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TOWN OF HARRISBURG, NORTH CAROLINA
HARRISBURG TOWN HALL
TOWN COUNCIL MEETING

December 14, 2020
6:00 PM

AGENDA

1. CALL TO ORDER

A. The Town Hall Council Chambers will be open to the public on a very limited basis, with a total of 12 members of the public allowed inside due to social distancing requirements. The 12 available seats will be filled on a first come, first served basis. Masks are required to be worn by the public during the meeting, and anyone attending in person will have to successfully complete a COVID-19 screening questionnaire and temperature check before being admitted to the Council Chambers.

You may also join the meeting via the Zoom platform at the following link:

https://us02web.zoom.us/j/89821088008?pwd=Z3R1M0d5ZVJXbDNtT21SbmZOQlFUUT09

Meeting ID# 898 2108 8008
Passcode: 644281

Or join by phone:

1 929 205 6099 or
1 301 715 8592

B. AGENDA ADOPTION

C. INVOCATION

D. PLEDGE OF ALLEGIANCE

E. SPECIAL PRESENTATIONS

1. FY2020 Financial Audit Presentation

2. Creating a Healthy Housing Market for All: Diversity, Inclusionary Practices, and Mixed-Income Communities - Dr. Stephen Sills, PhD, Director of the Center for Housing and Community Studies at the University of North Carolina at Greensboro

3. Sustainability Advisory Board Update

4. Proclamation - Transgender Day of Remembrance

F. PUBLIC COMMENT - Anyone wishing to address the Town Council may do so during the Public Comment section. Please state your name and address for the record, be courteous and do not repeat what has already been said. Please keep your comments about the subject and not personal in nature.

2. CONSENT AGENDA

A. Consider the minutes of the November 9, 2020 Town Council meeting.

B. Consider the minutes of the November 9, 2020 Closed Session.

C. Consideration of Approval of Harris Depot Road for Street Acceptance and Related Value

3. COMMUNICATIONS

A. TOWN MANAGER/FINANCE MONTHLY REPORT

B. MAYOR'S COMMENTS

C. COUNCIL COMMENTS

4. PUBLIC HEARINGS

A. Public hearing to consider the refunding of five of the Town's existing installment loans and the related financing agreement, per N.C.G.S. 160A-20; and to adopt a resolution authorizing the filing of an application for approval of a financing agreement authorized by N.C.G.S. 160A-20.

5. OLD BUSINESS

6. NEW BUSINESS

A. Consideration of Project Ordinance Amendment and FY2021 Budget Ordinance Amendment for Harrisburg Park Redevelopment Project - Phase I

B. Consider 2021 appointments to the Transportation Advisory Committee (TAC) and the Technical Coordinating Committee (TCC) of the Cabarrus-Rowan Urban Area Metropolitan Planning Organization (CRMPO)

C. Consider 2021 Centralina Regional Council Delegate and Alternate Appointments.

7. ACTION ITEMS

8. CLOSED SESSION

9. ADJOURNMENT

Town of Harrisburg's Vision Statement

Harrisburg will be the best small town in North Carolina based on low density housing, excellent economic opportunities, a safe living environment, and efficient and effective municipal services. Amenities such as excellent recreational programs, adequate open space, attractive shopping opportunities, a diversity of restaurants, and a connected system of roadways, sidewalks, greenways, and bicycle lanes will continue to enhance the quality of life of the Town. These services and amenities will be provided while retaining reasonable tax rates and debt levels.

TOWN OF HARRISBURG, NORTH CAROLINA

BASIC FINANCIAL STATEMENTS & ACCOMPANYING INFORMATION

FOR FISCAL YEAR ENDED JUNE 30, 2020

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

HAYNES BRIGMAN, TOWN MANAGER
LEE CONNOR, ASSISTANT TOWN MANAGER
BRIAN LEE, FINANCE DIRECTOR

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Town of Harrisburg, North Carolina

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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 discretely presented component unit, 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, 2020, 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. were not audited in accordance with *Government Auditing Standards.*

An audit includes 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, based on our audit, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity 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 the purpose of additional analysis and are not a required part of the 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 relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, 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, 2020, 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 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.

Elliott Davis, PLLC

Raleigh, North Carolina
October 29, 2020

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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, 2019. 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.

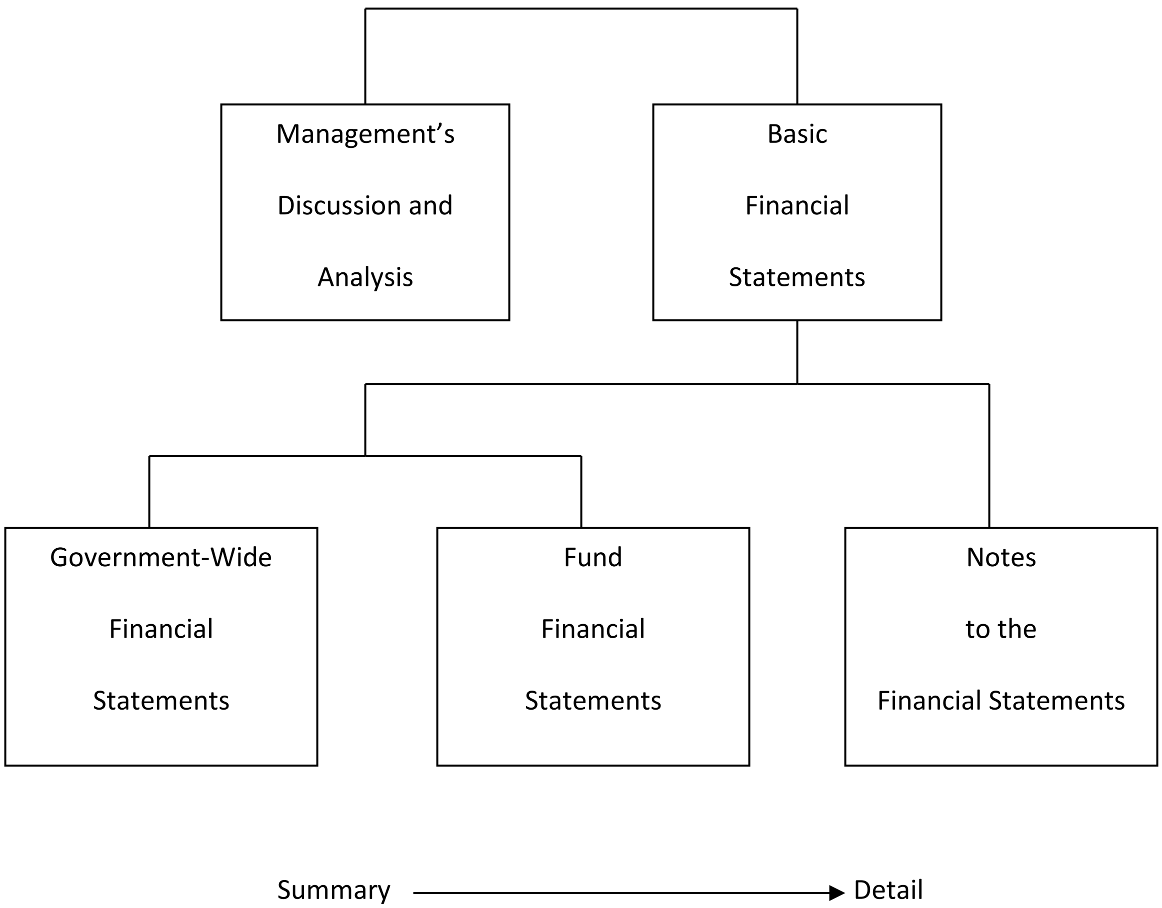
Financial Highlights

- 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 $66,434,507 (*net position*). Of this amount, $18,079,535 *(unrestricted net position)* may be used to meet the Town's needs.
- The Town's total net position increased by $5,718,238, 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 $16,600,145, with a net increase of $5,643,631 in fund balance. Approximately 68.34% of this total amount, or $11,344,586, is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $4,746,014, or 38.33%, of total General Fund expenditures for the fiscal year.
- The Town of Harrisburg's total long-term outstanding liabilities increased by $11,169,927 (52.61%) during the current fiscal year. The key factor in this change was the issuance of installment contracts for Harrisburg Park Renovation – Phase I and the Elevated Water Storage Tank.

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.

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.

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 23-60 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 18,146,757	$ 11,559,794	$ 14,695,422	$ 12,210,705	$ 32,842,179	$ 23,770,499
Capital assets	34,262,786	26,331,114	36,491,339	34,502,966	70,754,125	60,834,080
Deferred outflows of resources	1,108,972	1,258,140	369,238	418,959	1,478,210	1,677,099
Total assets and deferred outflows of resources	53,518,515	39,149,048	51,555,999	47,132,630	105,074,514	86,281,678
Long-term liabilities outstanding	19,951,840	10,299,605	15,666,666	13,679,445	35,618,506	23,979,050
Other liabilities	1,650,045	624,791	1,203,415	800,390	2,853,460	1,425,181
Total liabilities	21,601,885	10,924,396	16,870,081	14,479,835	38,471,966	25,404,231
Deferred inflows of resources	117,376	111,785	50,665	49,393	168,041	161,178
Net position:						
Net investment in capital assets	19,869,015	18,668,809	23,648,421	21,496,098	43,517,436	40,164,907
Restricted	4,836,603	1,819,152	933	18,433	4,837,536	1,837,585
Unrestricted	7,093,636	7,624,906	10,985,899	11,088,871	18,079,535	18,713,777
Total net position	$ 31,799,254	$ 28,112,867	$ 34,635,253	$ 32,603,402	$ 66,434,507	$ 60,716,269

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 $66,434,507 as of June 30, 2020. The Town's net position increased by $5,718,238 for the fiscal year ended June 30, 2020. However, the largest portion (65.50%) 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, $4,837,536, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $18,079,535, 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 99.43%.
- 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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues						
Charges for services	$ 829,787	$ 791,531	$ 10,471,988	$ 9,294,092	$ 11,301,775	$ 10,085,623
Operating grants and contributions	1,773,157	1,663,276	-	-	1,773,157	1,663,276
Capital grants and contributions	1,367,320	2,183,597	294,800	2,035,225	1,662,120	4,218,822
General revenues:						
Property taxes	8,332,068	7,928,116	-	-	8,332,068	7,928,116
Grants and contributions not restricted to specific programs	3,811,990	3,093,767	-	-	3,811,990	3,093,767
Other	815,609	754,894	179,830	41,583	995,439	796,477
Total revenues	16,929,931	16,415,181	10,946,618	11,370,900	27,876,549	27,786,081
Expenses:						
General government	1,381,532	1,467,024	-	-	1,381,532	1,467,024
Planning and zoning	452,240	420,841	-	-	452,240	420,841
Public safety	5,937,056	5,025,300	-	-	5,937,056	5,025,300
Transportation	1,352,964	912,504	-	-	1,352,964	912,504
Environmental protection	1,669,043	1,648,186	-	-	1,669,043	1,648,186
Cultural and recreational	1,956,912	1,823,042	-	-	1,956,912	1,823,042
Water and sewer	-	-	8,482,274	8,025,802	8,482,274	8,025,802
Storm water	-	-	432,493	285,677	432,493	285,677
Interest	493,797	299,080	-	-	493,797	299,080
Total expenses	13,243,544	11,595,977	8,914,767	8,311,479	22,158,311	19,907,456
Increase in net position	3,686,387	4,819,204	2,031,851	3,059,421	5,718,238	7,878,625
Net position, beginning	28,112,867	23,293,663	32,603,402	29,543,981	60,716,269	52,837,644
Net position, ending	$ 31,799,254	$ 28,112,867	$ 34,635,253	$ 32,603,402	$ 66,434,507	$ 60,716,269

Government-Wide Financial Analysis (continued)

Governmental Activities. Governmental activities increased the Town of Harrisburg's net position by $3,686,387 thereby accounting for 64.47% of the total growth in the net position of the Town. Key elements of this increase are as follows:

- Tax revenues increased approximately 5%, or $375,000.
- Intergovernmental revenues consisting of mostly sales and franchise taxes increased by 17%, or $801,000.

Business-Type Activities. Business-type activities increased the Town of Harrisburg's net position by $2,031,851 accounting for 35.53% of the total growth in the Town's net position. A key element of this increase is as follows:

- Charges for services increased by 14%, or $1,025,000.
- Water and Sewer development charges increased by 18%, or $222,000

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 $4,746,014, while total fund balance reached $3,921,758. 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 38.33% of total General Fund expenditures, while total fund balance represents 55.90% of the same amount.

At June 30, 2020, the governmental funds of the Town of Harrisburg reported a combined fund balance of $16,600,145, a 51.51% 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 of tax collections, permits and fees, and sales and services revenues coming in 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 $8,704,073, and those for the Storm Water Fund amounted to $2,281,826. The total change in net position for both funds was an increase of $1,484,417 and $547,434, 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 more than budgeted amounts primarily because of an increase in water and sewer fees and the continued growth in new development. This growth impacted the receipt of development charges, connection fees, penalties, and storm water fees. With the addition of goal-setting efforts in the budgetary process, more efficient use of funds allowed for expenditures to be lower than the anticipated 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, 2020, totals $70,753,509 (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 (there were no significant demolitions or disposals):

- Purchase of vehicles and equipment.
- Construction of Harrisburg Park Redevelopment – Phase I
- Construction of the Elevated Water Storage Tank
- Construction of 6-inch water lines throughout neighborhoods.
- Contributions of capital including streets and storm water infrastructure.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Construction in progress	$ 7,383,262	$ 5,539,477	$ 3,537,083	$ 827,886	$ 10,920,345	$ 6,367,363
Land	2,370,824	1,983,024	858,549	858,549	3,229,373	2,841,573
Buildings and systems	11,334,216	6,839,560	6,994,191	7,150,036	18,328,407	13,989,596
Improvements other than buildings	3,343,079	1,905,640	-	-	3,343,079	1,905,640
Water lines	-	-	15,607,773	16,253,302	15,607,773	16,253,302
Machinery and equipment	2,242,279	2,199,451	1,926,319	1,724,843	4,168,598	3,924,294
Interceptors	-	-	73,872	98,020	73,872	98,020
Collection system	-	-	6,339,330	6,696,988	6,339,330	6,696,988
Infrastructure	7,588,510	7,863,962	1,154,222	893,342	8,742,732	8,757,304
Total	$ 34,262,170	$ 26,331,114	$ 36,491,339	$ 34,502,966	$ 70,753,509	$ 60,834,080

Additional information on the Town's capital assets can be found in note II.A on pages 36-39 of this report.

Capital Asset and Debt Administration
(continued)

Long-Term Debt. As of June 30, 2020, the Town of Harrisburg had total debt outstanding of $32,399,582. Of this debt, $14,875,728 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 ($17,523,854), is backed by the full faith and credit of the Town.

Long-Term Obligations
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Notes payable	$ 17,523,854	$ 8,222,787	$ 14,875,728	$ 13,006,868	$ 32,399,582	$ 21,229,655

The Town of Harrisburg's Outstanding Debt

The Town of Harrisburg's total long-term outstanding debt increased by $11,169,927 (52.61%) during the past fiscal year due to regularly scheduled debt service payments on existing debt and new debt issued amounting to $13,265,000.

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 $187,531,313.

Additional information regarding the Town of Harrisburg's long-term debt can be found in note II.B on pages 48-57 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 number one 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.

- **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.

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

- **Governmental Projects.** The Town completed Harrisburg Veterans Plaza in the Harris Square Shopping Center, which opened on Veterans Day 2019. The Town's largest park redevelopment project is entering the final phases of construction heading into FY2021. 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 is being constructed and should be 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, 2021

The approved FY2021 General Operating Budget is a balanced budget totaling $29,837,650 for the General Fund and the two enterprise funds, the Water and Sewer and Storm Water Funds. This compares to $29,052,645 in FY2020, an increase of approximately $785,000. The General Fund, which comprises the core services provided by the Town, accounts for $17,627,900 of the total budget. The remainder of the budget consists of the Water and Sewer Fund, $10,541,550, and the Storm Water Fund, $1,668,200. The budget addresses current departmental needs and anticipates future needs as the Town continues to experience growth, however, this budget also conservatively prepares to absorb potential negative effects resulting from the COVID-19 pandemic.

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.

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.

BASIC FINANCIAL STATEMENTS

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Town of Harrisburg, North Carolina

Statement of Net Position
June 30, 2020

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Harrisburg Community and Youth Association, Inc.
Assets				
Current assets:				
Cash and cash equivalents	$ 12,901,783	$ 10,951,876	$ 23,853,659	$ 38,866
Taxes receivables (net)	66,183	-	66,183	-
Accrued interest receivable on taxes	10,625	-	10,625	-
Accounts receivable (net)	4,267	1,419,584	1,423,851	-
Due from other governments	1,491,834	-	1,491,834	-
Inventory	17,044	-	17,044	-
Prepaid expenses	59,045	198	59,243	-
Restricted cash and cash equivalents	3,595,976	2,323,764	5,919,740	-
Total current assets	18,146,757	14,695,422	32,842,179	38,866
Noncurrent assets:				
Capital assets:				
Non-depreciable	9,754,086	4,395,632	14,149,718	-
Depreciable, net of accumulated depreciation	24,508,700	32,095,707	56,604,407	-
Total noncurrent assets	34,262,786	36,491,339	70,754,125	-
Total assets	52,409,543	51,186,761	103,596,304	38,866
Deferred outflows of resources				
Pension deferrals	1,108,972	369,238	1,478,210	-
Total deferred outflows of resources	1,108,972	369,238	1,478,210	-
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	526,148	913,394	1,439,542	-
Payables from restricted assets:				
Accounts payable and accrued liabilities	961,319	-	961,319	-
Performance bond deposits	162,578	-	162,578	-
Customer deposits	-	290,021	290,021	-
Long-term liabilities-due within one year	1,549,068	1,700,735	3,249,803	-
Total current liabilities	3,199,113	2,904,150	6,103,263	-
Long-term liabilities:				
Net pension liability	2,007,789	669,075	2,676,864	-
Long-term liabilities-due in more than one year	16,394,983	13,296,856	29,691,839	-
Total long-term liabilities	18,402,772	13,965,931	32,368,703	-
Total liabilities	21,601,885	16,870,081	38,471,966	-
Deferred inflows of resources				
Prepaid Taxes	5,964	-	5,964	-
Pension deferrals	111,412	50,665	162,077	-
Total deferred inflows of resources	117,376	50,665	168,041	-
Net position				
Net investment in capital assets	19,869,015	23,648,421	43,517,436	-
Restricted for:				
Stabilization by State statute	1,796,340	-	1,796,340	-
Streets	187,850	-	187,850	-
Public safety	115,465	-	115,465	-
Storm Water	-	933	933	-
Cultural and recreational	2,736,948	-	2,736,948	38,866
Unrestricted	7,093,636	10,985,899	18,079,535	-
Total net position	$ 31,799,254	$ 34,635,253	$ 66,434,507	$ 38,866

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, 2020

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	$ 1,381,532	$ 82,900	$ 35,013	$ -
Planning and zoning	452,240	88,760	-	-
Public safety	5,937,056	444,315	1,280,609	-
Transportation	1,352,964	-	444,192	1,017,875
Environmental protection	1,669,043	-	13,343	-
Cultural and recreational	1,956,912	213,812	-	349,445
Interest on long-term debt	493,797	-	-	-
Total governmental activities	13,243,544	829,787	1,773,157	1,367,320
Business-type activities				
Water and sewer	8,482,274	9,813,711	-	-
Storm water	432,493	658,277	-	294,800
Total business-type activities	8,914,767	10,471,988	-	294,800
Total primary government	$ 22,158,311	$ 11,301,775	$ 1,773,157	$ 1,662,120
Component unit				
Harrisburg Community and Youth Association, Inc.	$ 27,400	$ -	$ 25,000	$ -
Total component unit	$ 27,400	$ -	$ 25,000	$ -

