		\$ 147,393	\$ -	\$ -
Total assistance - federal programs			<u>147,393</u>	<u>-</u>	<u>-</u>
<b>State awards:</b>					
<u>N.C. Department of Transportation:</u>					
Powell Bill		38570	-	514,518	-
<u>N.C. Department of Natural and Cultural Resources:</u>					
N.C. Parks and Recreation Trust Fund Project Grant		2020-910	-	555	-
Total assistance - State programs			<u>-</u>	<u>515,073</u>	<u>-</u>
Total assistance			<u>\$ 147,393</u>	<u>\$ 515,073</u>	<u>\$ -</u>

### Notes to the Schedule of Expenditures of Federal and State Financial Awards:

#### **Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Harrisburg under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US 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 Schedule presents only a selected portion of the operations of the Town of Harrisburg, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Harrisburg.

#### **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.

#### **Note 3: Indirect Cost Rate**

The Town of Harrisburg has elected not to use the 10-percent de minimis indirect cost rate as allowed under The Uniform Guidance.

#### **Note 4: Coronavirus Relief Funds**

The Town of Harrisburg received \$147,393 of funding from the Coronavirus Relief Fund (21.019) from Cabarrus County. The Town of Harrisburg spent these funds approved by OSBM. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under the state statute, municipalities are not liable to the County for any misused or misspent funds. CRF must have been spent during the period March 1, 2020 to December 30, 2020.