



# Town of Harrisburg, North Carolina

## Basic Financial Statements and Accompanying Information

For Fiscal Year Ended  
June 30, 2017



### Town Council Members

Steve Sciascia, Mayor  
Benita Conrad, Mayor Pro Tem  
Christopher Barfield  
Chad Baucom  
John Booth  
Jeff Phillips  
Rick Russo  
Ron Smith

### Administrative and Financial Staff

Haynes Brigman, Town Manager  
Lee Connor, Assistant Town Manager/Finance Director



# Town of Harrisburg, North Carolina

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## FINANCIAL SECTION

TOWN OF HARRISBURG, NORTH CAROLINA

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# MARTIN STARNES

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## & ASSOCIATES, CPAs, P.A.

*“A Professional Association of Certified Public Accountants and Management Consultants”*

### **Independent Auditor’s Report**

To The Honorable Mayor and  
Members of the 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, as of and for the year ended June 30, 2017, 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 the Harrisburg Youth Association were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Harrisburg's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the

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 November 28, 2017 on our consideration of the Town of Harrisburg'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Harrisburg's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Harrisburg's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 28, 2017

TOWN OF HARRISBURG, NORTH CAROLINA

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# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis

As management of the Town of Harrisburg (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the 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 \$45,225,485 (*net position*). Of this amount, \$15,620,425 (*unrestricted net position*) may be used to meet the Town's needs.
- The Town's total net position increased by \$3,555,919, 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 \$8,160,544, with a net change of \$1,711,522 in fund balance. Approximately 44.80% of this total amount, or \$3,656,019, is non-spendable, restricted or committed.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,504,525, or 35.67%, of total General Fund expenditures for the fiscal year.
- The Town of Harrisburg's total long-term outstanding liabilities increased by \$2,636,954 (20.12%) during the current fiscal year. The key factor in this change was the financing of a fire engine, financing of the 2<sup>nd</sup> Floor of Town Hall and extra debt service payments.

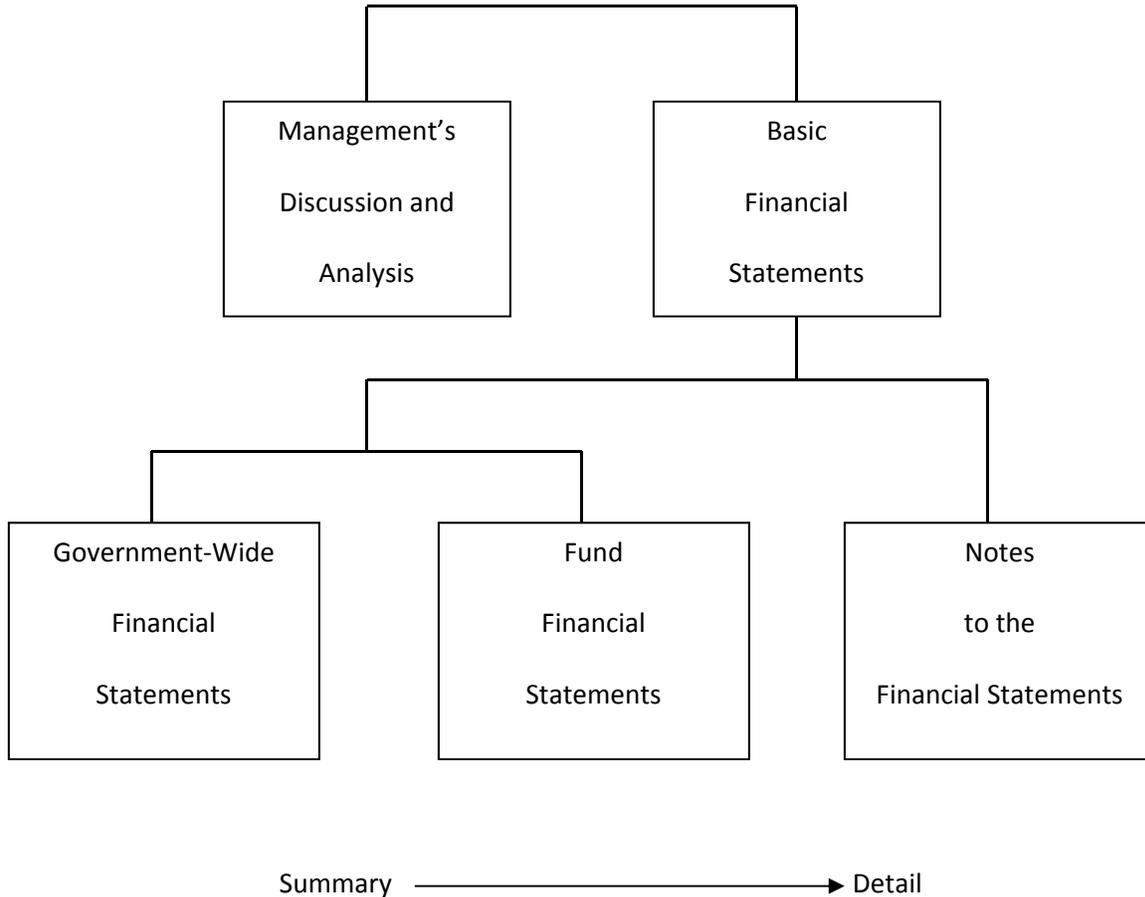
### Overview of the Financial Statements