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, 2020

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			
Functions/Programs	Governmental Activities	Business-Type Activities	Total	Harrisburg Community and Youth Association, Inc.
Primary government				
Governmental activities				
General government	$ (1,263,619)	$ -	$ (1,263,619)	$ -
Planning and zoning	(363,480)	-	(363,480)	-
Public safety	(4,212,132)	-	(4,212,132)	-
Transportation	109,103	-	109,103	-
Environmental protection	(1,655,700)	-	(1,655,700)	-
Cultural and recreational	(1,393,655)	-	(1,393,655)	-
Interest on long-term debt	(493,797)	-	(493,797)	-
Total governmental activities	(9,273,280)	-	(9,273,280)	-
Business-type activities				
Water and sewer	-	1,331,437	1,331,437	-
Stormwater	-	520,584	520,584	-
Total business-type activities	-	1,852,021	1,852,021	-
Total primary government	(9,273,280)	1,852,021	(7,421,259)	-
Component unit				
Harrisburg Community and Youth Association, Inc.	-	-	-	(2,400)
Total component unit	-	-	-	(2,400)
General revenues				
Taxes:				
Property taxes, levied for general purpose	8,332,068	-	8,332,068	-
Unrestricted intergovernmental	3,811,990	-	3,811,990	-
Loss on disposal of capital assets	(208,166)	-	(208,166)	-
Investment earnings	254,980	179,330	434,310	-
Miscellaneous	768,795	500	769,295	-
Total general revenues	12,959,667	179,830	13,139,497	-
Change in net position	3,686,387	2,031,851	5,718,238	(2,400)
Net position, beginning	28,112,867	32,603,402	60,716,269	41,266
Net position, ending	$ 31,799,254	$ 34,635,253	$ 66,434,507	$ 38,866

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

Town of Harrisburg, North Carolina

Balance Sheet
Governmental Funds
June 30, 2020

	General	Capital Reserve Fund - General Fund	Capital Projects Fund - Parks and Recreation	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 5,709,493	$ 3,731,576	$ 1,154,145	$ 2,306,569	$ 12,901,783
Restricted cash and cash equivalents	465,893	-	2,736,948	393,135	3,595,976
Receivables, net:					
Property taxes	66,183	-	-	-	66,183
Other	4,267	-	-	-	4,267
Due from other funds	192,205	-	-	-	192,205
Due from other governments	982,296	-	481,532	28,006	1,491,834
Inventory	17,044	-	-	-	17,044
Prepaid items	59,045	-	-	-	59,045
Total assets	$ 7,496,426	$ 3,731,576	$ 4,372,625	$ 2,727,710	$ 18,328,337
Liabilities					
Accounts payable and accrued liabilities	$ 339,943	$ -	$ -	$ -	$ 339,943
Payable from restricted assets:					
Accounts payable and accrued liabilities	-	-	956,319	5,000	961,319
Performance bonds on deposit	162,578	-	-	-	162,578
Due to other funds	-	-	-	192,205	192,205
Total liabilities	502,521	-	956,319	197,205	1,656,045
Deferred inflows of resources					
Property taxes receivable	66,183	-	-	-	66,183
Prepaid taxes	5,964	-	-	-	5,964
Total deferred inflows of resources	72,147	-	-	-	72,147
Fund balances					
Non-spendable					
Inventory	17,044	-	-	-	17,044
Prepaids	59,045	-	-	-	59,045
Restricted					
Stabilization by State statute	1,796,340	-	-	-	1,796,340
Streets	187,850	-	-	-	187,850
Public safety	115,465	-	-	393,135	508,600
Cultural and recreational	-	-	2,736,948	-	2,736,948
Committed	-	3,731,576	-	2,307,183	6,038,759
Unassigned	4,746,014	-	679,358	(169,813)	5,255,559
Total fund balances	6,921,758	3,731,576	3,416,306	2,530,505	16,600,145
Total liabilities, deferred inflows of resources, and fund balances	$ 7,496,426	$ 3,731,576	$ 4,372,625	$ 2,727,710	$ 18,328,337

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, 2020

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

Ending fund balance - governmental funds	$ 16,600,145
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,262,786
Deferred outflows of resources related to pensions are not reported in the funds.	1,108,972
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	10,625
Earned revenues considered deferred inflows of resources in fund statements	66,183
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(186,205)
Compensated absences	(420,197)
Notes payable	(17,523,854)
Net pension liability	(2,007,789)
Deferred inflows of resources related to pensions are not reported in the funds.	(111,412)
Net position of governmental activities	$ 31,799,254

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, 2020

	General	Capital Reserve Fund - General Fund	Capital Projects Fund - Parks and Recreation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Ad valorem taxes	$ 8,303,141	$ -	$ -	$ -	$ 8,303,141
Unrestricted intergovernmental	3,811,990	-	-	-	3,811,990
Restricted intergovernmental	1,745,965	-	349,445	27,192	2,122,602
Permits and fees	615,975	-	-	-	615,975
Sales and services	213,812	-	-	-	213,812
Investment earnings	103,134	46,582	87,343	17,921	254,980
Other general revenues	791,662	-	-	-	791,662
Total revenues	15,585,679	46,582	436,788	45,113	16,114,162
Expenditures					
Current:					
General government	1,100,162	-	-	-	1,100,162
Planning and economic development	430,946	-	-	50	430,996
Engineering	239,768	-	-	-	239,768
Public safety	5,485,574	-	-	53,594	5,539,168
Transportation	717,953	-	-	447,699	1,165,652
Environmental protection	1,557,663	-	-	-	1,557,663
Cultural and recreational	1,769,998	-	7,587,017	-	9,357,015
Debt service:					
Principal retirement	698,933	-	-	-	698,933
Interest	381,174	-	-	-	381,174
Total expenditures	12,382,171	-	7,587,017	501,343	20,470,531
Excess (deficiency) of revenues over expenditures	3,203,508	46,582	(7,150,229)	(456,230)	(4,356,369)
Other financing sources (uses)					
Transfers from other funds	559,977	2,500,000	566,535	1,884,175	5,510,687
Transfers to other funds	(2,580,000)	(2,900,845)	-	(29,842)	(5,510,687)
Installment note issued	-	-	10,000,000	-	10,000,000
Total other financing sources (uses)	(2,020,023)	(400,845)	10,566,535	1,854,333	10,000,000
Net change in fund balances	1,183,485	(354,263)	3,416,306	1,398,103	5,643,631
Fund balances, beginning	5,738,273	4,085,839	-	1,132,402	10,956,514
Fund balances, ending	$ 6,921,758	$ 3,731,576	$ 3,416,306	$ 2,530,505	$ 16,600,145

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, 2020

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

Net changes in fund balances - total governmental funds		$ 5,643,631
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	8,257,879	
Depreciation expense	(1,113,049)	
		7,144,830
Disposal of capital assets		(231,033)
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	1,017,875	
Other	2,758	
Change in unavailable revenue for tax revenues	26,169	
		1,046,802
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	698,933	
Long-term debt issuance	(10,000,000)	
Pension expense	(476,023)	
Compensated absences	(28,130)	
		(9,805,220)
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		(112,623)
Changes in net position of governmental activities		$ 3,686,387

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, 2020

	Budgeted Amounts			Variance with Final Budget - Positive / (Negative)
	Original	Final	Actual Amounts	
Revenues				
Ad valorem taxes	$ 8,182,000	$ 8,182,000	$ 8,303,141	$ 121,141
Unrestricted intergovernmental	3,562,000	3,562,000	3,811,990	249,990
Restricted intergovernmental	1,677,300	1,666,500	1,745,965	79,465
Permits and fees	545,000	545,000	615,975	70,975
Sales and services	437,500	437,500	213,812	(223,688)
Investment earnings	187,500	307,500	103,134	(204,366)
Other general revenues	359,100	719,775	791,662	71,887
Total revenues	14,950,400	15,420,275	15,585,679	165,404
Expenditures				
Current:				
General government	1,094,940	1,324,646	1,100,162	224,484
Planning and economic development	678,910	702,560	430,946	271,614
Engineering	323,155	424,455	239,768	184,687
Public safety	5,835,765	6,010,174	5,485,574	524,600
Transportation	933,500	1,030,315	717,953	312,362
Environmental protection	1,585,800	1,766,400	1,557,663	208,737
Cultural and recreational	2,152,215	2,365,520	1,769,998	595,522
Debt service:				
Principal retirement	1,000,900	1,000,900	698,933	301,967
Interest	491,000	491,000	381,174	109,826
Contingency	388,015	116,745	-	116,745
Total expenditures	14,484,200	15,232,715	12,382,171	2,850,544
Revenues over (under) expenditures	466,200	187,560	3,203,508	3,015,948
Other financing sources (uses)				
Transfers from other funds	825,000	1,902,300	559,977	(1,342,323)
Transfers to other funds	(1,310,000)	(2,730,000)	(2,580,000)	150,000
Proceeds from note	-	3,000,000	-	(3,000,000)
Installment note issued	-	(3,000,000)	-	3,000,000
Appropriated fund balance	18,800	640,140	-	(640,140)
Total other financing sources (uses)	(466,200)	(187,560)	(2,020,023)	(1,832,463)
Net change in fund balance	$ -	$ -	1,183,485	$ 1,183,485
Fund balance, beginning			5,738,273	
Fund balance, ending (Exhibit D)			$ 6,921,758	

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, 2020

	Major Enterprise Funds		
	Water and Sewer Fund	Storm Water Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 8,760,286	$ 2,191,590	$ 10,951,876
Accounts receivable (net) - customers	1,261,661	94,651	1,356,312
Accounts receivable - other	61,215	2,057	63,272
Prepaid expenses	198	-	198
Restricted cash and cash equivalents	2,322,831	933	2,323,764
Total current assets	12,406,191	2,289,231	14,695,422
Non-current assets:			
Capital assets:			
Non-depreciable	4,316,057	79,575	4,395,632
Depreciable, net of accumulated depreciation	30,867,576	1,228,131	32,095,707
Total non-current assets	35,183,633	1,307,706	36,491,339
Total assets	47,589,824	3,596,937	51,186,761
Deferred ouflows of resources			
Pension deferrals	369,238	-	369,238
Total deferred outflows of resources	369,238	-	369,238
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	906,922	6,472	913,394
Long-term debt, current portion	1,578,872	-	1,578,872
Compensated absences, current portion	121,863	-	121,863
Payable from restricted assets:			
Customer deposits	290,021	-	290,021
Total current liabilities	2,897,678	6,472	2,904,150
Non-current liabilities:			
Long-term debt, non-current portion	13,296,856	-	13,296,856
Net pension liability	669,075	-	669,075
Total noncurrent liabilities	13,965,931	-	13,965,931
Total liabilities	16,863,609	6,472	16,870,081
Deferred inflows of resources			
Pension deferrals	50,665	-	50,665
Total deferred inflows of resources	50,665	-	50,665
Net position			
Net investment in capital assets	22,340,715	1,307,706	23,648,421
Restricted	-	933	933
Unrestricted	8,704,073	2,281,826	10,985,899
Total net position	$ 31,044,788	$ 3,590,465	$ 34,635,253

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, 2020

	Major Enterprise Funds		
	Water and Sewer Fund	Storm Water Fund	Total
Operating revenues			
Charges for services	$ 7,889,905	$ 650,577	$ 8,540,482
Water and sewer development charges	1,475,680	-	1,475,680
Permits and fees	172,217	7,700	179,917
Service connection fees	121,638	-	121,638
Other operating revenues	154,271	-	154,271
Total operating revenues	9,813,711	658,277	10,471,988
Operating expenses			
Water administration and distribution	6,517,972	-	6,517,972
Storm water operations	-	373,030	373,030
Depreciation and amortization	1,621,142	59,463	1,680,605
Total operating expenses	8,139,114	432,493	8,571,607
Operating income	1,674,597	225,784	1,900,381
Non-operating revenues (expenses)			
Investment earnings	152,480	26,850	179,330
Interest and other charges	(343,160)	-	(343,160)
Insurance proceeds	500	-	500
Total non-operating revenues (expenses)	(190,180)	26,850	(163,330)
Income before contributions	1,484,417	252,634	1,737,051
Contributions of infrastructure	-	294,800	294,800
Change in net position	1,484,417	547,434	2,031,851
Total net position, beginning	29,560,371	3,043,031	32,603,402
Total net position, ending	$ 31,044,788	$ 3,590,465	$ 34,635,253

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, 2020

	Major Enterprise Funds		
	Water and Sewer Fund	Storm Water Fund	Total
Cash flows from operating activities			
Cash received from customers	$ 9,768,868	$ 649,599	$ 10,418,467
Cash paid for goods and services	(4,084,152)	(201,378)	(4,285,530)
Cash paid to or on behalf of employees for services	(1,893,362)	(177,000)	(2,070,362)
Customer deposits received and returned, net	9,593	-	9,593
Net cash provided by operating activities	3,800,947	271,221	4,072,168
Cash flows from capital and related financing activities			
Proceeds from insurance settlements	500	-	500
Acquisition and construction of capital assets	(3,298,400)	(75,778)	(3,374,178)
Principal paid on long-term debt	(1,396,140)	-	(1,396,140)
Proceeds from issuance of long-term debt	3,265,000	-	3,265,000
Interest paid on long-term debt	(306,130)	-	(306,130)
Net cash used by capital and related financing activities	(1,735,170)	(75,778)	(1,810,948)
Cash flows from investing activities			
Interest on investments	152,480	26,850	179,330
Net increase in cash and cash equivalents	2,218,257	222,293	2,440,550
Balances, beginning	8,864,860	1,970,230	10,835,090
Balances, ending	$ 11,083,117	$ 2,192,523	$ 13,275,640
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income	$ 1,674,597	$ 225,784	$ 1,900,381
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	1,621,142	59,463	1,680,605
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable - customers	(20,978)	(7,057)	(28,035)
(Increase) decrease in accounts receivable - other	(23,865)	(1,621)	(25,486)
(Increase) decrease in prepaid items	9,354	-	9,354
Increase (decrease) in accounts payable and accrued liabilities	361,750	(5,348)	356,402
Increase (decrease) in compensated absences	10,682	-	10,682
(Increase) decrease in deferred outflows of resources for pensions	49,721	-	49,721
Increase (decrease) in deferred inflows of resources for pensions	1,272	-	1,272
Increase (decrease) in net pension liability	107,679	-	107,679
Increase (decrease) in customer deposits	9,593	-	9,593
Total adjustments	2,126,350	45,437	2,171,787
Net cash provided by operating activities	$ 3,800,947	$ 271,221	$ 4,072,168

Noncash investing, capital, and financing activities:
The Town received noncash capital contributions in the Storm Water Fund in the amount of $294,800 representing donated assets.

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

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

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 as a blended component unit in the Town's financial statements and does not issue it's own. Inquiries regarding HBA may be directed to Town'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.

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 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 Veterans' Plaza and Harrisburg Park Redevelopment – Phase I.

The Town reports the following non-major governmental funds:

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.

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 has been consolidated into the Storm Water Fund for financial reporting purposes. The budgetary comparison for the Capital Projects Fund – Storm Water has 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.

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.

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 and HCYA are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and HCYA may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and HCYA 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 and HCYA 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 and HCYA's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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.

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

	General Fund	Public Safety	Parks & Recreation	Total
Governmental Activities				
Public safety	$ 115,465	$ -	$ -	$ 115,465
Streets	187,850	-	-	187,850
Performance bonds	162,578	-	-	162,578
Unspent debt proceeds	-	393,135	2,736,948	3,130,083
Total governmental activities	$ 465,893	$ 393,135	$ 2,736,948	3,595,976
Business-type Activities				
Water and Sewer Fund				
Customer deposits				290,021
Unspent debt proceeds				2,032,810
Storm Water Fund				
Contribution - fee in lieu of				933
Total business-type activities				2,323,764
Total restricted cash				$ 5,919,740

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. 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.

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:

Asset	Estimated Useful Lives
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 2020 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.

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.

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, 2020, is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	$ 34,262,786	$ 36,491,339
Long-term debt	(17,523,854)	(14,875,728)
Unspent debt proceeds	3,130,083	2,032,810
Net investment in capital assets	$ 19,869,015	$ 23,648,421

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.

Prepaids – 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.

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 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 Public Safety – portion of fund balance totaling $115,465 that is restricted by revenue source for certain Firemen's Relief Fund expenditures.

Restricted for Public Safety – portion of fund balance totaling $393,135 that represents proceeds for debt issuance and other amounts that has not been spent for the designated project.

Restricted for Cultural and Recreational – portion of fund balance totaling $2,736,948 that represents proceeds for debt issuance and other amounts 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.

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 and the Water and Sewer 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% and 30%, respectively, 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	$ 6,921,758
Less:	
Prepaids	59,045
Inventory	17,044
Stabilization by State statute	1,796,340
Streets	187,850
Public safety - Firemen's Relief Fund	115,465
Fund balance policy	4,740,814
Remaining fund balance	$ 5,200

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 $617,572.

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.

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 and HCYA 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 or HCYA'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 and HCYA, these deposits are considered to be held by the Town's and HCYA'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 or HCYA or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and HCYA 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 has no formal policy regarding custodial credit risk for deposits.

At June 30, 2020, the Town's deposits had a carrying amount of $7,478,968 and a bank balance of $7,785,536. Of the bank balance, $591,944 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. The carrying amount of deposits for HCYA was $38,866 and the bank balance was $38,866, all of which was covered by federal depository insurance. At June 30, 2020, the Town's petty cash totaled $400.

II. Detail Notes On All Funds (continued)

A. Assets (continued)

Investments

At June 30, 2020, the Town's investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2020	Maturity	Rating
NC Capital Management Trust -				
Government Portfolio	Fair Value Level 1	$ 187,850	N/A	AAAm
Term Portfolio	Fair Value Level 1	22,106,181	.15 Years	Unrated
Total		$ 22,294,031		

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

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

The Town has no formal investment policies regarding credit, interest rate, or custodial credit risks.

Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020, are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	$ 3,659
Water and Sewer Fund:	
Accounts receivable	10,000
Total	$ 13,659

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, 2020, was as follows:

	July 1, 2019	Additions	Retirements	Transfers	June 30, 2020
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 1,983,024	$ 387,800	$ -	$ -	$ 2,370,824
Construction in progress	5,539,477	7,108,777	65,932	(5,199,060)	7,383,262
Total capital assets not being depreciated	7,522,501	7,496,577	65,932	(5,199,060)	9,754,086
Capital assets being depreciated:					
Buildings	8,190,946	-	100,539	4,841,770	12,932,177
Other improvements	2,889,703	1,426,622	-	137,217	4,453,542
Equipment	6,131,920	352,555	649,054	220,073	6,055,494
Infrastructure	8,699,918	-	-	-	8,699,918
Total capital assets being depreciated	25,912,487	1,779,177	749,593	5,199,060	32,141,131
Less accumulated depreciation for:					
Buildings	1,351,386	258,640	12,065	-	1,597,961
Other improvements	984,063	125,741	-	-	1,109,804
Equipment	3,932,469	453,216	572,427	-	3,813,258
Infrastructure	835,956	275,452	-	-	1,111,408
Total accumulated depreciation	7,103,874	$ 1,113,049	$ 584,492	$ -	7,632,431
Total capital assets being depreciated, net	18,808,613				24,508,700
Governmental activity capital assets, net	$ 26,331,114				$ 34,262,786

TOWN OF HARRISBURG, NORTH CAROLINA

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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	$	100,315
Public safety		459,783
Transportation		274,395
Environmental protection		77,330
Cultural and recreational		201,226
Total	$	1,113,049

Town of Harrisburg, North Carolina

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

II. Detail Notes On All Funds (continued)

A. Assets (continued)

Capital Assets (continued)

	July 1, 2019	Additions	Retirements	Transfers	June 30, 2020
Business-type activities:					
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land and rights-of-way	$ 858,549	$ -	$ -	$ -	$ 858,549
Construction in progress	824,089	2,633,419	-	-	3,457,508
Total capital assets not being depreciated	1,682,638	2,633,419	-	-	4,316,057
Capital assets being depreciated:					
Buildings	7,540,422	-	-	-	7,540,422
Water lines	23,060,441	111,422	-	-	23,171,863
Equipment	2,845,758	553,559	153,189	-	3,246,128
Interceptors	724,436	-	-	-	724,436
Collection system	10,754,349	-	-	-	10,754,349
Total capital assets being depreciated	44,925,406	664,981	153,189	-	45,437,198
Less accumulated depreciation for:					
Buildings	390,386	155,845	-	-	546,231
Water lines	6,807,139	756,951	-	-	7,564,090
Equipment	1,220,367	326,540	153,189	-	1,393,718
Interceptors	626,416	24,148	-	-	650,564
Collection system	4,057,361	357,658	-	-	4,415,019
Total accumulated depreciation	13,101,669	$ 1,621,142	$ 153,189	$ -	14,569,622
Total capital assets being depreciated, net	31,823,737				30,867,576
Water and sewer fund capital assets, net	$ 33,506,375				$ 35,183,633

Town of Harrisburg, North Carolina

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

II. Detail Notes On All Funds (continued)

A. Assets (continued)

Capital Assets (continued)

	July 1, 2019	Additions	Retirements	Transfers	June 30, 2020
Business-type activities:					
Storm Water Fund:					
Capital assets not being depreciated:					
Construction in progress	$ 3,797	$ 75,778	$ -	$ -	$ 79,575
Total capital assets not being depreciated	3,797	75,778	-	-	79,575
Capital assets being depreciated:					
Equipment	233,021	-	-	-	233,021
Infrastructure	992,975	294,800	-	-	1,287,775
Total capital assets being depreciated	1,225,996	294,800	-	-	1,520,796
Less accumulated depreciation for:					
Equipment	133,569	25,543	-	-	159,112
Infrastructure	99,633	33,920	-	-	133,553
Total accumulated depreciation	233,202	$ 59,463	$ -	$ -	292,665
Total capital assets being depreciated, net	992,794				1,228,131
Storm water fund capital assets, net	$ 996,591				$ 1,307,706
Business-type activities capital assets, net	$ 34,502,966				$ 36,491,339

II. Detail Notes On All Funds (continued)

A. Assets (continued)

Construction Commitments

The Town has active construction projects as of June 30, 2020. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Harrisburg Park Renovation Phase 1	$ 6,485,466	$ 3,322,058
Elevated Water Storage Tank	1,200,230	1,581,770
FY19/20 Waterline Replacements	521,455	98,935
FY2020 Sanitary Sewer Rehab	-	531,931
Total	$ 8,207,151	$ 5,534,694

B. Liabilities

Accounts Payable and Accrued Items

Payables at the government-wide level at June 30, 2020 were as follows:

	Vendors	Accrued Interest	Total
Governmental activities			
General Fund	$ 339,943	$ 186,205	$ 526,148
Capital Projects Fund - Streets	4,800	-	4,800
Capital Projects Fund - Public Safety	200	-	200
Capital Projects Fund - Parks and Recreation	956,319	-	956,319
Total governmental activities	$ 1,301,262	$ 186,205	$ 1,487,467
Business-type activities			
Water and Sewer Fund	$ 861,800	$ 45,122	$ 906,922
Storm Water Fund	6,472	-	6,472
Total business-type activities	$ 868,272	$ 45,122	$ 913,394

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 LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1140 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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.

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, 2020, was 8.95% 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 $494,814 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of $2,676,864 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Town's proportion was 0.09802%, which was an increase of 0.00334% from its proportion measured as of June 30, 2018.

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, 2020, the Town recognized pension expense of $634,695. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 458,344	$ -
Changes of assumptions	436,282	-
Net difference between projected and actual earnings on pension plan investments	65,294	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	23,476	162,077
Town contributions subsequent to the measurement date	494,814	-
Total	$ 1,478,210	$ 162,077

$494,814 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, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2020	$ 429,921
2021	117,874
2022	217,735
2023	55,789
2024	-
Thereafter	-
	$ 821,319

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2018 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	$ 6,122,445	$ 2,676,864	$ (187,138)

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

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:

Source	Amount
Contributions to pension plan in current fiscal year	$ 494,814
Differences between expected and actual experience	458,344
Changes of assumptions	436,282
Net difference between projected and actual earnings on pension plan investments	65,294
Changes in proportion and differences between Town contributions and proportionate share of contributions	23,476
Total	$ 1,478,210

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	$ -	$ 66,183
Prepaid taxes (General Fund)	5,964	5,964
Changes in proportion and differences between Town contributions and proportionate share of contributions	162,077	-
Total	$ 168,041	$ 72,147

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

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, 2020 totaled $10,180.

Future minimum lease payments are as follows:

Year Ending June 30	Governmental Activities	Business-type Activities
2021	$ 8,203	$ 1,165
2022	6,520	1,165
2023	949	1,165
2024	949	1,068
2025	712	-
2026-2030	5	-
2031-2035	5	-
2036	1	-
	$ 17,344	$ 4,563

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, 2020, is as follows:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2021	$ 35,000	$ 4,111
2022	35,000	2,613
2023	34,800	1,115
	$ 104,800	$ 7,839

In October 2013, the Town borrowed $527,000 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 2.00% per annum. Principal and interest payments are payable semi-annually beginning in November 2013 and ending in November 2020. The debt is secured by the property.

The future minimum payments of the installment purchase as of June 30, 2020 are as follows:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2021	$ 34,215	$ 174

II. Detail Notes On All Funds (continued)

B. Liabilities (continued)

Long-Term Obligations (continued)

Installment Purchases (continued)

In May 2015, the Town borrowed $2,000,000 from a local financial institution to construct Fire Station #3. The terms of the loan state that the interest will accrue at the rate of 2.80% per annum. Principal and interest payments are payable monthly beginning in July 2015 and ending in June 2030. The debt is secured by the property.

The future minimum payments of the installment purchase as of June 30, 2020 are as follows:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2021	$ 133,333	$ 35,621
2022	133,333	31,889
2023	133,333	28,156
2024	133,333	24,422
2025	133,333	20,689
2026-2030	666,668	47,444
	$ 1,333,333	$ 188,221

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.

The future minimum payments of the installment purchase as of June 30, 2020, are as follows:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2021	$ 83,844	$ 5,314
2022	85,511	3,648
2023	87,211	1,948
2024	51,493	338
	$ 308,059	$ 11,248

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, 2020 is as follows:

Year Ending	Governmental Activities	
June 30	Principal	Interest
2021	$ 66,667	$ 22,611
2022	66,667	20,638
2023	66,667	18,664
2024	66,667	16,691
2025	66,667	14,718
2026-2030	333,334	43,989
2031-2032	127,778	3,782
	$ 794,447	$ 141,093

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.

The future minimum payments of the installment purchase as of June 30, 2020 are as follows:

Year Ending	Governmental Activities	
June 30	Principal	Interest
2021	$ 276,000	$ 190,320
2022	276,000	179,556
2023	276,000	168,792
2024	276,000	158,028
2025	276,000	147,264
2026-2030	1,377,000	574,919
2031-2035	1,370,000	307,223
2036-2038	822,000	56,102
	$ 4,949,000	$ 1,782,204

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, 2020 are as follows:

Year Ending	Government-type Activities	
June 30	Principal	Interest
2021	$ 499,812	$ 277,878
2022	500,565	263,622
2023	500,565	249,356
2024	500,565	235,090
2025	500,565	220,824
2026-2030	2,499,812	890,300
2031-2035	2,499,058	534,174
2036-2040	2,499,058	178,058
	$ 10,000,000	$ 2,849,302

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, 2020 is as follows:

Year Ending	Business-Type Activities	
June 30	Principal	Interest
2021	$ 35,000	$ 4,111
2022	35,000	2,613
2023	34,800	1,115
	$ 104,800	$ 7,839

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, 2020, are as follows:

Year Ending	Business-type Activities	
June 30	Principal	Interest
2021	$ 495,444	$ -
2022	495,444	-
2023	495,444	-
2024	495,444	-
	$ 1,981,776	$ -

In March 2012, the Town borrowed $1,900,000 from a local financial institution to finance construction of two water wells. The terms of the loan state that interest will accrue at the rate of 3.99% per annum. Principal and interest payments of $11,866 are payable monthly, through March 2, 2031. The debt is secured by certain property and improvements. In July 2013, the loan terms were modified by the financial institution. The new terms state that interest will accrue at a rate of 2.90% per annum. Principal and interest payments of $12,374 are payable monthly, through August 2, 2028.

The future minimum payments of the installment purchase as of June 30, 2020, are as follows:

Year Ending	Business-type Activities	
June 30	Principal	Interest
2021	$ 118,799	$ 29,689
2022	122,290	26,198
2023	125,884	22,604
2024	129,583	18,904
2025	133,392	15,096
2026-2029	447,975	21,388
	$ 1,077,923	$ 133,879

II. Detail Notes On All Funds (continued)

B. Liabilities (continued)

Long-Term Obligations (continued)

Installment Purchases (continued)

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.

The future minimum payments of the installment purchase as of June 30, 2020, are as follows:

Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2021	$ 101,695	$ 21,920
2022	101,695	18,716
2023	101,695	15,513
2024	101,695	12,309
2025	101,695	9,106
2026-2028	233,995	8,790
	$ 742,470	$ 86,354

In January 2014, the Town borrowed $1,800,000 from a local financial institution to finance the extension of water lines in town and the decommissioning of two sewer treatment plants. The terms of the loan state that interest will accrue at the rate of 3.02% per annum. Principal and interest payments in the amount of $12,448 are payable monthly, through January 23, 2029. The debt is secured by certain property and improvements.

The future minimum payments of the installment purchase as of June 30, 2020, are as follows:

Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2021	$ 116,778	$ 32,598
2022	120,354	29,022
2023	124,039	25,337
2024	127,838	21,538
2025	131,752	17,624
2026-2029	511,872	29,137
	$ 1,132,633	$ 155,256

II. Detail Notes On All Funds (continued)

B. Liabilities (continued)

Long-Term Obligations (continued)

Installment Purchases (continued)

In January 2016, the Town borrowed $1,300,000 from a local financial institution to finance the extension of water lines in town and the decommissioning of two sewer treatment plants. The terms of the loan state that interest will accrue at the rate of 2.39% per annum. Principal and interest payments in the amount of $12,217 are payable monthly, through February 5, 2026. The debt is secured by certain property and improvements.

The future minimum payments of the installment purchase as of June 30, 2020, are as follows:

Year Ending	Business-type Activities	
June 30	Principal	Interest
2021	$ 129,518	$ 17,080
2022	132,648	13,950
2023	135,853	10,745
2024	139,136	7,462
2025	142,498	4,100
2026	94,091	826
	$ 773,744	$ 54,163

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, 2020, is as follows:

Year Ending	Business-Type Activities	
June 30	Principal	Interest
2021	$ 66,667	$ 22,611
2022	66,667	20,638
2023	66,667	18,664
2024	66,667	16,691
2025	66,667	14,718
2026-2030	333,334	43,989
2031-2032	127,775	3,782
	$ 794,444	$ 141,093

II. Detail Notes On All Funds (continued)

B. Liabilities (continued)

Long-Term Obligations (continued)

Installment Purchases (continued)

In October 2017, the Town borrowed $5,900,000 from a local financial institution to construct the Public Works Facility. The terms of the loan state that the interest will accrue at the rate of 2.45% per annum. Principal and interest payments are payable monthly beginning in November 2017 and ending in October 2032. The debt is secured by the property.

The future minimum payments of the installment purchase as of June 30, 2020, are as follows:

Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2021	$ 351,783	$ 118,639
2022	360,499	109,923
2023	369,431	100,991
2024	378,585	91,838
2025	387,965	82,457
2026-2030	2,088,866	263,245
2031-2033	1,065,809	31,842
	$ 5,002,938	$ 798,935

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, 2020 are as follows:

Year Ending June 30	Business-type Activities Principal	Business-type Activities Interest
2021	$ 163,188	$ 90,727
2022	163,435	86,073
2023	163,435	81,415
2024	163,435	76,757
2025	163,435	72,099
2026-2030	816,188	290,683
2031-2035	815,942	174,408
2036-2040	815,942	58,136
	$ 3,265,000	$ 930,298

II. Detail Notes On All Funds (continued)

B. Liabilities (continued)

Long-Term Obligations (continued)

Installment Purchases (continued)

The following tables summarize the annual requirements to amortize notes payable to maturity:

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2021	$ 1,128,871	$ 536,029	$ 1,578,872	$ 337,375
2022	1,097,076	501,966	1,598,032	307,133
2023	1,098,576	468,031	1,617,248	276,384
2024	1,028,058	434,569	1,602,383	245,499
2025	976,565	403,495	1,127,404	215,200
2026-2030	4,876,814	1,556,652	4,526,321	658,058
2031-2035	3,996,836	845,179	2,009,526	210,032
2036-2040	3,321,058	234,160	815,942	58,136
	$ 17,523,854	$ 4,980,081	$ 14,875,728	$ 2,307,817

The Town's legal debt margin at June 30, 2020, is $187,531,313.

II. Detail Notes On All Funds (continued)

B. Liabilities (continued)

Long-Term Obligations (continued)

Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Notes payable	$ 8,222,787	$ 10,000,000	$ 698,933	$ 17,523,854	$ 1,128,871
Compensated absences	392,067	334,080	305,950	420,197	420,197
Net pension obligation (LGERS)	1,684,751	323,038	-	2,007,789	-
Total	10,299,605	10,657,118	1,004,883	19,951,840	1,549,068
Business-type activities:					
Water and Sewer Fund					
Notes payable	13,006,868	3,265,000	1,396,140	14,875,728	1,578,872
Compensated absences	111,181	81,456	70,774	121,863	121,863
Net pension obligation (LGERS)	561,396	107,679	-	669,075	-
Total	13,679,445	3,454,135	1,466,914	15,666,666	1,700,735
Total	$ 23,979,050	$ 14,111,253	$ 2,471,797	$ 35,618,506	$ 3,249,803

II. Detail Notes On All Funds (continued)

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020, consist of the following:

From the General Fund to the Capital Reserve Fund - General Fund to fund the Capital Reserve Fund	$ 2,500,000
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	20,000
From the Capital Reserve Fund - General Fund to the General Fund to fund actual capital outlay expenditures	530,135
From the Capital Reserve Fund - General Fund to the Capital Projects Fund - Parks and Recreation to fund Harrisburg Veterans' Plaza capital outlay expenditures	566,535
From the Capital Reserve Fund - General Fund to the Capital Projects Fund - Streets to fund actual capital outlay expenditures	54,175
From the Capital Reserve Fund - General Fund to the Capital Projects Fund - Economic Development to fund future capital outlay expenditures	1,750,000
From the Special Revenue Fund - CARES Act to the General Fund to fund COVID-19 related expenditures	27,192
From the Capital Reserve Fund - Economic Development to the General Fund to fund façade grants and other economic development projects	2,650
From the Water and Sewer Fund to the Capital Reserve Fund - Water and Sewer to fund the Capital Reserve Fund	1,650,000
From the Capital Reserve Fund - Water and Sewer to the Water and Sewer Fund to fund Water and Sewer Capital Projects	664,981
From the Capital Reserve Fund - Water and Sewer to the Capital Projects Fund - Water and Sewer to fund Water and Sewer Capital Projects	453,605
From the Capital Reserve Fund - Water and Sewer - Expansion to the Water and Sewer Fund to fund expansion-related debt service	1,392,500
From the Storm Water Fund to the Capital Projects Fund - Storm Water to fund Storm Water Capital Projects	67,500
	$ 9,739,273

II. Detail Notes On All Funds (continued)

C. Interfund Balances and Activity (continued)

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.

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, 2020, the Town purchased sewer treatment services amounting to $1,038,142 from WSACC. At June 30, 2020, there was $88,194 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, 2020, the Town made one payment through the Firemen's Relief Fund and reported $14,799 in revenues and $1,545 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, 2020. 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, 2020, 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.

VIII. 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

On August 12, 2020, prior to the issuance of these financial statements, the Town entered into an installment purchase contract for a total of $615,000 with a financial institution to finance the purchase of a Fire Engine. Subsequent events were evaluated through October 29, 2020.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- 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 Seven Fiscal Years*

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Harrisburg's proportion of the net pension liability (asset) (%)	0.098020%	0.094680%	0.095140%	0.073800%	0.080200%	0.077430%	0.077000%
Harrisburg's proportion of the net pension liablity (asset) ($)	$ 2,676,864	$ 2,246,147	$ 1,453,490	$ 1,566,297	$ 359,920	$ (456,640)	$ 928,146
Harrisburg's covered-employee payroll	$ 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	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%

* 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 Seven Fiscal Years

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 494,814	$ 390,994	$ 350,956	$ 316,231	$ 252,632	$ 232,442	$ 222,421
Contributions in relation to the contractually required contribution	494,814	390,994	350,956	316,231	252,632	232,442	222,421
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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
Contributions as a percentage of covered-employee payroll	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

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Town of Harrisburg, North Carolina

General Fund
Comparative Balance Sheets
June 30, 2020 and 2019

	June 30, 2020	June 30, 2019
Assets		
Cash and cash equivalents	$ 5,709,493	$ 4,960,640
Restricted cash and cash equivalents	465,893	421,363
Receivables - net:		
Property taxes	66,183	40,014
Other	4,267	6,448
Due from other funds	192,205	-
Due from government agencies	982,296	722,186
Inventory	17,044	21,856
Prepaid items	59,045	107,551
Total assets	$ 7,496,426	$ 6,280,058
Liabilities, deferred inflows of resources and fund balance		
Liabilities:		
Accounts payable and accrued liabilities	$ 339,943	$ 303,503
July 4th celebration revenue	-	31,700
Payable from restricted assets		
Performance bonds on deposit	162,578	162,378
Total liabilities	502,521	497,581
Deferred inflows of resources:		
Property taxes receivable	66,183	40,014
Prepaid taxes	5,964	4,190
Total deferred inflows of resources	72,147	44,204
Fund balance:		
Non-spendable:		
Inventory	17,044	21,856
Prepaids	59,045	107,551
Restricted:		
Stabilization by State statute	1,796,340	999,685
Streets	187,850	156,861
Public safety	115,465	102,124
Unassigned	4,746,014	4,350,196
Total fund balance	6,921,758	5,738,273
Total liabilities, deferred inflows of resources and fund balance	$ 7,496,426	$ 6,280,058

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, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive Over/(Under)	Actual
Revenues				
Ad valorem taxes				
Current year	$ 8,145,000	$ 8,265,451	$ 120,451	$ 7,886,218
Prior years	25,000	24,671	(329)	27,112
Penalties and interest	12,000	13,019	1,019	14,686
Total	8,182,000	8,303,141	121,141	7,928,016
Unrestricted intergovernmental				
Local option sales tax	2,600,000	2,834,506	234,506	2,140,254
Utility franchise tax	890,000	902,349	12,349	880,590
Beer and wine tax	72,000	75,135	3,135	72,923
Total	3,562,000	3,811,990	249,990	3,093,767
Restricted intergovernmental				
Powell Bill allocation	445,000	444,192	(808)	434,615
Grants - other	-	7,821	7,821	-
Fire taxes	1,210,000	1,280,609	70,609	1,216,646
Solid waste disposal	11,500	13,343	1,843	12,015
Total	1,666,500	1,745,965	79,465	1,663,276
Permits and fees				
Compliance permits	80,000	31,160	(48,840)	78,681
Passport acceptance fees	15,000	10,000	(5,000)	15,295
Traffic review fees	80,000	57,600	(22,400)	22,600
Plan review fees	200,000	394,808	194,808	168,740
Grading permits	62,500	72,900	10,400	-
Inspection fees and fines	107,500	49,507	(57,993)	14,750
Total	545,000	615,975	70,975	300,066
Sales and services				
Parks and recreation athletics	432,500	211,664	(220,836)	486,671
Concessions and merchandise	5,000	2,148	(2,852)	4,794
Total	437,500	213,812	(223,688)	491,465
Investment earnings	307,500	103,134	(204,366)	232,243