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

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

Required Components of Annual Financial Report  
Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

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

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

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have 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 services offered by the Town of Harrisburg.

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

### Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Harrisburg, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Harrisburg can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Harrisburg adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Town Council; 2) the final budget as amended by the Town Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Fund Financial Statements (continued)

**Proprietary Funds** – The Town of Harrisburg has only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Harrisburg uses enterprise funds to account for its water and sewer activity, along with its storm water activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 24-57 of this report.

### Government-Wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 8,542,749	\$ 6,996,616	\$ 11,614,321	\$ 10,615,036	\$ 20,157,070	\$ 17,611,652
Capital assets	17,473,577	15,021,598	23,323,134	23,553,910	40,796,711	38,575,508
Deferred outflows of resources	992,252	181,895	326,639	70,737	1,318,891	252,632
Total assets and deferred outflows	<u>27,008,578</u>	<u>22,200,109</u>	<u>35,264,094</u>	<u>34,239,683</u>	<u>62,272,672</u>	<u>56,439,792</u>
Long-term liabilities outstanding	5,533,020	3,466,508	8,641,738	9,277,659	14,174,758	12,744,167
Other liabilities	1,529,255	736,479	1,133,322	998,789	2,662,577	1,735,268
Total liabilities	<u>7,062,275</u>	<u>4,202,987</u>	<u>9,775,060</u>	<u>10,276,448</u>	<u>16,837,335</u>	<u>14,479,435</u>
Deferred inflows of resources	147,897	209,663	61,955	81,128	209,852	290,791
<b>Net position:</b>						
Net investment in capital assets	12,797,917	11,793,534	14,789,485	14,344,923	27,587,402	26,138,457
Restricted	2,017,658	1,150,915	-	-	2,017,658	1,150,915
Unrestricted	4,982,831	4,843,010	10,637,594	9,537,184	15,620,425	14,380,194
Total net position	<u>\$ 19,798,406</u>	<u>\$ 17,787,459</u>	<u>\$ 25,427,079</u>	<u>\$ 23,882,107</u>	<u>\$ 45,225,485</u>	<u>\$ 41,669,566</u>

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 \$45,225,485 as of June 30, 2017. The Town's net position increased by \$3,555,919 for the fiscal year ended June 30, 2017. However, the largest portion (61.00%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Harrisburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Harrisburg's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$2,017,658, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$15,620,425, may be used to meet the Town's ongoing obligations to citizens and creditors.

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Government-Wide Financial Analysis (continued)

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 99.74%, which is comparable to the statewide average in fiscal year 2016 of 98.78%.
- 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.
- Key state-shared revenues increased by 9.7% over FY 2016.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 613,918	\$ 597,384	\$ 8,809,328	\$ 8,113,341	\$ 9,423,246	\$ 8,710,725
Operating grants and contributions	2,231,940	1,682,651	-	-	2,231,940	1,682,651
Capital grants and contributions	521,537	469,425	114,500	262,469	636,037	731,894
General revenues:						
Property taxes	5,871,603	5,266,682	-	-	5,871,603	5,266,682
Grants and contributions not restricted to specific programs	2,645,784	2,412,660	-	-	2,645,784	2,412,660
Other	236,733	531,813	144,289	216,196	381,022	748,009
Total revenues	<u>12,121,515</u>	<u>10,960,615</u>	<u>9,068,117</u>	<u>8,592,006</u>	<u>21,189,632</u>	<u>19,552,621</u>
<b>Expenses:</b>						
General government	1,603,133	1,438,903	-	-	1,603,133	1,438,903
Planning and zoning	380,825	243,740	-	-	380,825	243,740
Public safety	4,593,261	4,173,504	-	-	4,593,261	4,173,504
Transportation	634,462	534,150	-	-	634,462	534,150
Environmental protection	1,284,361	1,297,115	-	-	1,284,361	1,297,115
Cultural and recreational	1,532,710	1,426,159	-	-	1,532,710	1,426,159
Water and sewer	-	-	7,315,772	5,419,796	7,315,772	5,419,796
Storm water	-	-	207,373	187,267	207,373	187,267
Interest	81,816	101,109	-	-	81,816	101,109
Total expenses	<u>10,110,568</u>	<u>9,214,680</u>	<u>7,523,145</u>	<u>5,607,063</u>	<u>17,633,713</u>	<u>14,821,743</u>
Increase in net position	2,010,947	1,745,935	1,544,972	2,984,943	3,555,919	4,730,878
Net position, beginning	<u>17,787,459</u>	<u>16,041,524</u>	<u>23,882,107</u>	<u>20,897,164</u>	<u>41,669,566</u>	<u>36,938,688</u>
Net position, ending	<u>\$ 19,798,406</u>	<u>\$ 17,787,459</u>	<u>\$ 25,427,079</u>	<u>\$ 23,882,107</u>	<u>\$ 45,225,485</u>	<u>\$ 41,669,566</u>