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, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive Over/(Under)	Actual
Revenues (continued)				
Other general revenues				
Rental Income:				
Facilities	11,100	6,210	(4,890)	12,874
Town Hall	216,000	234,000	18,000	198,000
Fire Station #3 - EMS	10,800	10,404	(396)	12,953
Parks and recreation - special events	20,000	8,953	(11,047)	26,804
July 4th celebration	65,000	80,928	15,928	66,211
Contributions	240,000	245,428	5,428	-
Donations	37,400	51,471	14,071	43,451
Insurance proceeds	82,475	82,787	312	48,763
Sale of surplus property	15,000	22,867	7,867	3,460
Miscellaneous	22,000	48,614	26,614	82,503
Total	719,775	791,662	71,887	495,019
Total revenues	15,420,275	15,585,679	165,404	14,203,852
Expenditures				
General government				
Mayor and Council:				
Personal services	72,685	63,311	9,374	51,832
Employee relations and education	6,500	3,671	2,829	5,157
Supplies and materials	62,170	56,096	6,074	1,268
Current obligations and services	50,800	50,687	113	34,531
Fixed charges and other services	21,400	16,979	4,421	13,219
Administrative cost allocations	(42,800)	(50,100)	7,300	-
Total	170,755	140,644	30,111	106,007
Town Clerk:				
Personal services	63,750	59,814	3,936	54,985
Employee relations and education	1,625	900	725	1,218
Supplies and materials	4,200	2,596	1,604	2,752
Current obligations and services	4,570	3,050	1,520	2,457
Fixed charges and other services	4,955	2,058	2,897	1,098
Administrative cost allocations	(4,880)	(3,440)	(1,440)	-
Total	74,220	64,978	9,242	62,510

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, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive Over/(Under)	Actual
Expenditures (continued)				
General government (continued)				
Town Manager's Office:				
Personal services	198,500	167,974	30,526	195,547
Employee relations and education	17,950	11,340	6,610	12,494
Supplies and materials	25,350	17,138	8,212	29,686
Current obligations and services	108,090	87,193	20,897	196,414
Fixed charges and other services	91,685	102,719	(11,034)	101,102
Administrative cost allocations	(159,115)	(118,085)	(41,030)	-
Capital outlay	-	-	-	22,456
Debt service				
Principal	128,400	128,331	69	133,403
Interest	32,000	30,908	1,092	36,501
Total	442,860	427,518	15,342	727,603
Finance:				
Personal services	246,700	233,873	12,827	157,803
Employee relations and education	13,775	6,473	7,302	11,912
Supplies and materials	21,000	18,419	2,581	11,022
Current obligations and services	6,085	4,740	1,345	4,494
Fixed charges and other services	45,540	32,345	13,195	20,606
Administrative cost allocations	(22,620)	(14,716)	(7,904)	-
Total	310,480	281,134	29,346	205,837
Human Resources:				
Personal services	52,750	50,849	1,901	40,317
Employee relations and education	79,850	51,733	28,117	57,520
Supplies and materials	5,100	627	4,473	5,102
Current obligations and services	2,790	2,926	(136)	2,130
Fixed charges and other services	6,955	5,872	1,083	7,292
Administrative cost allocations	(44,400)	(30,600)	(13,800)	-
Total	103,045	81,407	21,638	112,361
Information Technology:				
Personal services	73,000	67,405	5,595	50,369
Employee relations and education	3,500	2,697	803	60
Supplies and materials	6,300	2,349	3,951	2,355
Current obligations and services	6,000	3,099	2,901	1,095
Fixed charges and other services	39,640	17,444	22,196	30,398
Administrative cost allocations	(23,250)	(12,800)	(10,450)	-
Capital outlay	61,538	48,033	13,505	27,043
Total	166,728	128,227	38,501	111,320

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, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive Over\(Under)	Actual
Expenditures (continued)				
General government (continued)				
Communications:				
Personal services	36,750	34,529	2,221	29,699
Employee relations and education	3,500	495	3,005	1,086
Supplies and materials	9,900	9,527	373	9,633
Current obligations and services	31,595	27,854	3,741	9,418
Fixed charges and other services	51,465	39,251	12,214	79,740
Administrative cost allocations	(47,750)	(35,350)	(12,400)	-
Capital outlay	131,498	59,187	72,311	28,368
Total	216,958	135,493	81,465	157,944
Total general government	1,485,046	1,259,401	225,645	1,483,582
Planning and Economic Development				
Personal services	272,500	247,681	24,819	213,307
Employee relations and education	22,350	9,132	13,218	7,744
Supplies and materials	7,325	2,153	5,172	6,795
Current obligations and services	27,990	20,582	7,408	25,942
Fixed charges and other services	372,395	151,398	220,997	212,922
Total	702,560	430,946	271,614	466,710
Engineering				
Personal services	89,000	82,314	6,686	7,774
Employee relations and education	9,750	2,537	7,213	1,037
Supplies and materials	14,400	10,694	3,706	1,516
Current obligations and services	12,965	6,640	6,325	5,870
Fixed charges and other services	263,340	105,552	157,788	24,552
Capital outlay	35,000	32,031	2,969	5,750
Total	424,455	239,768	184,687	46,499
Public Safety				
Police:				
Employee relations and education	3,500	-	3,500	-
Supplies and materials	10,400	10,470	(70)	8,197
Current obligations and services	79,825	80,099	(274)	67,193
Fixed charges and other services	1,102,125	1,093,058	9,067	845,927
Capital outlay	215,000	196,171	18,829	190,353
Total	1,410,850	1,379,798	31,052	1,111,670

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, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive Over\(Under)	Actual
Expenditures (continued)				
Public safety (continued)				
Fire:				
Personal services	3,614,750	3,327,708	287,042	3,092,842
Employee relations and education	83,125	70,061	13,064	56,560
Supplies and materials	191,974	173,689	18,285	168,199
Current obligations and services	336,300	306,115	30,185	284,028
Fixed charges and other services	179,175	128,133	51,042	92,293
Capital outlay	194,000	100,070	93,930	126,727
Debt service				
Principal	572,500	570,602	1,898	566,414
Interest	254,000	249,724	4,276	238,735
Total	5,425,824	4,926,102	499,722	4,625,798
Total public safety	6,836,674	6,305,900	530,774	5,737,468
Transportation				
Supplies and materials	14,400	8,424	5,976	6,652
Current obligations and services	390,415	275,790	114,625	255,519
Fixed charges and other services	43,000	15,496	27,504	31,426
Resurfacing	535,000	418,243	116,757	397,212
Capital outlay	47,500	-	47,500	-
Total	1,030,315	717,953	312,362	690,809
Environmental Protection				
Personal services	547,000	526,933	20,067	580,305
Employee relations and education	3,650	881	2,769	499
Supplies and materials	4,950	4,110	840	4,187
Current obligations and services	43,100	42,065	1,035	39,881
Fixed charges and other services	1,007,700	974,145	33,555	943,648
Capital outlay	160,000	9,529	150,471	35,717
Total	1,766,400	1,557,663	208,737	1,604,237
Parks and Recreation				
Personal services	924,100	893,462	30,638	737,891
Employee relations and education	9,250	9,063	187	4,753
Supplies and materials	49,400	40,598	8,802	50,250
Current obligations and services	929,255	688,634	240,621	768,170
Fixed charges and other services	62,395	53,127	9,268	47,605
Capital outlay	391,120	85,114	306,006	386,788
Debt service				
Principal	300,000	-	300,000	-
Interest	205,000	100,542	104,458	-
Total	2,870,520	1,870,540	999,980	1,995,457

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, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive Over\(Under)	Actual
Expenditures (continued)				
Contingency	116,745	-	116,745	-
Total expenditures	15,232,715	12,382,171	2,850,544	12,024,762
Revenues over (under) expenditures	187,560	3,203,508	3,015,948	2,179,090
Other financing sources (uses)				
Transfers from other funds:				
Special Revenue Fund - CARES Act	28,000	27,192	(808)	-
Capital Reserve Fund - General Fund	1,746,650	530,135	(1,216,515)	823,202
Capital Reserve Fund - Economic Development	77,650	2,650	(75,000)	45,450
Capital Reserve Fund - Parks and Recreation	50,000	-	(50,000)	2,000
Transfers to other funds:				
Capital Reserve Fund - General Fund	(2,500,000)	(2,500,000)	-	(2,900,000)
Capital Reserve Fund - Parks and Recreation	(20,000)	(20,000)	-	-
Capital Reserve Fund - Economic Development	(60,000)	(60,000)	-	(100,000)
Capital Projects Fund - Parks and Recreation	(150,000)	-	150,000	(242,557)
Proceeds from note	3,000,000	-	(3,000,000)	-
Installment note issued	(3,000,000)	-	3,000,000	-
Total other financing sources (uses)	(827,700)	(2,020,023)	(1,192,323)	(2,371,905)
Revenues and other financing sources over (under) expenditures and other financing uses	(640,140)	1,183,485	1,823,625	(192,815)
Appropriated fund balance	640,140	-	(640,140)	-
Net change in fund balance	$ -	1,183,485	$ 1,183,485	(192,815)
Fund balance				
Fund balance - beginning		5,738,273		5,931,088
Fund balance - ending		$ 6,921,758		$ 5,738,273

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, 2020

	Budget	Actual	Variance Positive Over/(Under)
Revenues			
Non-operating revenues			
Interest income	$ 5,000	$ 46,582	$ 41,582
Total non-operating revenues	5,000	46,582	41,582
Expenditures			
Contingency	825	-	825
Total expenditures	825	-	825
Revenues over (under) expenditures	4,175	46,582	42,407
Other financing sources (uses)			
Transfers from other funds:			
Transfer from General Fund	2,500,000	2,500,000	-
Transfers to other funds:			
Transfer to General Fund	(1,746,650)	(530,135)	1,216,515
Transfer to Capital Projects Fund - Parks and Recreation	(694,000)	(566,535)	127,465
Transfer to Capital Projects Fund - Economic Development	(1,750,000)	(1,750,000)	-
Transfer to Capital Projects Fund - Streets	(54,175)	(54,175)	-
Total other financing sources (uses)	(1,744,825)	(400,845)	1,343,980
Revenues and other financing sources over (under) expenditures and other financing uses	(1,740,650)	(354,263)	1,386,387
Appropriated fund balance	1,740,650	-	(1,740,650)
Net change in fund balance	$ -	(354,263)	$ (354,263)
Fund balance			
Fund balance - beginning		4,085,839	
Fund balance - ending		$ 3,731,576	

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, 2020

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Over / (Under)
Revenues					
Investment earnings	$ -	$ 13	$ 87,343	$ 87,356	$ 87,356
Restricted intergovernmental	350,000	-	349,445	349,445	(555)
Total	350,000	13	436,788	436,801	86,801
Expenditures					
Harrisburg Veterans Plaza					
Engineering	45,450	44,031	100	44,131	1,319
Construction	608,550	38,628	566,435	605,063	3,487
Total expenditures	654,000	82,659	566,535	649,194	4,806
Harrisburg Park Redevelopment - Phase I					
Engineering	524,000	242,570	273,338	515,908	8,092
Construction	10,126,000	-	6,747,144	6,747,144	3,378,856
Total expenditures	10,650,000	242,570	7,020,482	7,263,052	3,386,948
Revenues over (under) expenditures	(10,954,000)	(325,216)	(7,150,229)	(7,475,445)	3,478,555
Other financing sources					
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	654,000	82,659	566,535	649,194	(4,806)
Total other financing sources	10,954,000	325,216	10,566,535	10,891,751	(62,249)
Net change in fund balance	$ -	$ -	3,416,306	$ 3,416,306	$ 3,416,306
Fund balance					
Fund balance - beginning			-		
Fund balance - ending			$ 3,416,306		

Town of Harrisburg, North Carolina

Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Fund - CARES Act	Capital Projects Fund - Streets	Capital Projects Fund - Public Safety	Capital Projects Fund - Economic Development	Capital Reserve Fund - Parks and Recreation	Capital Reserve Fund - Economic Development	Total Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	$ -	$ -	$ 122,182	$ 1,749,950	$ 177,100	$ 257,337	$ 2,306,569
Restricted cash and cash equivalents	-	-	393,135	-	-	-	393,135
Due from other governments	27,192	-	814	-	-	-	28,006
Total assets	$ 27,192	$ -	$ 516,131	$ 1,749,950	$ 177,100	$ 257,337	$ 2,727,710
Liabilities							
Payable from restricted assets:							
Accounts payable and accrued liabilities	$ -	$ 4,800	$ 200	$ -	$ -	$ -	$ 5,000
Due to other funds	27,192	165,013	-	-	-	-	192,205
Total liabilities	27,192	169,813	200	-	-	-	197,205
Fund balance							
Restricted	-	-	393,135	-	-	-	393,135
Committed	-	-	122,796	1,749,950	177,100	257,337	2,307,183
Assigned	-	-	-	-	-	-	-
Unassigned	-	(169,813)	-	-	-	-	(169,813)
Total fund balances	-	(169,813)	515,931	1,749,950	177,100	257,337	2,530,505
Total liabilities and fund balance	$ 27,192	$ -	$ 516,131	$ 1,749,950	$ 177,100	$ 257,337	$ 2,727,710

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, 2020

	Special Revenue Fund - CARES Act	Capital Projects Fund - Streets	Capital Projects Fund - Public Safety	Capital Projects Fund - Economic Development	Capital Reserve Fund - Parks and Recreation	Capital Reserve Fund - Economic Development	Total Nonmajor Governmental Funds
Revenues							
Investment earnings	$ -	$ 3,418	$ 9,043	$ -	$ 2,402	$ 3,058	$ 17,921
Restricted intergovernmental	27,192	-	-	-	-	-	27,192
Total revenues	27,192	3,418	9,043	-	2,402	3,058	45,113
Expenditures							
Planning and Economic Development	-	-	-	50	-	-	50
Public safety	-	-	53,594	-	-	-	53,594
Transportation	-	447,699	-	-	-	-	447,699
Total expenditures	-	447,699	53,594	50	-	-	501,343
Revenues over (under) expenditures	27,192	(444,281)	(44,551)	(50)	2,402	3,058	(456,230)
Other financing sources (uses)							
Transfers from other funds	-	54,175	-	1,750,000	20,000	60,000	1,884,175
Transfers to other funds	(27,192)	-	-	-	-	(2,650)	(29,842)
Debt issued	-	-	-	-	-	-	-
Total other financing sources	(27,192)	54,175	-	1,750,000	20,000	57,350	1,854,333
Net change in fund balance	-	(390,106)	(44,551)	1,749,950	22,402	60,408	1,398,103
Fund balance							
Beginning of year - July 1	-	220,293	560,482	-	154,698	196,929	1,132,402
End of year - June 30	$ -	$ (169,813)	$ 515,931	$ 1,749,950	$ 177,100	$ 257,337	$ 2,530,505

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, 2020

	Budget	Actual	Variance Over/(Under)
Revenues			
Restricted intergovernmental	$ 28,000	$ 27,192	$ (808)
Total non-operating revenues	28,000	27,192	(808)
Other financing sources (uses)			
Transfers to other funds:			
General Fund	(28,000)	(27,192)	808
Total other financing sources (uses)	(28,000)	(27,192)	808
Net change in fund balance	$ -	-	$ -
Fund balance			
Fund balance - beginning		-	
Fund balance - ending		$ -	

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, 2020

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Over / (Under)
Revenues					
Investment earnings	$ -	$ 468	$ 3,418	$ 3,886	$ 3,886
Expenditures					
Sidewalk Project					
Engineering	65,000	-	45,859	45,859	19,141
Construction	485,000	-	-	-	485,000
Total expenditures	550,000	-	45,859	45,859	504,141
Street Resurfacing					
Construction	1,000,000	-	360,616	360,616	639,384
Total expenditures	1,000,000	-	360,616	360,616	639,384
Intersection Improvements					
Engineering	455,000	-	41,224	41,224	413,776
Construction	2,269,000	-	-	-	2,269,000
Total expenditures	2,724,000	-	41,224	41,224	2,682,776
Revenues over (under) expenditures	(4,274,000)	468	(444,281)	(443,813)	3,830,187
Other financing sources					
Installment financing	4,000,000	-	-	-	(4,000,000)
Transfers from other funds:					
Capital Reserve Fund - General Fund	274,000	219,825	54,175	274,000	-
Total other financing sources	4,274,000	219,825	54,175	274,000	(4,000,000)
Net change in fund balance	$ -	$ 220,293	(390,106)	$ (169,813)	$ (169,813)
Fund balance					
Fund balance - beginning			220,293		
Fund balance - ending			$ (169,813)		

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, 2020

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Over / (Under)
Revenues					
Investment earnings	$ -	$ 91,085	$ 9,043	$ 100,128	$ 100,128
Other general revenues	-	23,592	-	23,592	23,592
Total	-	114,677	9,043	123,720	123,720
Expenditures					
Fire Station #2					
Engineering	300,000	258,789	9,500	268,289	(31,711)
Construction	5,200,000	4,795,406	42,932	4,838,338	(361,662)
Total expenditures	5,500,000	5,054,195	52,432	5,106,627	(393,373)
Smeal Fire Engine					
Construction	615,000	-	1,162	1,162	(613,838)
Total expenditures	615,000	-	1,162	1,162	(613,838)
Revenues over / (under) expenditures	(6,115,000)	(4,939,518)	(44,551)	(4,984,069)	1,130,931
Other financing sources					
Debt issued	6,115,000	5,500,000	-	5,500,000	(615,000)
Total other financing sources	6,115,000	5,500,000	-	5,500,000	(615,000)
Net change in fund balance	$ -	$ 560,482	(44,551)	$ 515,931	$ 515,931
Fund balance					
Fund balance - beginning			560,482		
Fund balance - ending			$ 515,931		

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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over / (Under)
Expenditures					
Harrisburg Train Station					
Construction	$ 1,750,000	$ -	$ 50	$ 50	$ 1,749,950
Total expenditures	1,750,000	-	50	50	1,749,950
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	$ 1,749,950	$ 1,749,950
Fund balance					
Fund balance - beginning			-		
Fund balance - ending			$ 1,749,950		

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, 2020

	Budget	Actual	Variance Positive Over/(Under)
Non-operating revenues			
Interest income	$ -	$ 2,402	$ 2,402
Contributions - fee in lieu of	30,000	-	(30,000)
Total non-operating revenues	30,000	2,402	(27,598)
Other financing sources (uses)			
Transfers from other funds:			
General Fund	20,000	20,000	-
Transfers to other funds:			
General Fund	(50,000)	-	50,000
Total other financing sources (uses)	(30,000)	20,000	50,000
Revenues and other financing sources over (under) expenditures and other financing uses	-	22,402	22,402
Net change in fund balance	$ -	22,402	$ 22,402
Fund balance - beginning		154,698	
Fund balance - ending		$ 177,100	

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, 2020

	Budget	Actual	Variance Positive Over/(Under)
Non-operating revenues			
Interest income	$ -	$ 3,058	$ 3,058
Other financing sources (uses)			
Transfers from other funds:			
General Fund	60,000	60,000	-
Transfers to other funds:			
General Fund	(77,650)	(2,650)	75,000
Total other financing sources (uses)	(17,650)	57,350	75,000
Revenues and other financing sources over (under) expenditures and other financing uses	(17,650)	60,408	78,058
Appropriated fund balance	17,650	-	(17,650)
Net change in fund balance	$ -	60,408	$ 60,408
Fund balance - beginning		196,929	
Fund balance - ending		$ 257,337	