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Government-Wide Financial Analysis (continued)

**Governmental Activities.** Governmental activities increased the Town of Harrisburg's net position by \$2,010,947 thereby accounting for 56.55% of the total growth in the net position of the Town. Key elements of this increase are as follows:

- Tax revenues increased approximately 11.5%, or \$605,000.
- Grant revenue increased by approximately \$550,000 or 32.6%

**Business-Type Activities.** Business-type activities increased the Town of Harrisburg's net position by \$1,544,972 accounting for 43.45% of the total growth in the Town's net position. Key elements of this increase are as follows:

- Water and sewer charges increased approximately \$1,065,000, due largely to the new residential and commercial developments and rate increases.
- Taps, development charges, and service connection revenue decreased approximately \$525,000, due to suspension of system development fees for a portion of FY2017.

### Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Harrisburg. At the end of the current fiscal year, available fund balance in the General Fund was \$5,309,978, while total fund balance reached \$7,181,718. The Town Council of the Town of Harrisburg has determined that the Town should maintain an available fund balance of 40% of General Fund 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 42.05% of General Fund expenditures, while total fund balance represents 56.87% of the same amount.

At June 30, 2017, the governmental funds of the Town of Harrisburg reported a combined fund balance of \$8,160,544, a 26.54% 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 State shared revenues and tax collections coming in at a higher level than was budgeted. While there were some variations of budgeted to actual expenditures at the line item level, at the department level (based on the approved budget ordinance), the Town was able to comply with its budgetary requirements.

# 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 \$9,412,186, and those for the Storm Water Fund amounted to \$1,225,408. The total change in net position for both funds was \$1,145,869, and \$399,103, 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, 2017 totals \$40,796,711 (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 beginning on new Public Works Facility
- Contributions of capital including streets and related infrastructure.
- Purchase of second floor of Town Hall
- Park bathrooms and shelter at Harris Depot Park
- Parks and Recreation office upfit at Town Hall

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Construction in progress	\$ 287,716	\$ 242,518	\$ 848,223	\$ 429,626	\$ 1,135,939	\$ 672,144
Land	1,693,537	1,693,537	890,575	890,575	2,584,112	2,584,112
Buildings and systems	8,669,115	6,446,037	28,972	30,176	8,698,087	6,476,213
Improvements other than buildings	1,751,717	1,745,993	10,575	11,056	1,762,292	1,757,049
Water lines	-	-	14,977,297	15,445,324	14,977,297	15,445,324
Machinery and equipment	1,459,437	1,491,676	921,424	856,017	2,380,861	2,347,693
Interceptors	-	-	146,316	170,462	146,316	170,462
Collection system	-	-	5,076,029	5,281,134	5,076,029	5,281,134
Infrastructure	3,612,055	3,401,837	423,723	439,540	4,035,778	3,841,377
Total	<u>\$ 17,473,577</u>	<u>\$ 15,021,598</u>	<u>\$ 23,323,134</u>	<u>\$ 23,553,910</u>	<u>\$ 40,796,711</u>	<u>\$ 38,575,508</u>

Additional information on the Town's capital assets can be found in note III.A on pages 36-37 of this report.

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

### Capital Asset and Debt Administration (continued)

**Long-Term Debt.** As of June 30, 2017, the Town of Harrisburg had total debt outstanding of \$13,787,809. Of this debt, \$8,533,649 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 (\$5,254,160), is backed by the full faith and credit of the Town.

### Long-Term Obligations Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
	Notes payable	\$ 5,254,160	\$ 3,245,036	\$ 8,533,649	\$ 9,208,987	\$ 13,787,809
Total	\$ 5,254,160	\$ 3,245,036	\$ 8,533,649	\$ 9,208,987	\$ 13,787,809	\$ 12,454,023

### The Town of Harrisburg's Outstanding Debt

The Town of Harrisburg's total long-term outstanding debt increased by \$1,333,781 (10.71%) during the past fiscal year, primarily due to continued principal payments and new general fund debt resulting from purchase of a new fire engine and purchase of the second floor of Town Hall

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 \$161,522,567.