Town of Harrisburg, North Carolina

Water and Sewer Fund
Comparative Statements of Net Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 8,760,286	$ 8,584,432
Accounts receivable (net) - customers	1,261,661	1,240,683
Accounts receivable - other	61,215	37,350
Prepaid expenses	198	9,552
Restricted cash and cash equivalents	2,322,831	280,428
Total current assets	12,406,191	10,152,445
Non-current assets:		
Capital assets, net of depreciation	35,183,633	33,506,375
Total assets	47,589,824	43,658,820
Deferred ouflows of resources		
Pension deferrals	369,238	418,959
Total deferred outflows of resources	369,238	418,959
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	906,922	508,142
Long-term debt, current portion	1,578,872	1,397,350
Compensated absences	121,863	111,181
Payables due from restricted assets:		
Customer deposits	290,021	280,428
Total current liabilities	2,897,678	2,297,101
Non-current liabilities:		
Long-term debt, non-current portion	13,296,856	11,609,518
Net pension liability	669,075	561,396
Total noncurrent liabilities	13,965,931	12,170,914
Total liabilities	16,863,609	14,468,015
Deferred inflows of resources		
Pension deferrals	50,665	49,393
	50,665	49,393
Net position		
Net investment in capital assets	22,340,715	20,499,507
Unrestricted	8,704,073	9,060,864
Total net position	$ 31,044,788	$ 29,560,371

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, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Over/(Under)	Actual
Revenues				
Operating revenues				
Water sales	$ 4,215,000	$ 4,270,196	$ 55,196	$ 3,773,884
Sewer charges	3,865,000	3,619,709	(245,291)	3,126,739
Permits and fees	179,000	172,217	(6,783)	179,904
Service connection fees	165,000	121,638	(43,362)	117,595
Rental fees	83,100	86,899	3,799	83,603
Credit card fees	42,000	36,638	(5,362)	41,255
Miscellaneous revenues	10,000	30,734	20,734	82,210
Total operating revenues	8,559,100	8,338,031	(221,069)	7,405,190
Non-operating revenues:				
Interest income	140,000	27,797	(112,203)	146,226
Insurance proceeds	-	500	500	2,619
Proceeds from sale of capital assets	10,000	-	(10,000)	3,531
Total non-operating revenues	150,000	28,297	(121,703)	152,376
Total revenues	8,709,100	8,366,328	(342,772)	7,557,566
Expenditures				
Administration and distribution				
Personal services	2,036,250	1,904,044	132,206	1,606,664
Employee relations and education	21,950	12,437	9,513	15,474
Supplies and materials	222,715	206,305	16,410	190,772
Current obligations and services	4,015,800	3,877,452	138,348	4,148,933
Fixed charges and other services	259,692	108,754	150,938	241,904
Administrative cost allocations	311,745	239,626	72,119	-
Contingency	426,965	-	426,965	-
Total administration and distribution	7,295,117	6,348,618	946,499	6,203,747
Debt service				
Principal retirement	1,542,500	1,396,140	146,360	1,378,320
Interest	370,500	306,130	64,370	297,817
Total debt service	1,913,000	1,702,270	210,730	1,676,137
Capital outlay				
Equipment	841,759	664,981	176,778	882,022
Total capital outlay	841,759	664,981	176,778	882,022
Total expenditures	10,049,876	8,715,869	1,334,007	8,761,906
Revenues over (under) expenditures	(1,340,776)	(349,541)	991,235	(1,204,340)

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, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive Over/(Under)	Actual
Other financing sources (uses)				
Transfers from other funds:				
Capital Reserve Fund - Water and Sewer	800,000	664,981	(135,019)	882,022
Capital Reserve Fund - Water and Sewer - Expansion	1,392,500	1,392,500	-	953,585
Transfers to other funds:				
Capital Reserve Fund - Water and Sewer	(2,550,000)	(1,650,000)	900,000	(2,700,000)
Total other financing sources (uses)	(357,500)	407,481	764,981	(864,393)
Revenues and other financing sources over (under) expenditures and other financing uses	(1,698,276)	57,940	1,756,216	(2,068,733)
Appropriated fund balance	1,698,276	-	(1,698,276)	-
Revenues and other sources over expenditures and other uses	$ -	57,940	$ 57,940	(2,068,733)
Revenues and other sources over (under) expenditures		57,940		(2,068,733)
Reconciliation of modified accrual basis with accrual basis:				
Reconciling items:				
Payment of debt principal		1,396,140		1,378,320
Capital outlay		664,981		882,022
(Increase) decrease in accrued vacation pay		(10,682)		(1,781)
(Increase) decrease in interest expense accrual		(37,030)		1,217
Depreciation and amortization		(1,621,142)		(1,481,117)
Retirements of assets		-		(135,880)
Contribution of water and sewer lines		-		1,856,425
Increase (decrease) in deferred outflows of resources - pensions		(49,721)		158,743
(Increase) decrease in net pension liability		(107,679)		(198,164)
(Increase) decrease in deferred inflows of resources - pensions		(1,272)		(3,136)
System Development Charges collected in Capital Reserve Fund - Water and Sewer - Expansion		1,475,680		1,253,585
Transfer from:				
Capital Reserve Fund - Water and Sewer		(664,981)		(882,022)
Capital Reserve Fund - Water and Sewer - Expansion		(1,392,500)		(953,585)
Capital Reserve Fund - Water and Sewer		1,650,000		2,700,000
Interest earned in:				
Capital Reserve Fund - Water and Sewer		84,298		8,039
Capital Projects Fund - Water and Sewer		35,083		203
Capital Reserve Fund - Water and Sewer - Expansion		5,302		163
Revenue earned in Capital Projects Fund - Water and Sewer		-		2,360
		1,426,477		4,585,392
Change in net position (Exhibit G)		$ 1,484,417		$ 2,516,659

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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over / (Under)
Revenues					
Investment earnings	$ -	$ 203	$ 35,083	$ 35,286	$ 35,286
Other	-	2,360	-	2,360	2,360
Total	-	2,563	35,083	37,646	37,646
Expenditures					
2018-19 Waterline Replacements					
Engineering	116,000	29,339	6,799	36,138	79,862
Construction	1,174,000	521,455	278,715	800,170	373,830
Total expenditures	1,290,000	550,794	285,514	836,308	453,692
2019-20 Waterline Replacements					
Engineering	250,000	75,215	24,276	99,491	150,509
Construction	1,035,000	-	224,067	224,067	810,933
Total expenditures	1,285,000	75,215	248,343	323,558	961,442
FY2020 Annual Sanitary Sewer Rehab					
Engineering	205,000	-	234	234	204,766
Construction	545,000	-	343,165	343,165	201,835
Total expenditures	750,000	-	343,399	343,399	406,601
2020-21 Waterline Replacements					
Engineering	90,000	-	57,989	57,989	32,011
Construction	1,150,000	-	-	-	1,150,000
Total expenditures	1,240,000	-	57,989	57,989	1,182,011
Elevated Water Storage Tank					
Engineering	655,000	75,842	242,372	318,214	336,786
Construction	2,910,000	-	1,253,564	1,253,564	1,656,436
Total expenditures	3,565,000	75,842	1,495,936	1,571,778	1,993,222

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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over / (Under)
Expenditures (continued)					
Morehead West Sewer - Phase 1					
Engineering	490,000	-	138,240	138,240	351,760
Construction	2,450,000	-	-	-	2,450,000
Total expenditures	2,940,000	-	138,240	138,240	2,801,760
Britley #2 Pump Station Decommissioning					
Engineering	125,000	-	24,259	24,259	100,741
Construction	861,000	-	-	-	861,000
Total expenditures	986,000	-	24,259	24,259	961,741
Frances Haven/Farmington Pump Station Decommissioning					
Engineering	92,000	-	39,739	39,739	52,261
Construction	600,000	-	-	-	600,000
Total expenditures	692,000	-	39,739	39,739	652,261
Revenues over (under) expenditures	(12,748,000)	(699,288)	(2,598,336)	(3,297,624)	9,450,376
Other financing sources					
Installment financing	8,735,000	-	3,265,000	3,265,000	(5,470,000)
Transfers from other funds:					
Capital Reserve Fund - Water and Sewer	4,013,000	1,274,804	453,605	1,728,409	(2,284,591)
Total other financing sources	12,748,000	1,274,804	3,718,605	4,993,409	(7,754,591)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 575,516	$ 1,120,269	$ 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, 2020

	Budget	Actual	Variance Over/(Under)
Revenues			
Non-operating revenues			
Interest income	$ -	$ 84,298	$ 84,298
Other financing sources (uses)			
Transfers from other funds:			
Water and Sewer Fund	2,550,000	1,650,000	(900,000)
Transfers to other funds:			
Water and Sewer Fund	(800,000)	(664,981)	135,019
Capital Projects Fund - Water and Sewer	(2,002,000)	(453,605)	1,548,395
Total other financing sources (uses)	(252,000)	531,414	783,414
Revenues and other financing sources over (under) expenditures and other financing uses	(252,000)	615,712	867,712
Appropriated fund balance	252,000	-	(252,000)
Net change in fund balance	$ -	615,712	$ 615,712
Fund Balance - beginning		6,628,318	
Fund Balance - ending		$ 7,244,030	

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, 2020

	Budget	Actual	Variance Over/(Under)
Revenues			
Operating revenues			
Fees - water system development charges	$ 885,000	$ 918,305	$ 33,305
Fees - sewer system development charges	612,500	557,375	(55,125)
Total operating revenues	1,497,500	1,475,680	(21,820)
Non-operating revenues			
Interest income	-	5,302	5,302
Total revenues	1,497,500	1,480,982	(16,518)
Expenditures			
Contingency	105,000	-	105,000
Revenues over (under) expenditures	1,392,500	1,480,982	88,482
Other financing sources (uses)			
Transfers to other funds:			
Water and Sewer Fund	(1,392,500)	(1,392,500)	-
Total other financing sources (uses)	(1,392,500)	(1,392,500)	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	88,482	88,482
Net change in fund balance	$ -	88,482	$ 88,482
Fund Balance - beginning		300,163	
Fund Balance - ending		$ 388,645	

Town of Harrisburg, North Carolina

Storm Water Fund
Comparative Statements of Net Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 2,191,590	$ 1,951,797
Accounts receivable (net) - customers	94,651	87,594
Accounts receivable - other	2,057	436
Restricted cash and cash equivalents	933	18,433
Total current assets	2,289,231	2,058,260
Non-current assets:		
Capital assets, net of depreciation	1,307,706	996,591
Total assets	3,596,937	3,054,851
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	6,472	11,820
Total liabilities	6,472	11,820
Net position		
Net investment in capital assets	1,307,706	996,591
Restricted	933	18,433
Unrestricted	2,281,826	2,028,007
Total net position	$ 3,590,465	$ 3,043,031

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, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive Over/(Under)	Actual
Revenues				
Operating revenues				
Storm water services	$ 636,000	$ 650,577	$ 14,577	$ 614,524
Storm water plan review fees	10,000	7,700	(2,300)	-
Street sweeping	2,000	-	(2,000)	-
Contribution - fee in lieu of	80,000	-	(80,000)	18,433
Total operating revenues	728,000	658,277	(69,723)	632,957
Non-operating revenues				
Interest income	13,800	13,974	174	15,481
Total revenues	741,800	672,251	(69,549)	648,438
Expenditures				
Administration				
Personal services	201,000	177,000	24,000	172,550
Employee relations and education	4,600	132	4,468	741
Supplies and materials	8,150	1,995	6,155	1,223
Current obligations and services	62,950	53,369	9,581	16,624
Fixed charges and other services	189,342	115,069	74,273	36,762
Administrative cost allocations	33,070	25,465	7,605	-
Contingency	26,880	-	26,880	-
Total administration	525,992	373,030	152,962	227,900
Revenues over expenditures	215,808	299,221	83,413	420,538
Other financing sources (uses)				
Transfers to other funds:				
Capital Projects Fund - Storm Water	(270,000)	(67,500)	202,500	(264,751)
Total other financing sources (uses)	(270,000)	(67,500)	202,500	(264,751)
Revenues and other financing sources over (under) expenditures and other financing uses	(54,192)	231,721	285,913	155,787
Appropriated fund balance	54,192	-	(54,192)	-
Revenues and other sources over (under) expenditures	$ -	231,721	$ 231,721	155,787
Reconciling items:				
Transfer to Capital Projects Fund - Storm Water		67,500		264,751
Contributed Storm Water infrastructure		294,800		178,800
Interest earned in Capital Projects Fund - Storm Water		12,876		1,201
Depreciation and amortization		(59,463)		(57,777)
		315,713		386,975
Change in net position (Exhibit G)		$ 547,434		$ 542,762

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, 2020

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Over / (Under)
Revenues					
Investment earnings	$ -	$ 1,201	$ 12,876	$ 14,077	$ 14,077
Expenditures					
System A - Phase II					
Engineering	70,000	3,797	58,278	62,075	7,925
Construction	880,000	-	-	-	880,000
Total expenditures	950,000	3,797	58,278	62,075	887,925
Regional Detention Pond					
Engineering	50,000	-	17,500	17,500	32,500
Construction	250,000	-	-	-	250,000
Total expenditures	300,000	-	17,500	17,500	282,500
Revenues over (under) expenditures	(1,250,000)	(2,596)	(62,902)	(65,498)	902,002
Other financing sources					
Transfers from other funds:					
Storm Water Fund	1,250,000	900,000	67,500	967,500	(282,500)
Total other financing sources	1,250,000	900,000	67,500	967,500	(282,500)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 897,404	$ 4,598	$ 902,002	$ 619,502

Town of Harrisburg, North Carolina

Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2009-2010	$ 617	$ -	$ 617	$ -
2010-2011	820	-	45	775
2011-2012	1,786	-	-	1,786
2012-2013	1,832	-	-	1,832
2013-2014	1,014	-	6	1,008
2014-2015	1,894	-	124	1,770
2015-2016	1,873	-	436	1,437
2016-2017	1,164	-	223	941
2017-2018	4,234	-	1,103	3,131
2018-2019	26,994	-	17,377	9,617
2019-2020	-	8,340,307	8,292,762	47,545
Total	$ 42,228	$ 8,340,307	$ 8,312,693	69,842
Less allowance for uncollectible ad valorem taxes receivable				(3,659)
Ad valorem taxes receivable - net				$ 66,183

Reconciliation with revenues

Taxes - ad valorem - General Fund (Exhibit D)	$ 8,303,141
Less penalties and interest collected	(13,019)
Net releases and discounts allowed	22,571
Total collections and credits	$ 8,312,693

Town of Harrisburg, North Carolina

Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2020

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	$ 2,337,521,972	$ 0.355	$ 8,298,203	$ 7,530,218	$ 767,985
Discoveries - current and prior years	8,274,648		47,980	47,884	96
Releases	(1,655,211)		(5,876)	(5,876)	-
Total property valuation	$ 2,344,141,409				
Net levy			8,340,307	7,572,226	768,081
Unpaid (by taxpayer) taxes at June 30, 2020			(47,545)	(47,545)	-
Current year's taxes collected			$ 8,292,762	$ 7,524,681	$ 768,081
Current levy collection percentage			99.43%	99.37%	100.00%

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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, business-type activities, the discretely presented component unit, 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, 2020, 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, 2020.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 over financial reporting was for the limited purposes 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

Elliott Davis, PLLC

Raleigh, North Carolina
October 29, 2020

**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, 2020. 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 the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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, 2020.

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, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 the Town's 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 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Elliott Davis, PLLC

Raleigh, North Carolina
October 29, 2020

Town of Harrisburg, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

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:

N.C. Parks and Recreation Trust Fund Project Grant

II. FINANCIAL STATEMENT FINDINGS

No matters were reported

III. STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

Town of Harrisburg, North Carolina

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2020

No matters were reported.

Town of Harrisburg, North Carolina

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020

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
Federal awards:					
U.S. Department of Treasury					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Coronavirus Relief Fund (Note 4)	21.019		$ 27,192	$ -	$ -
Total assistance - federal programs			27,192	-	-
State awards:					
N.C. Department of Transportation:					
Powell Bill		38570	-	434,559	-
N.C. Department of Natural and Cultural Resources:					
N.C. Parks and Recreation Trust Fund Project Grant		2020-910	-	349,445	-
Total assistance - State programs			-	784,004	-
Total assistance			$ 27,192	$ 784,004	$ -

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, 2020. 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 $27,192 of funding from the Coronavirus Relief Fund (21.019) from Cabarrus County. The Town of Harrisburg has a plan to spend 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 be spent during the period March 1, 2020 to December 30, 2020.

Harrisburg NC
The right side of opportunity

PROCLAMATION
TRANSGENDER DAY OF REMEMBRANCE

WHEREAS, Transgender Day of Remembrance is observed nationally on November 20th each year to honor the memory of those whose lives were lost in acts of anti-transgender violence, an annual event which began in 1998 with a vigil to honor the memory of Rita Hester, a transgender woman who was killed, and which now honors all transgender people lost to violence; and

WHEREAS, our entire community is diminished when we lose the talents and contributions of any member of our community prematurely, whether due to direct anti-transgender violence or due to suicide or other health effects resulting from trauma or discrimination; and the National Center for Transgender Equality shows one in four transgender individuals are targeted for violence based on bias or hate; and

WHEREAS, Harrisburg honors the bravery and resilience of the transgender individuals who live, work or play in our town in their authentic gender; and

WHEREAS, let it be recognized that the Town of Harrisburg embraces all persons and upholds the shared values of dignity, equality, and fair treatment for everyone by standing against acts of violence towards and lack of acceptance of transgendered and gender non-conforming persons.

NOW, THEREFORE, I, Steve Sciascia, Mayor of the Town of Harrisburg, on behalf of the Town Council, do hereby proclaim November 20, 2020 as:

TRANSGENDER DAY OF REMEMBRANCE

in the Town of Harrisburg and I call this proclamation to the attention of all our citizens.

In witness whereof I have hereunto set my hand and caused this seal to be affixed.

____

Steve Sciascia, Mayor

ATTEST: ______________________________

Janet Rackley, Town Clerk

TOWN OF HARRISBURG

Agenda Item Details

Title:
Consider the minutes of the November 9, 2020 Town Council meeting.

Presenting Personnel:

Suggested Motion or Action:
Motion to approve the minutes of the November 9, 2020 Town Council meeting.

Description/Background:

Recommendation:

Fiscal Impact:

Attachments:
1. Minutes 11-9

TOWN OF HARRISBURG, NORTH CAROLINA
TOWN COUNCIL MEETING
MONDAY, NOVEMBER 9, 2020
6:00 PM

MINUTES

This meeting was held in person as well as virtually via the Zoom platform due to current COVID-19 restrictions.

Mayor Steve Sciascia called the meeting to order.

PRESENT: Mayor Steve Sciascia; Mayor Pro-Tem Ron Smith, Councilmembers Diamond Staton-Williams, Ian Patrick, Rick Russo, Rodney Dellinger, Troy Selberg, John Booth

1A.
ZOOM NOTIFICATION
The Zoom meeting link and details were published and advertised before the meeting took place and were shown on the agenda.

1B.
AGENDA ADOPTION

MOTION:
Councilmember Selberg made a motion to adopt the agenda as proposed. Second was made by Councilmember Booth.
The motion passed 7-0.

1B.
INVOCATION
Councilmember Russo conducted the invocation.

1C.
PLEDGE OF ALLEGIANCE

1D.
SPECIAL PRESENTATIONS
- Veteran's Day Proclamation
- Recognition of Fall 2020 Citizen's Academy Graduates: Ashok Kotte, Durgarao Kaniti, Jennifer Lauren, Jill Green, Ronald Hogg, Shenell Henry and Tim Morris

1E.
PUBLIC COMMENT
- Dawn Larma – spoke concerning the complaint against Councilmember Staton-Williams. Spoke in support of Councilmember Staton-Williams and against the complainant.
- Virginia Lieto, 7869 Tottenham Drive, Harrisburg – spoke concerning the Howie project on the agenda tonight. Against the proposed development.
- Dr. Sonyia Richardson – spoke in support of the resolution denouncing racism and racial inequity.
- La'Shanda Dean – spoke concerning the complaint against Councilmember Staton-Williams.
- Pastor Franklin Watkins, Oak Grove Baptist church – spoke in favor of the resolution denouncing racism and racial inequity and in support of Councilmember Staton-Williams.
- Sandy Morgan, 7173 Ruth Fidler Lane, Harrisburg (sent via email and read aloud by Town Manager Haynes Brigman) – spoke concerning the resolution denouncing racism and racial inequity.
- Melanie Freeman, 8776 Lower Rocky River Road – would like to know what the Council will do to bring unity to the community. Need to work to reconcile the many views of citizens of the community. Open dialogue and mutual respect necessary for reconciliation.

- Kiala Felder, 7020 Winding Cedar Trail, Harrisburg – spoke concerning systemic racism. Everyone needs to be open to learning about this subject.
- Mr. Brigman read a letter sent in by Amos McClorey of the NAACP concerning racism, the complaint against Councilmember Staton-Williams, and the need for Council to have mandatory training on this subject.

2.
CONSENT AGENDA

A. Consider the minutes of the October 12, 2020 Town Council Meeting
B. Consider FY2021 Budget Ordinance Amendment for Deputy insurance proceeds

MOTION:
Councilmember Selberg made a motion to approve the Consent Agenda. Second was made by Councilmember Staton-Williams. **The motion passed 7-0.**

3A.
COMMUNICATIONS
TOWN MANAGER/FINANCE REPORT
Manager Report:

- Wrapping up the largest paving project ever done by the Town. Over a million dollars invested in this project, with some of the funds coming from the Transportation Bonds.
- Public Works is conducting an ADA survey to see what opportunities we have to improve our ADA compliance in the Town, with sidewalks, etc. Encouraged citizens to participate in the survey or contact Mr. Brigman or Mr. Donham to give thoughts on this subject.
- Council has given direction to move forward with a Christmas Tree lighting event on December 11, 2020. This will be a limited capacity event held at Harrisburg Park. This will be an event like no other we have had and will include the tree lighting, a concert, food vendors, amusements and fireworks. We will be taking advantage of utilizing things from our cancelled July 4th event earlier this year. Citizens will have to pre-register to attend as we have to follow current CDC guidelines. More information to come soon. We need direction on purchasing a new tree to put in the park, so we don't have to move the one from Harris Square. After some discussion, the following action was taken:

  MOTION:
  Councilmember Selberg made a motion to purchase a new artificial tree for Harrisburg Park. Second was made by Councilmember Booth. **The motion failed 3-4 (Mayor Pro-Tem Smith, Councilmembers Dellinger, Russo and Staton-Williams voting against).**

  2nd MOTION:
  Mayor Pro-Tem Smith made a motion to leave the tree at Veteran's Park this year and consider purchasing a new tree for Harrisburg Park in the future.

  After some discussion, the motion was amended.

  AMENDED MOTION:
  Mayor Pro-Tem Smith amended the motion to move the tree from Veteran's Park to Harrisburg Park this year. Second was made by Councilmember Staton-Williams. **The motion passed 5-2 (Councilmembers Booth and Selberg voting against).**

  Discussion was then held concerning what to do at Veteran's Park. The following action was taken following this discussion:

  MOTION:
  Councilmember Dellinger made a motion to investigate purchasing 5-6 live trees to put up in Veteran's Park this year. Second was made by Councilmember Staton-Williams. **The motion passed 5-2 (Councilmembers Booth and Selberg voting against).**

- Council directed staff to investigate small business grants or loans to help out some of the businesses in Town who have had a hard time this year due to the pandemic. We will have about $25,000 in CARES ACT funds left over, so we could create a grant program that businesses could apply for utilizing these funds if Council chooses to do so. After some discussion, the following action was taken:

MOTION:
Councilmember Russo made a motion to allocate $24,000 of the CARES ACT funds to create a grant program to help small businesses in the Town. Second was made by Councilmember Staton-Williams. **The motion passed 7-0.**

Law Enforcement Update:
Lt. Chris Measimer presented the Law enforcement report.

Finance Report:
Finance Director Brian Lee presented the Finance report.

3B.
COMMUNICATIONS
MAYOR'S COMMENTS

- Rocky River Crosswalks – we have heard from citizens that they would like to see the crosswalks put back in this neighborhood. Asked for an update from Mr. Brigman. Mr. Brigman stated that Rocky River Crossing Road was paved last year and the crosswalks were not put back because they led to nowhere and were in violation of ADA standards. Adding them back now is something we can look into, and we can also investigate other alternatives as well.
- Met with a member of the Concord Council. They have been giving away trees for the past couple of years for Arbor Day. They were able to get donations from the Cannon Foundation and the trees come from the Arbor Day Foundation, who sends them directly to residents. Would like to see us do something like this as well.

3C.
COMMUNICATIONS
COUNCIL'S COMMENTS
Councilmember Selberg

- Congratulated all of the graduates of the most recent Citizen's Academy.
- Let Council members know there is information in their mailboxes from the Centralina Regional Council outlining how we partner with other area municipalities and counties.

Councilmember Staton-Williams

- Working with the MLK Planning Committee and they would like to get a video of the Mayor reading the proclamation this year. They would need that before the first of January.
- Racial Equity Committee – contacted Dr. Steven Sills who is Director of Housing at UNC Greensboro – he will be presenting information at the December Council meeting concerning how housing plays a part in racial equity.

Councilmember Russo

- Congratulated the Fire Department on their new fire engine.

Councilmember Dellinger

- Has been thinking about things a lot over the last month. He prays for each individual and the Lord knows his heart. Never malicious. We were elected to represent the people. There will be times we agree and times we will not. Much can be accomplished with dialogue.

Councilmember Patrick

- UDO Committee met last month, and they gave a presentation of their Module 1. If anyone has anything they would like him to bring up in the next meeting, let him know.

4A.
PUBLIC HEARING
None

5A.
OLD BUSINESS
Consideration of Conditional Rezoning and Zoning Map Amendment for property at 7800 Robinson Church Road (Howie property) H2019-03 (R). Epcon Communities, on behalf of the property owners (Parks and Carolyn Howie) has submitted a request to rezone approximately 32.85 acres located at the southwest corner of the intersection of Robinson Church Road and Tom Query Road (PIN 55075084100000).

The applicant proposes to develop 77 age-restricted single-family detached residential dwellings. To achieve this, the applicant is requesting the property be rezoned from the current Rural Estate (RE) district to Conditional Residential Village (CZ-RV) in accordance with the site plan submitted with the application.

A rescheduled Public Hearing on this matter was held during the October 12, 2020 Town Council meeting (Initial Public Hearing and action in April 2020). The public hearing was closed at the October meeting and a decision was deferred to the November 9, 2020 Town Council meeting.

A site plan along with applicable conditions and staff report have been provided for Town Council's consideration.

A request to annex the property associated with this project is also on tonight's agenda (as a separate agenda item).

Mayor Sciascia allowed residents to speak to Council concerning this proposed rezoning even though the public hearing was held last month.

Speaking:

- James Eskew, 8010 Wycombe Court, Harrisburg – against

After some discussion, the following action was taken:

MOTION:
Councilmember Selberg made a motion to approve the Conditional Rezoning and Zoning Map Amendment for property at 7800 Robinson Church Rd (Howie property) H2019-03-(R). Second was made by Councilmember Staton-Williams. **The motion passed 4-3 (Mayor Pro-Tem Smith, Councilmembers Dellinger, Patrick voting against).**

The following Consistency Statement was then proposed:

CONSISTENCY STATEMENT:
Based on the staff report and staff presentation, and with the conditions attached, the proposed rezoning is consistent with the provisions of the Harrisburg Area Land Use Plan and the UDO and is reasonable and in the public interest.

MOTION:
Councilmember Selberg made a motion to approve the Consistency Statement as proposed. Second was made by Councilmember Staton-Williams. **The motion passed 4-3 (Mayor Pro-Tem Smith, Councilmembers Dellinger, Patrick voting against).**

5B.
OLD BUSINESS
Consideration of annexation of property at 7800 Robinson Church Road (Howie property) H2019-03 (R).
Applicant is requesting the property associated with approved rezoning H2019-03-(R) be annexed into the Town limits.
A Public Hearing on this matter was held at the October 12, 2020 Town Council meeting.
After some discussion, the following action was taken:

MOTION:
Councilmember Selberg made a motion to approve the annexation of the property at 7800 Robinson Church Rd (Howie property) H2019-03 (R). Second was made by Councilmember Staton-Williams. **The motion passed 4-3 (Mayor Pro-Tem Smith, Councilmembers Dellinger, Patrick voting against).**

5C.
OLD BUSINESS
Consideration of formal complaint of Councilmember. On June 5, 2020, Mayor Pro-Tem Ron Smith filed a formal complaint against Councilwoman Diamond Staton-Williams via email to Mayor Steve Sciascia. The formal complaint outlines what Mayor Pro-Tem Smith asserts are violations of the Town Council's Code of Conduct by Councilwoman Staton-Williams.

During the October 12, 2020 Town Council meeting, the Council directed the formal complaint be placed on the November 9, 2020 Town Council agenda for discussion and consideration.

Generally, when a formal complaint is filed against a Council member, there is an expected outcome or objective desired by the complainant. The Town Council may consider the following options regarding the formal complaint:

- The formal complaint can be withdrawn by the complainant against the defendant.
- The complainant, or any other member of Council, can make a motion to approve/accept the formal complaint with no action taken against, or requested from, the defendant. Meaning Council agrees the defendant was in violation of the Code of Conduct as outlined in the complaint but wishes to take no action or require any action from the defendant.
- The complainant, or any member of Council, can make a motion to approve/accept the formal complaint and request action(s) be taken against, or requested from, the defendant. Action(s) requested/taken can be determined by the individual filing the motion, but the only formal action the Town Council can take against another Council member is to censure them for their actions.

If a motion fails to support the complainant's assertion of Code of Conduct violations by the defendant, the formal complaint will effectively die without support or action from the Council.

Mayor Pro-Tem Smith stated that his complaint was never tied to Councilmember Patrick's statement. Never about race. It was more about the ability to have dialogue and he felt like Councilmember Staton-Williams shut down the dialogue. He called the Mayor to ask about it and felt like he never got a response or any resolution to the situation. He had hoped to get a quick resolve to the situation by putting his complaint in writing and waiting for the next steps in the process. The Mayor put something out on social media stating that no action was taken on the complaint, so he thought it ended there. Wants to see closure tonight. Feels that it would never have gotten to this level if there had been better communication. Again, this was never about race or animosity. It was just about communication.

Councilmember Staton-Williams read the following statement:

"The dehumanization of black people, the devaluation of black culture and communities and the vilification of blackness itself has led us here. Systemic institutional racism was created by individual bias, public policy and legislation such as planning and zoning and unified development ordinances, were made permanent by well-funded institutions both public and private. We have to move on from our history and the warped dynamic that has left us all traumatized and underrepresented in virtually every area that matters, including politically. As a black woman I have always understood systemic institutional racism. I have felt its presence and the menace of supremacy ideology. It's honestly unfortunate and painful that few outside of the African American community were aware of this reality for so many prior to the death of George Floyd. There is increased awareness and acknowledgement that is significant, profound and an advancement, and yet it is not enough. Reconciliation, healing, restorative action and investment in social equity is a long game for this country, state and here in Harrisburg. Those items can't begin to happen until we acknowledge the problem which is systemic racism. This is why in June I suggested diversity training, which I advocated for during our budget meeting in January and was shot down and still advocated for. The Mayor and I recently attended a two-day training on this very issue and not one other councilmember has attended."

Councilmember Staton-Williams stated that she told Mayor Pro-Tem Smith to not call her or email her about this anymore as a way of setting boundaries for herself. She felt like the conversation was headed down a rabbit hole and she did not want to go there.

After some discussion, the following action was taken:

MOTION:
Councilmember Selberg made a motion to dismiss the complaint against Councilmember Staton-Willams. Second was made by Councilmember Booth.

After some additional discussion, Mayor Pro-Tem Smith withdrew his complaint against Councilmember Staton-Williams. The motion and second were then withdrawn.

Mr. Brigman stated that staff is actively working to schedule diversity training and team-building training for Council in the next 30-60 days.

6A.
NEW BUSINESS
Consideration of Resolution to Denounce Racism and Racial Inequity. Mayor and Council requested the Town prepare a resolution denouncing racism during the October 12, 2020 Council meeting. The resolution has been prepared and provided to Town Council for consideration.

After some discussion, the following action was taken:

MOTION:
Councilmember Staton-Williams made a motion to approve the resolution as presented. Second was made by Councilmember Selberg. **The motion passed 7-0.**

6B.
NEW BUSINESS
Consideration of FY2021 Budget Ordinance Amendments related to Holcomb Park. In May 2020, Town Council made a unanimous decision to accept a payment of $244,500 from TAC Holcomb, LLC and a land donation of 13.44 acres with acknowledgement that the Town would utilize said funds to procure a qualified field builder to construct two regulation soccer fields for public and program use of the Town. During the same meeting, Council awarded the bid for construction of these fields to Furr'st Athletic Fields, Inc. in the amount of $240,000.

Staff's intentions were to begin construction prior to June 30, 2020, however, delays related to contractor availability and project load caused a postponement of the project. The Town's program delays or cancelations as a result of Covid-19 removed some of the pressure for immediate field space and allowed staff to postpone initiating this project until late fall/winter 2020 without affecting the programs and athletics.

Also, at the time of approval in May, staff understood that erosion control measures would be obtained under the existing Holcomb Development Erosion Control Plan. The Department of Environmental Quality (DEQ) has since provided feedback to staff over this period of time, indicating that significant enough changes are being made to the existing Holcomb Woods Development Erosion Control Plan, to the extent that the Town is required to engage a firm, LandDesign, Inc., to make these changes and provide the Town with a stand-alone set of Erosion Control Plans.

The Town will see significant savings since TAC Holcomb, LLC has agreed to allow the existing plan set to be modified to comply with DEQ requests and by utilizing the same firm who has ownership of these files. The fee to complete the plans is $6,600. This fee does not cover permit fees from DEQ, those will be separate and are based on acreage to be disturbed.

$244,500 in revenue was received in FY2020. However, the project amount that was budgeted for FY2020 in the amount of $240,000 was not expended on this project and was transferred to the Capital Reserve Fund - General Fund on June 30th, 2020, carrying with it a commitment to be used on capital outlay expenditures only.

The total estimated cost of the project, including NCDEQ permit fees and potential legal or administrative fees and a small contingency, is $255,000. Thus in addition to the existing amount from FY2020 of $240,000, the Town will need an additional $15,000 for the items noted above.

The provided budget amendments move these committed funds back from the Capital Reserve Fund to the General Fund in FY2021 to be used on this capital outlay project. As previously mentioned, TAC Holcomb, LLC contributed $244,500 toward this total cost, leaving the Town with a cost of up to approximately $10,500 to complete the field construction project.

With approval tonight, staff would anticipate utilization of these fields in the Spring of 2021 for athletics and programs.

MOTION:
Councilmember Staton-Williams made a motion to approve the FY2021 Budget Ordinance Amendments, as presented, in the amount of $255,000. Second was made by Councilmember Booth. **The motion passed 7-0.**

6C.
NEW BUSINESS
Consideration of approval of contract with Herrin Industrial, Inc, for the 2020 Waterline Project. The project consists of the replacement of approximately 8,850 LF of existing 2-inch and 3-inch watermain with 6-inch waterline. The project will occur along Plaza Drive, Parallel Drive, Patricia Ave, Pine Street, and Ford Street. The purpose for the project is to replace thin walled PVC and small diameter waterlines that remain throughout portions of the old system. Replacing with 6-inch lines with fire hydrants that will provide fire protection.

The project was competitively bid, and bids were opened on October 16, 2020. The Town received bids from eight qualified contractors. The engineer's estimate was $1.3 million.

Since 2017, the Town of Harrisburg has replaced 17,000 linear feet (over three miles) of waterline in the downtown area of Harrisburg.
The proposed contract has been reviewed and approved by the Town attorney and is now presented for Council consideration.

After some discussion, the following action was taken:

MOTION:
Councilmember Russo made a motion to award a contract in the amount of $999,939.33 to Herrin Industrial, Inc. for the 2020 Waterline Projects. Second was made by Councilmember Staton-Williams. **The motion passed 7-0.**

6D.
NEW BUSINESS
To set a public hearing for December 14, 2020 to consider the refunding of up to six of the Town's existing installment loans, the related financing agreement, per N.C.G.S. 160A-20 and adopt a resolution authorizing the filing of an application for approval of a financing agreement authorized by N.C.G.S. 160A-20. Town Council has recently authorized using Revenue bonds as another form of capital financing in the Water and Sewer Fund for its current and projected capital project funding needs.

The Revenue bonds allow the Town to be able to pledge the future net revenues of the water and sewer system as a whole instead of physical water and sewer assets, which are often undesirable pieces of collateral that banks and other lenders are not overly interested in having as security on their debt.

Lenders are typically agreeable to these loans as long as there are other assets, specifically buildings in most cases, that can be pledged alongside the water or sewer lines to help collateralize the loan with more attractive assets.

The Water and Sewer Fund currently has the following debt being considered for refunding:

1. Public Works Facility
2. Pharr Mill Waterlines
3. 2012 Wells
4. Rocky River Waterlines
5. Water/Sewer portion of Town Hall Debt (50%)

The General Fund currently has the following debt being considered for refunding and, most importantly, being used as the extra collateral needed to cover items #2, 3, and 4 above:

1. General Fund portion of Town Hall (50%)
2. Fire Station #3

The analysis of the potential refunding using expected rates shows that the Town will have some interest savings as a result of the refunding, given the current interest rate market, so the refunding is expected to make financial sense alone. The main objective, however, is to deleverage the water and sewer system infrastructure to setup the Town for the most attractive revenue bond position in Spring 2021, without the need to disclose multiple pledged assets throughout the system.

It is important to note that each respective department is still responsible for its debt being refunded as it is merely the collateral supporting the loan that is changing.

With approval tonight to set the public hearing in December, 2020, we will quickly issue an RFP for bank rates on this refunding and bring the actual financial analysis of the refunding back for Council and public consideration during the public hearing.

After some discussion, the following action was taken:

MOTION:
Councilmember Selberg made a motion to set a public hearing for December 14, 2020 to consider the refunding of six of the Town's existing installment loans, the related financing agreement, per N.C.G.S. 160A-20 and adopt a resolution authorizing the filing of an application for approval of a financing agreement authorized by N.C.G.S. 160A-20. Second was made by Councilmember Booth. **The motion passed 7-0.**

7.
ACTION ITEMS

- Look into the Arbor Day Tree program.
- Look into purchasing live Christmas trees for Veteran's park.

8.
CLOSED SESSION
MOTION:
Councilmember Selberg made a motion to go into Closed Session to discuss personnel matters. Second was made by Councilmember Staton-Williams. T**he motion passed 7-0.**

Upon returning from Closed Session the following action was taken:

MOTION:
Councilmember Selberg made a motion to come out of Closed Session and return to regular business. Second was made by Councilmember Staton-Williams. T**he motion passed 7-0.**

9.
ADJOURNMENT:
MOTION:
There being no further business, Councilmember Selberg made a motion to adjourn the meeting. Second was made by Councilmember Staton-Williams. **The motion passed 7-0.**

ATTEST:

____
Steve Sciascia, Mayor

____
Janet Rackley, Town Clerk

TOWN OF HARRISBURG

Agenda Item Details

Title:
Consider the minutes of the November 9, 2020 Closed Session.

Presenting Personnel:

Suggested Motion or Action:
Motion to approve the minutes of the November 9, 2020 Closed Session.

Description/Background:

Recommendation:

Fiscal Impact:

Attachments:
None

TOWN OF HARRISBURG

Agenda Item Details

Title:
Consideration of Approval of Harris Depot Road for Street Acceptance and Related Value

Presenting Personnel:
Robert Donham, Town Engineer

Suggested Motion or Action:
To approve the acceptance of street and storm water infrastructure of Harris Depot Road and adopt the related resolution and infrastructure values of $216,770 in Streets and $26,421.08 in Storm Water.

Description/Background:
The high speed rail project closed two of the five at-grade rail crossings in the Town of Harrisburg. One of the at-grade crossings closed was at Robinson Church Road. The Section of roadway north of the crossing, since it no longer connected to Robinson Church Road, was renamed Harris Depot Road. Harris Depot Road is currently maintained by NCDOT, but serves as a local street for access to Harris Depot Park, residences and businesses along the street.

Town staff has worked with NCDOT to make improvements to the road. NCDOT and Town Staff repaired erosion control issues and washed out ditches by piping in sections of open ditch and regrading areas to have manageable slopes. In August and September of this year, NCDOT milled, patched, and repaved the road. In addition to the repaving, NCDOT removed a left turn lane and light from Harris Depot onto Highway 49 to allow additional right of way width to be used for a future sidewalk that will provide a connection from Highway 49 to Harris Depot Park.

Along with acceptance of the roads and storm infrastructure, the Town must also accept a value of those assets to properly account for them in the Town's financial records. Based on the attached engineer's cost estimate, the value has been determined to be $216,770 for streets, sidewalks and curb and gutter and $26,421.08 for storm water infrastructure.

Recommendation:
Staff recommends approval of the Harris Depot Road acceptance and Related Value

Fiscal Impact:
There is no direct fiscal impact to the Town as a result of the acceptance. The values noted above will be incorporated into the financial records of the Town with the annual financial audit.

The Town will assume maintenance of the road and have the ability to construct sidewalks where needed. The Town will also begin to collect Powell Bill funds for the street miles associated with Harris Depot Road once it becomes a Town-owned street.

Attachments:
1. Harris Depot - Council Resolution for Acceptance

STATE OF NORTH CAROLINA
COUNTY OF CABARRUS

REQUEST FOR TOWN OF
HARRISBURG TO ACCEPT
ASPHALT & STORM DRAINAGE SYSTEMS
HARRIS DEPOT ROAD

Whereas, this is to certify that the previous developer and original owner installed asphalt and storm drainage systems along Harris Depot Road, previously Robinson Church Road, SR-1166, which is recorded in Book 66 Page 73, dated August 5, 2014 and labeled as varying width Public Right-of-Way; and labeled as Robinson Church Road; and is located in the Town of Harrisburg,

Whereas, existing right of way is North Carolina Department of Transportation maintenance right of way from back of ditch to back of ditch,

Whereas, asphalt and storm drainage system have been installed on Harris Depot Road,

Whereas, the Town of Harrisburg desires to accept the asphalt and storm drainage system from the North Carolina Department of Transportation, to be owned and maintained as part of the Town's public roadway and storm drainage systems.

The Town of Harrisburg seeks to accept the above mentioned asphalt and storm drainage systems for Harris Depot Road into the Town's systems, to be owned and maintained as a part of the Town's public roadway and drainage systems.

Adopted this 14th day of December, 2020

____
Steven J. Sciascia, Mayor

Attest:

____
Janet Rackley, Town Clerk

Harris Depot Road Estimate

Harris Depot Road is an existing 1,982 linear foot, or 0.38 mile roadway in Harrisburg, North Carolina south of Highway 49 between Robinson Avenue and Sims Parkway. The Town, NCDOT, and developers along the Right of Way have contributed to various improvements including storm drainage, curb and gutter, repaving and restriping, and sidewalks. The Town of Harrisburg Paid for the storm drainage material, which NCDOT installed in Spring of 2020. There is a credit on this estimate for the actual cost to the Town of Harrisburg for Storm Drainage improvements.

Storm Drainage				
Description		**Unit**	**Unit Price**	**Total**
18" Reinforced Concrete Pipe	800	LF	$ 30.00	$ 24,000.00
Traffic Bearing Precast Box w/ Frame and Grate	6	EA	$ 2,500.00	$ 15,000.00
Harrisburg Purchase of Storm Drainage Material	1	LS	$ (12,578.92)	$ (12,578.92)
Storm Drainage Subtotal				**$ 26,421.08**
Streets				
Description		**Unit**	**Unit Price**	**Total**
Asphalt Pavement - Subgrade	5880	SY	$ 23.00	$ 135,240.00
Asphalt Pavement - Surface	5880	SY	$ 8.00	$ 47,040.00
Curb and Gutter (Portion of Roadway)	515	LF	$ 16.00	$ 8,240.00
Sidewalk	5250	SF	$ 5.00	$ 26,250.00
Streets Subtotal				**$ 216,770.00**
Total	$ 243,191.08			
Cost Per Linear Foot	$ 122.70			
Cost Per Mile	$ 639,976.53			

This estimate is based on average construction costs from October, 2020.

Harrisburg NC
The right side of opportunity

TOWN OF HARRISBURG

Agenda Item Details

Title:
Public hearing to consider the refunding of five of the Town's existing installment loans and the related financing agreement, per N.C.G.S. 160A-20; and to adopt a resolution authorizing the filing of an application for approval of a financing agreement authorized by N.C.G.S. 160A-20.

Presenting Personnel:
Brian Lee, Finance Director

Suggested Motion or Action:
Motion to open the Public Hearing to consider refunding five of the Town's existing installment loans.

Motion to adopt the attached resolution authorizing the filing of an application for approval of a financing agreement authorized by N.C.G.S. 160A-20.

Description/Background:
FINANCING
The Town has recently authorized using Revenue bonds as another form of capital financing in the Water and Sewer Fund for its current and projected capital project funding needs.

The Revenue bonds allow the Town to be able to pledge the future net revenues of the water and sewer system as a whole instead of physical water and sewer assets, which are often undesirable pieces of collateral that banks and other lenders are not overly interested in having as security on their debt.

Lenders are typically agreeable to these loans as long as there are other assets (buildings in most cases) that can be pledged alongside the water or sewer lines to help collateralize the loan with more attractive assets.

Following approval to call this Public Hearing in November, an RFP was issued on November 10, 2020 to solicit bids to refinance the following loans totaling approximately $8,500,000:

From the Water and Sewer Fund:
1. Public Works Facility
2. Pharr Mill Waterlines
3. 2012 Wells
4. Rocky River Waterlines

From the General Fund:
1. Fire Station #3

In total, 62 financial institutions were solicited by our financial advisors and 6 bids were received for this financing. These included: Capital One, First Bank, JP Morgan, Sterling National Bank, TD Bank, and Truist. A summary of these bids can be seen in the attached bid tab.

After thoroughly reviewing all bids, TD Bank was selected to move forward in the process. Further analysis of each of their proposal details helped staff to determine that TD Bank's 12-year proposal at 1.19% would be the best option for the Town at this time.

The selected refunding shows that the Town will see approximately $441,000 in interest savings in total over the next 12 years, with $74,000 in the General Fund and $367,000 in the Water and Sewer Fund. The main objective, however, is to deleverage the water and sewer system infrastructure to setup the Town for the most attractive revenue bond position in Spring 2021, without the need to disclose multiple pledged assets throughout the system.

It is important to note that each respective department is still responsible for its portion of the existing debt being refunded, as this move merely shifts the collateral supporting the loan from revenue generating, Water and Sewer assets.

NEXT STEPS
December 14, 2020 (Town Council Meeting):
-Select TD Bank as the winning bidder.
-Approve the attached findings resolution authorizing an application to be filed to the LGC.

January 5, 2021:
-LGC considers approval of the financing.

January 11, 2021:
-Town Council Meeting - Close public hearing and adopt final resolution, approving the final financing contract.

January 15, 2021:
-Close the loan with TD Bank.

Recommendation:
Staff recommends opening the public hearing and approval of the financing award to TD Bank and the resolution authorizing staff to apply to the LGC.

These approvals are preliminary in that they are not final decisions. The refinancing is subject to the Council's final approval at the January 11, 2021 meeting. If public comment or other situations cause a change to the plan for any reason, the Town Council can choose not to adopt the final approval at the January 11th meeting, in which case the refinancing will not move forward.

Fiscal Impact:
The recommended refunding (refinancing) proposal is not to exceed $8,800,000 at 1.19% over 12 years. This will yield total savings for the Town of approximately $441,000 over the life of the loan.

Attachments:
1. Initial Resolution - Town of Harrisburg 2021 IFC
2. Town of Harrisburg, NC 2021 Refunding Summary Memo 12.4.20

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF HARRISBURG, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO

WHEREAS, the Town of Harrisburg, North Carolina (the "*Town*") is a municipal corporation validly existing as such under and by virtue of the constitution, statutes and laws of the State of North Carolina (the "*State*");

WHEREAS, the Town has the power, pursuant to the General Statutes of North Carolina to (1) enter into installment contracts in order to purchase, or finance or refinance the purchase of, real or personal property and to finance or refinance the construction or repair of fixtures or improvements on real property and (2) create a security interest in some or all of the property financed or refinanced to secure repayment of the purchase price;

WHEREAS, the Town staff has reported to the Town Council that the Town can achieve debt service savings and eliminate the lien of some of the Town's assets by refinancing the following installment financings (the *"Prior Contracts"*) that the Town has previously entered into in order to finance certain projects (the *"Projects"*):

(1) an Installment Financing Contract, dated as of May 27, 2015 with Bank of North Carolina, the successor to which is Pinnacle Bank, the proceeds of which financed Fire Station No. 3 at 8045 Rocky River Road;

(2) an Installment Financing Contract and Security Agreement, dated as of February 12, 2012 with Bank of North Carolina, the successor to which is Pinnacle Bank, as modified, the proceeds of which financed an ion exchange treatment facility, pump house, control building and appurtenances for a groundwater well at 4050 Stallings Road, Harrisburg, North Carolina and an additional ion exchange treatment facility and appurtenances for existing groundwater well at 8885 Rocky River Road, Harrisburg, North Carolina;

(3) an Installment Financing Contract, dated as of January 23, 2014 with Bank of North Carolina, the successor to which is Pinnacle Bank, the proceeds of which financed extension of water lines on Rocky River Road and extension of sewer lines in the Steeplechase subdivision and abandonment of pump stations in Bradford Park;

(4) an Installment Financing Contract, dated as of January 28, 2016 with Bank of North Carolina, the successor to which is Pinnacle Bank, the proceeds of which financed pipes, valves, fittings, pumps and other utility equipment necessary to extend water lines on Rocky River Road and Pharr Mill Road and abandonment of Quay Farm/Highland Ridge pump stations; and

(5) a Financing Agreement and Deed of Trust dated October 30, 2017 with Branch Banking and Trust Company, the successor to which is Truist Bank, the proceeds of which financed the public works facility at 5404 Harrisburg Industrial Park Drive;

WHEREAS, the Town Council hereby determines that it is in the best interest of the Town to proceed with the process to (1) enter into an installment financing contract (the *"Contract"*) with a TD Bank, N.A. (the *"Lender"*), selected through the request for proposal process, in order to provide funds to refinance the existing installment financings described above related to the Projects, and (2) in order to provide security for the Town's obligations under the Contract, grant to the Lender a security interest under a deed of trust, security agreement and fixture filing (the *"Deed of Trust"*) in all or such portion of the Town's fee simple interest in the sites where the Projects are located, together with all improvements and fixtures located thereon, as the Lender may require;

WHEREAS, the Town staff has retained (A) Parker Poe Adams & Bernstein LLP, as special counsel (*"Special Counsel"*) and (B) Davenport & Company LLC, as financial advisor (collectively, the *"Financing Team"*), in connection with the proposed installment financing;

WHEREAS, the Town Council hereby determines that the Projects continue to be essential to the Town's proper, efficient and economic operation and to the general health and welfare of its inhabitants; that the Projects provide an essential use and permit the Town to carry out public functions that it is authorized by law to perform; and that entering into the Contract and Deed of Trust is necessary and expedient for the Town by virtue of the findings presented herein;

WHEREAS, the Town Council hereby determines that such cost of refinancing the Projects exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances and non-voted bonds that could be issued by the Town in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State;

WHEREAS, although the cost of refinancing the Projects pursuant to the Contract and the Deed of Trust is expected to exceed the cost of refinancing the Projects pursuant to a bond financing for the same undertaking, the Town hereby determines that the cost of refinancing the Projects pursuant to the Contract and Deed of Trust and the obligations of the Town thereunder are preferable to a general obligation bond financing or revenue bond financing for several reasons, including but not limited to the following: (1) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds; (2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the financial benefits of refinancing the Projects; and (3) insufficient revenues are produced by the Projects so as to permit a revenue bond financing;

WHEREAS, the Town Council hereby determines that the estimated cost of refinancing the Projects pursuant to the Contract and the Deed of Trust allows the Town to refinance the Projects at a favorable interest rate currently available in the financial marketplace and on terms advantageous to the Town and reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preambles;

WHEREAS, the Town does not anticipate a future property tax increase to pay installment payments falling due under the Contract; however, any increase in taxes that may be necessary will not be excessive;

WHEREAS, Special Counsel will render an opinion to the effect that entering into the Contract and the transactions contemplated thereby are authorized by law;

WHEREAS, no deficiency judgment may be rendered against the Town in any action for its breach of the Contract, and the taxing power of the Town is not and may not be pledged in any way directly or indirectly or contingently to secure any money due under the Contract;

WHEREAS, the Town is not in default under any of its debt service obligations;

WHEREAS, the Town's budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act, and external auditors have determined that the Town has conformed with generally accepted accounting principles as applied to governmental units in preparing its Annual Budget Ordinance;

WHEREAS, past audit reports of the Town indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law, and the Town has not been censured by the Local Government Commission of North Carolina (the *"LGC"*), external auditors or any other regulatory agencies in connection with such debt management and contract obligation payment policies;

WHEREAS, a public hearing on the Contract, the Deed of Trust and the Projects, after publication of a notice with respect to such public hearing, was held on December 14, 2020 and approval of the LGC with respect to entering the Contract must be received; and

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HARRISBURG, NORTH CAROLINA, AS FOLLOWS:

Section 1. ***Authorization to Negotiate the Contract and the Deed of Trust***. The Town Manager, the Assistant Town Manager and the Finance Director, with advice from the Town Attorney and Special Counsel, are hereby authorized and directed to negotiate on behalf of the Town the refinancing of the Prior Contracts and the Projects for a principal amount not to exceed $8,800,000 under the Contract to be entered into with the Lender, subject to the Town Council's final approval, in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended, and (2) the provision of a security interest under the Deed of Trust in all or such portion of the Town's fee simple interest in the sites where the Projects will be located, together with all improvements and fixtures located thereon, as may be required by the Lender providing the funds to the Town under the Contract to secure the Town's obligations thereunder.

Section 2. ***Application to LGC.*** The Finance Director, or his designee, is hereby directed to file with the LGC an application for its approval of the Contract and all relevant transactions contemplated thereby on a form prescribed by the LGC and to state in such application such facts and to attach thereto such exhibits regarding the Town and its financial condition as may be required by the LGC.

Section 3. ***Approval of the Financing Team.*** The Financing Team is hereby approved in connection with the financing and refinancing of the Projects. The Finance Director is hereby authorized to retain other persons or organizations as may be necessary and appropriate to carry out the intention of this Resolution.

Section 4**.** ***Ratification.*** All actions of the Town and its officials, whether previously or hereafter taken in effectuating the proposed financing as described herein, are hereby ratified, authorized and approved.

Section 5. ***Repealer.*** All motions, orders, resolutions and parts thereof in conflict herewith are hereby repealed.

Section 6. ***Effective Date.*** This Resolution is effective on the date of its adoption.

____
Steven J. Sciascia, Mayor

ATTEST:

____
Janet Rackley, Town Clerk

STATE OF NORTH CAROLINA)
) ss:
TOWN OF HARRISBURG)

I, Janet Rackley, Town Clerk of the Town of Harrisburg, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled "**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF HARRISBURG, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO**" adopted by the Town Council of the Town of Harrisburg, North Carolina, at a meeting held on the 14th day of December, 2020.

WITNESS my hand and the corporate seal of the Town of Harrisburg, North Carolina, this the ____ day of __________________, 2020.

[Seal]

____
Town Clerk
Town of Harrisburg, North Carolina

Davenport Public Finance

Independence Center
101 N. Tryon Street
Suite 1220
Charlotte, NC 28246

To	Town of Harrisburg, North Carolina
From	Davenport & Company LLC
Date	December 14, 2020
Subject	2021 Installment Financing Contract

Background

Davenport & Company LLC ("Davenport"), on behalf of the Town of Harrisburg, NC (the "Town"), distributed a Request for Proposals ("RFP") to secure a commitment for a direct bank loan evidenced by an Installment Financing Contract to refinance existing instalment financing obligations and pay related costs of issuance.

The RFP was distributed to over 60 National, Regional, and Local lending institutions. After the initial distribution, Davenport reached out to the potential bidders to assess their interest in the financing and address any questions they had.

As part of the RFP process, responding institutions were asked to provide Non-Bank Qualified interest rates.

RFP Responses

Through this process, the Town was able to secure six responses to the RFP, including:

1. Capital One Public Funding, LLC ("Capital One");
2. First Bank;
3. JPMorgan Chase Bank, NA ("JP Morgan");
4. Sterling National Bank ("Sterling");
5. TD Bank, N.A. ("TD Bank");
6. Truist Bank ("Truist");

The following pages contain a summary of the key terms and conditions for the responses received.

Discussion Points

1. Interest Rate

A summary of the interest rates proposed by the seven bidders is outlined in Table 1 below. All interest rates are fixed through final maturity, and, with the exception of JP Morgan, can be locked in through the anticipated closing date.

Table 1: Summary of Interest Rates

	A	B
	Option	Interest Rate
1	Capital One	1.50%
2	First Bank	2.20%
3	JP Morgan[1]	Option A: 1.45% Option B: 1.57% Option C: 1.47%
4	Sterling National Bank	1.72%
5	TD Bank[2]	Option A: 1.15% Option B: 1.19%
6	Truist	1.55%

[1] Option A is non-callable, Option B is a 5-year par call, and Option C is a 10-year par call.

[2] Option A is subject to a Make Whole Call. Option B is callable at 102% through 1/15/2023 and at par thereafter.

The remainder of the memo will focus on the proposals from Capital One, JP Morgan, and TD Bank, which provided the lowest interest rates.

2. Prepayment Provisions

Prepayment provisions offered by the lending institutions are shown in Table 2 below.

Table 2: Summary of Prepayment Provisions

Lender	Prepayment Provisions
Capital One	In whole at par on any interest payment date beginning 1/15/2027.
JP Morgan	**Option A:** Non-callable. **Option B:** In whole at par beginning 1/15/2026. **Option C:** In whole at par beginning 1/15/2031.
TD Bank	**Option A:** Make Whole Call[1] **Option B:** In whole or in part at 102% through 1/15/2023 and at par thereafter.

[1] The 2021 IFC may be prepaid in whole or in part upon thirty (30) days prior written notice to the Bank. Any partial prepayment of the 2021 IFC shall be applied in inverse order of scheduled maturities. In the event of any prepayment of the 2021 IFC, whether by voluntary prepayment, acceleration or otherwise, the Town shall, at the option of the Bank pay the greater of (i) 1% of the principal balance being prepaid plus accrued interest, or (ii) a "Break Funding Fee" in an amount computed as follows: [Amount Being Prepaid x (Original Rate - Current Rate) x Number of Days in the Remaining Term / 360 days] plus accrued interest, where the Current Rate is the Treasury Constant Maturities Rate.

3. Bank Closing Fees

Bank closing fees required by the lending institutions are shown in Table 3 below.

Table 3: Summary of Bank Closing Fees

Lender	Bank Closing Fees
Capital One	$0
JP Morgan	$6,500
TD Bank	$5,000

4. Estimated Savings

A summary comparison of the estimated savings for the Capital One, JP Morgan (prepayment Option C), and TD Bank options outlined previously are shown in table 4. The preliminary estimated savings shown accounts for estimated costs of issuance.

Table 4: Summary of Savings

	A	B	C	D	E
	Lender	TD Bank *Option A*	TD Bank *Option B*	JP Morgan *Option C*	Capital One
1	**Sources**				
2	Par Amount*	$ 8,549,000	$ 8,549,000	$ 8,551,000	$ 8,544,000
3	Equity Contribution*	502,744	502,744	502,744	502,744
4	**Total**	**$ 9,051,744**	**$ 9,051,744**	**$ 9,053,744**	**$ 9,046,744**
5					
6	**Uses**				
7	Refunding Escrow Deposits - Cash*	8,921,717	8,921,717	8,921,717	8,921,717
8	Cost of Issuance*	125,000	125,000	125,000	125,000
9	Bank Fees	5,000	5,000	6,500	-
10	Additional Proceeds*	27	27	527	27
11	**Total**	**$ 9,051,744**	**$ 9,051,744**	**$ 9,053,744**	**$ 9,046,744**
12					
13	Interest Rate	1.1500%	1.1900%	1.4800%	1.5000%
14	All-In TIC*	1.4644%	1.5046%	1.8000%	1.8043%
15					
16	Closing Date*	1/15/2020	1/15/2020	1/15/2020	1/15/2020
17	First Interest Payment	7/15/2021	7/15/2021	7/15/2021	7/15/2021
18	First Principal Payment	7/15/2021	7/15/2021	7/15/2021	7/15/2021
19	Final Maturity	1/15/2033	1/15/2033	1/15/2033	1/15/2033
20					
21	**Savings***				
22	**Fiscal Year**				
23	2022	$ 54,273	$ 50,953	$ 37,761	$ 37,201
24	2023	52,270	50,310	37,658	37,276
25	2024	51,358	50,757	36,726	38,485
26	2025	52,526	50,293	35,949	37,851
27	2026	51,877	50,021	38,375	37,443
28	2027	48,866	48,360	36,272	35,518
29	2028	47,626	47,438	35,764	35,182
30	2029	49,955	48,080	35,748	35,317
31	2030	33,379	31,761	22,332	22,028
32	2031	24,072	22,682	15,836	15,637
33	2032	24,098	22,895	15,392	15,282
34	2033	23,669	22,623	16,261	15,232
35	**Total**	**$ 513,968**	**$ 496,172**	**$ 364,074**	**$ 362,452**
36					
37	**NPV Savings**	**$ 459,939**	**$ 441,448**	**$ 307,510**	**$ 304,980**
38	**% NPV Savings**	**5.189%**	**4.980%**	**3.469%**	**3.441%**

* Preliminary and subject to change.

Recommendation

Based upon our review of the proposals, related analyses, and discussions with Town Staff and Bond Counsel, Davenport recommends that the Town select the TD Bank Prepayment Option B proposal. The TD Bank Prepayment Option B proposal provides greater estimated cash flow and net present value savings than the JP Morgan and Capital One options and maintains the ability to prepay the loan at any time. While the TD Bank Prepayment Option A interest rate provides a slightly greater level of estimated savings, Option B provides greater prepayment flexibility to pay off / refinance the loan in the future.

Next Steps

Date	*Action*
December 14th	Town Council Meeting – Town Council holds Public Hearing, considers selecting a winning bidder and considers adopting a Preliminary Findings Resolution
January 5th	LGC considers approving the financing.
January 11th	Town Council Meeting – Town Council considers adopting a Final Resolution
By January 15th	Close on financing.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

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The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport. Version 01.13.14 | BD MB TC

TOWN OF HARRISBURG

Agenda Item Details

Title:

Consideration of Project Ordinance Amendment and FY2021 Budget Ordinance Amendment for Harrisburg Park Redevelopment Project - Phase I

Presenting Personnel:

Haynes Brigman, Town Manager

Suggested Motion or Action:

Motion to approve the attached Project Ordinance Amendment and FY2021 Budget Ordinance Amendment to complete the Harrisburg Park project.

Description/Background:

The following is a Budget Amendment request related to the Harrisburg Park expansion project. The project is currently about 90% complete, with an expected completion date sometime in late January. However, during the course of the last phases of the project, certain areas of the project have been identified that require additional funding to complete the project at a high level.

This budget amendment is necessary due to several factors, but mostly due to higher than expected costs associated with certain parts of the project that were either not fully designed when the original contract was signed, or due to cost overruns in early phases of the project such as storm water infrastructure. Many of these details were not fully designed at the start of the project due to our attempt to fast-track the construction timeline to allow for Town-sponsored events at the park. In these instances, allowances or estimates were assumed for portions of the project that proved to be insufficient to cover the actual costs.

Additional issues have arisen due to poor or incomplete design and poor functionality in the real-world environment. Other decisions during the course of the project increased cost as the contractor and staff worked to complete the project at a high standard.

Over the last several weeks, staff from our Parks & Recreation Department, Public Works & Engineering Department, and management staff have been working with the architect and Construction Manager to determine items that need to be addressed as the construction project nears completion. In addition to the collective feedback from these individuals, a third-party land development consultant has been brought in to assist in determining the remaining needs of the park project (a summary of their findings will be provided before the meeting).

The following is a summary list of the anticipated needs of the project, along with estimated costs:

- Additional sidewalks: $50,000
- Address Parking Space/Road Width Issues: $65,000
- Additional Landscaping: $60,000
- Three (3) Sets of Stairs to access various multi-purpose fields: $90,000
- Address ADA Issues outside of contractor responsibility: $30,000

- Furniture and Fixtures: $50,000
- Increase Walking Track Width: $70,000
- Increase concrete apron around Concession Building: $40,000
- Install patio area around Hagler Family flagpole: $10,000
- Address Amphitheater lawn slope: Dependent upon solution, but estimated at $25,000
- Address storm drain locations and issues: $20,000
- Additional Retaining Walls needed for slope and landscaping issues: $60,000
- Park Street Entry Gates: $35,000
- Entry Gate at Splash Pad: $10,000
- Retaining Wall Security/Climbing Issues: $10,000
- Contingency: $25,000
- **Total Estimated Amount: $650,000**

Staff will continue to inspect and audit the project to determine if any of the identified expenses are the responsibility of the contractor or architect to address. In these instances, staff will ensure that the improvements are made to meet our expectations, and that the financial liability is mitigated for the Town.

The funding for these improvements is proposed to come from the Capital Reserve Fund, a specialized fund used for large capital project expenses. Last year, the Town transferred roughly $1 million more than anticipated to the Capital Reserve Fund due to expenditures of the Town coming in lower, and revenues higher, than anticipated. In our current budget, we also expect to have significantly lower expenses due to the impacts of COVID-19, so additional funding may be available in our Capital Reserve Fund. Specifically, in the Parks & Recreation budget, we cancelled several events this year, including the July 4th festival. As a result, over $150,000 will not be spent on special events alone, which at the end of the fiscal year will be transferred to our Capital Reserve Fund.

The allocation of these Capital Reserve funds does not impact any current or future identified Capital Improvement Plans for the Town, and does not take away any identified funding from any department; it merely utilizes unexpected capital funding now available to the Town.

If actual expenses associated with the improvements are less than estimated, those funds will transfer back to the Capital Reserve Fund at the end of the project.

The overall goal is to complete the Harrisburg Park project at a high level, and open the park fully without any deficiencies or areas that would need future improvement.

Staff recommends approving the necessary budget amendment of $650,000 to complete the Harrisburg Park project.

The items noted above will have to be determined as to which go into GMP and which stay outside. Once that is determined, staff will return to Council with a recommended change to GMP at a future meeting.

Recommendation:

Staff recommends approval of the attached Project Ordinance Amendment and FY2021 Budget Ordinance Amendment for Harrisburg Park Redevelopment - Phase I.

Fiscal Impact:

The total project budget for Harrisburg Park Redevelopment - Phase I is currently $10,650,000, with $524,000 for Professional Services and $10,126,000 for Construction.

If approved, this amendment adds $650,000 to the construction portion of the project, increasing the total project budget to $11,300,000 with $10,776,000 for Construction.

The Capital Reserve Fund - General Fund, which provides the $650,000 transfer to fund this amendment, had a FY2021 beginning balance of $3,731,575, of which approximately $1,800,000 is accounted for with existing capital purchases and projects taking place during the year. The 10-year Financial Model also shows that this utilization of funds does not prevent any other project from occurring as planned.

Attachments:

1. Project Ordinance Amendment - Harrisburg Park Phase 1 Addition - 12142020
2. Budget Amendment - CRF-GF Harrisburg Park Phase 1 Addition - 12142020

HarrisburgNC
The right side of opportunity

AN ORDINANCE AMENDING THE 2018-2021 CAPITAL PROJECT ORDINANCE OF THE TOWN OF HARRISBURG, NORTH CAROLINA

Be it ordained by the Town Council of the Town of Harrisburg, North Carolina, that the following amendment be made to the Capital Projects Fund – Parks and Recreation project ordinance for the fiscal years beginning July 1, 2018 and ending June 30, 2021:

Section 1. Amend Capital Projects Fund – Parks and Recreation to account for additions to Harrisburg Park Redevelopment – Phase I.

Section 2. To amend the Capital Projects Fund – Parks and Recreation, the appropriations are to be changed as follows:

Increase line item 320-5000-57100 Construction	$ 650,000

Section 3. To amend the Capital Projects Fund – Parks and Recreation, the revenues are to be changed as follows:

Increase line item 320-49555 Transfers In	$ 650,000

Section 4. Copies of this budget amendment shall be furnished to the Clerk of the Town Council, and to the Budget Officer and the Finance Officer for their direction.

Section 5. That this ordinance shall be effective upon its passage. Adopted this 14th day of December, 2020.

____
Steve Sciascia, Mayor

ATTEST:

____
Janet Rackley, Town Clerk

4100 Main Street, Suite 101, PO Box 100, Harrisburg, North Carolina 28075
t 704-455-5614 **f** 704-455-1206 harrisburgnc.org facebook.com/harrisburgnc

HarrisburgNC
The right side of opportunity

AN ORDINANCE AMENDING THE 2020-2021 BUDGET ORDINANCE OF THE TOWN OF HARRISBURG, NORTH CAROLINA

Be it ordained by the Town Council of the Town of Harrisburg, North Carolina, that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2021:

Section 1. Amend Capital Reserve Fund - General Fund to account for additions to Harrisburg Park Redevelopment – Phase 1.

Section 2. To amend the Capital Reserve Fund - General Fund, the appropriations are to be changed as follows:

Increase line item 200-8500-59114 Transfers Out – Capital Projects Fund – Parks and Recreation	$ 650,000

Section 3. To amend the Capital Reserve Fund - General Fund, the revenues are to be changed as follows:

Increase line item 200-48599 Appropriated Fund Balance	$ 650,000

Section 4. Copies of this budget amendment shall be furnished to the Clerk of the Town Council, and to the Budget Officer and the Finance Officer for their direction.

Section 5. That this ordinance shall be effective upon its passage. Adopted this 14th day of December, 2020.

Steve Sciascia, Mayor

ATTEST:

Janet Rackley, Town Clerk

4100 Main Street, Suite 101, PO Box 100, Harrisburg, North Carolina 28075
t 704-455-5614 **f** 704-455-1206 harrisburgnc.org facebook.com/harrisburgnc

TOWN OF HARRISBURG

Agenda Item Details

Title:
Consider 2021 appointments to the Transportation Advisory Committee (TAC) and the Technical Coordinating Committee (TCC) of the Cabarrus-Rowan Urban Area Metropolitan Planning Organization (CRMPO)

Presenting Personnel:

Suggested Motion or Action:
Motion to appoint members of Council's choice to the TAC and TCC.

Description/Background:
Each year the NCDOT requires the MPO to supply a list of current TAC and TCC representatives along with their alternates. Currently, Mayor Pro-Tem Ron Smith is the appointed member of the TAC, with Councilmember Diamond Staton-Williams serving as the alternate.

Sushil Nepal is the staff appointed member of the TCC, with Rob Donham serving as the alternate.

Council can choose to have the existing members continue to serve in these roles for 2021, or choose to change one or more of the appointments.

Recommendation:
N/A

Fiscal Impact:
None

Attachments:
1. TAC, TCC, CRMPO Notification

Janet Rackley

From: Connie Cunningham <ccunningham@mblsolution.com>
Sent: Wednesday, November 11, 2020 12:31 PM
To: Haynes Brigman
Cc: Janet Rackley
Subject: Cabarrus Rowan MPO TCC/TAC 2021 Appointees

November 10, 2020

Mr. Haynes Brigman, Town Manager

Town of Harrisburg
P. O. Box 100
Harrisburg, North Carolina 28075

SUBJECT: 2021 Appointments to the Transportation Advisory Committee (TAC) and the Technical Coordinating Committee (TCC) of the Cabarrus-Rowan Urban Area Metropolitan Planning Organization (CRMPO)

Dear Mr. Brigman,

Each year the North Carolina Department of Transportation (NCDOT) requires the MPO to supply a list of current TAC and TCC representatives along with their alternates. At present, Councilman Ron Smith is the appointed member and Councilwoman Diamond Staton-Williams serves as the alternate to represent the Town of Harrisburg on the TAC. Currently Mr. Sushil Nepal serves as the TCC representative and Mr. Rob Donham is the alternate. Please notify the MPO as to who will serve in 2021 as your designated appointees to the TAC (elected officials only), as well as the TCC (staff) appointee and alternate. The TAC and TCC appointees must be available to attend regular monthly meetings and also participate on regional transportation planning committees. Attendance at the meetings is critical to the success of our planning efforts and to bring information back to their respective communities. A schedule of the meetings will be sent to your designated representative.

As all current TAC members are aware, there is a requirement to serve as a member or alternate of the TAC. TAC members are subject to provisions of the NC State Government Ethics Act, Chapter 138A of the NC General Statutes. There are two specific requirements: 1) State of Economic Interest (SEI) application, and 2) Real Estate Disclosure Form. Current MPO TAC members and their alternate must electronically file their SEI and Real Estate Disclosure Form annually by April 15th. This information can be found at http://www.ethicscommission.nc.gov/sei. Go to Statement of Economic Interest and click on MPO/RPO filers. Please alert your TAC representatives of this requirement when making your selections.

Please provide current contact information for your selected individuals to include mailing address, telephone number, fax number and e-mail address to Connie Cunningham at the CRMPO office by January 8, 2021. You may email your Information to ccunningham@mblsolution.com or mail to Connie Cunningham, Cabarrus Rowan MPO, 713 Sternbridge Drive, Concord, NC 28025.

Thank you for your attention to this matter.

Sincerely,

Phil Conrad

TOWN OF HARRISBURG

Agenda Item Details

Title:
Consider 2021 Centralina Regional Council Delegate and Alternate Appointments.

Presenting Personnel:

Suggested Motion or Action:
Motion to appoint Council's choice as Centralina Regional Council delegate and alternate for 2021.

Description/Background:
The Centralina Regional Council has asked us to appoint a delegate and alternate for 2021. The current delegate is Councilmember Selberg, and the alternate is Mayor Sciascia.

Council can choose to have the existing members continue to serve in these roles for 2021, or choose to change one or more of the appointments.

Recommendation:
N/A

Fiscal Impact:
None

Attachments:
1. Centralina Delegate Role
2. 2021 Centralina Board Meeting Schedule

Centralina Board of Delegates

Board of Delegates Key Facts & Responsibilities

- **Who?** Each member government appoints an elected official to serve on the Board of Delegates and another elected official to serve as an Alternate to attend meetings in the Delegate's absence.
- **Why?** The Board of Delegates is the governing and decision-making body for Centralina. The Board approves the organization's policies, budget, and goals.
- **When?** The Board of Delegates meets four times per year in February, May, August, and October.
- **Leadership**: The Board of Delegates elects officers from the Board's membership to serve as Chair, Vice Chair, Secretary, and Treasurer. The Board of Delegates also appoints members to serve on the Executive Board. These appointments are made at the February meeting.
- **Subcommittees**: The current subcommittees of the Board are the Finance Committee and the Regional Transit Plan Policy Committee.

Delegate Roles and Expectations

When selecting a Delegate and Alternate, member governments are encouraged to consider the following roles and expectations. Please also identify potential scheduling conflicts that may prevent elected officials from regularly attending Board of Delegates meetings.

- **Decision Maker:** Approve an annual budget, member dues assessment, Bylaws amendments, federal action agenda and state engagement plan;
- **Advisor:** Identify opportunities for the region to work together more effectively, efficiently, and affordably;
- **Connector:** Serve as the communication link to the member government on Centralina issues and services;
- **Champion:** Communicate the value of Centralina and regional cooperation; and
- **Representative:** Serve on Standing or Ad Hoc committees, or if appointed, on the Executive Board to provide additional guidance and direction for Centralina activities.

2021 Centralina Board of Delegates Meeting Schedule

What to Expect? Meetings are held to accomplish the organization's key business, including decision-making and discussing issues of regional importance. The Board of Delegates is often asked to provide input on critical business items, making it essential that each member government is represented at these meetings. Without a quorum, the Board cannot take official actions.

Meetings will be held at 5:00 p.m. on the following dates. Due to COVID-19, the February meeting will be held via Zoom. The subsequent meetings will be held in a hybrid format with both virtual and in-person attendance options.

- February 10, 2021
- May 12, 2021
- August 11, 2021
- October 13, 2021

Equal Opportunity/Affirmative Action Employer. Auxiliary aids and services available upon request to individuals with disabilities.

Expense Reimbursement

Centralina reimburses Delegates, or in their absence, an Alternate, for travel expenses for attending regular and special meetings of the Board of Delegates, the Executive Board, or their committees. The amount of the reimbursement is based on the roundtrip mileage from the Delegate's government center to the meeting location. The reimbursement is calculated using the standard mileage rate published by the Internal Revenue Service. Alternatively, Delegates can donate their mileage reimbursement to the Centralina Foundation, which is an affiliated 501(c)(3) non-profit organization which supports activities and initiatives of regional collaboration.

2021 BOARD MEETING SCHEDULE

Executive Board Meeting Dates

*These meetings will be held at **5:00 p.m**. Due to COVID-19, the January and March meetings will be held via Zoom. The subsequent meetings will be held in a hybrid format with both virtual and in-person attendance options.*

Wednesday, January 13, 2021
Wednesday, March 10, 2021
Wednesday, April 14, 2021
Wednesday, June 9, 2021
Wednesday, September 8, 2021
Wednesday, November 10, 2021

Board of Delegates Meeting Dates

*These meetings will be held at **5:00 p.m**. Due to COVID-19, the February meeting will be held via Zoom. The subsequent meetings will be held in a hybrid format with both virtual and in-person attendance options.*

Date	Tentative Agenda Topics
Wednesday, February 10, 2021	Annual Meeting & Delegate Orientation
Wednesday, May 12, 2021	Region of Excellence Awards
Wednesday, August 11, 2021	FY22 Workplan Presentation
Wednesday, October 13, 2021	Annual Report Presentation

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