Additional information regarding the Town of Harrisburg's long-term debt can be found in note II.B on pages 46-54 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 significant increases in both actual and planned residential growth over previous years. The Town currently has 1,100 approved homes that have yet to be constructed, and several new subdivisions that have recently started construction on homes. The Town Council continues to make smart decisions on new development by approving low-density, high-quality homes to be constructed. Harrisburg is fortunate to remain one of the most attractive and sought-after locations in the State for residential development.
- **Non-Residential Growth.** The Town has seen the approval of a major mixed-use development, Farmington, along the Rocky River Road corridor, which will become a convenient amenity for the southern portion of Town. In addition, the Harris Square Shopping Center has begun construction, with Publix as its anchor tenant. In addition to these two major centers, other smaller restaurant and retail outparcels continue to develop. The completion of the Morehead West Small Area Plan has also given the Town a vision and path forward for a significant portion of the Town that looks to have low-density residential, and office and industrial uses that are heavily influenced by their proximity to the Charlotte Motor Speedway.

# Town of Harrisburg, North Carolina

## Management's Discussion and Analysis (continued)

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

- **Governmental Projects.** The Town is currently constructing the Public Works Facility, and have begun the design work for the replacement of Fire Station #2. The completion of the Harrisburg Park Master Plan has also generated significant interest in adding future amenities to the Harrisburg Park, as well as take efforts to secure land for construction of greenways and trails. Significant water and sewer infrastructure improvements continue, as we continually improve the water and sewer service quality for our residents. The NC Rail project is nearly complete, and the significant investment has provided major improvements throughout Town.

### Budget Highlights for the Fiscal Year Ending June 30, 2018

The approved FY2018 General Operating Budget is a balanced budget totaling \$22,471,570 for the General Fund and the two enterprise funds; Water and Sewer; and Storm Water. This compares to \$22,838,970 in FY2017, a decrease of approximately \$367,000. The General Fund, which comprises the core services provided by the Town, accounts for \$12,416,400 of the total budget, Water and Sewer Fund (\$9,426,170), and Storm Water Fund (\$629,000) account for the remainder of the budget. The budget addresses current departmental needs and anticipates future needs as the Town continues to experience growth.

#### Overview:

Significant investment in the Town, from personnel, capital projects, and future planning, place the Town in a great position moving forward to meet the demands of our growing community. Making smart growth decisions, taking additional steps to engage with our residents, becoming more transparent, promoting and strengthening our local businesses, and being proactive in our decision making ensures that what we do today will prepare and protect the Town now and into the future. Sound financial management and oversight is the fundamental building block behind every decision and plan the Town enacts, and will ensure financial stability into the future.

Due to the continued growth the Town is experiencing, our residents are experiencing constant change. We must be mindful of this, and take every effort to maintain the small-town feel and charm that make Harrisburg such a special community. Continuing to improve and enhance our Fourth of July Festival, Rockin' the Burg concert series, and Bags in the Burg events, while also continuing to add events like the ArtWalk and Volunteer Appreciation events, will help the Town maintain the close-knit characteristics the community is known for.

Future planning initiatives that have recently completed, or are currently under way, place the Town in great position to respond to the needs and demands of our residents. The Harrisburg Park Master Plan, update to the Land Use Plan, and comprehensive Transportation plan all represent significant road maps forward for the Town. Increased investment in personnel positions and employee benefits also show the Town making strong efforts to strengthen its greatest asset, and ensure Harrisburg remains one of the most attractive workplaces in the region. These investments put our administration, public safety, parks and recreation, and public works departments in solid position to recruit and retain qualified candidates, while also providing higher quality and expanded service delivery to our residents.

The budget represents a commitment to not only maintain, but to further improve the wonderful qualities Harrisburg offers its residents and businesses. High quality, efficient, and customer-service oriented operations are Harrisburg's most important objective, 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 Assistant Town Manager/Director of Finance, Lee Connor, Town of Harrisburg, 4100 Main Street, Suite 101, Harrisburg, North Carolina 28075.

TOWN OF HARRISBURG, NORTH CAROLINA

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## BASIC FINANCIAL STATEMENTS

TOWN OF HARRISBURG, NORTH CAROLINA

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## Town of Harrisburg, North Carolina

Statement of Net Position  
June 30, 2017

	Primary Government			Harrisburg Youth Association, Inc.
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 6,397,368	\$ 10,182,615	\$ 16,579,983	\$ 31,150
Taxes receivables (net)	34,803	-	34,803	-
Accrued interest receivable on taxes	8,771	-	8,771	-
Accounts receivable (net)	-	1,176,085	1,176,085	2,527
Due from other governments	1,008,755	-	1,008,755	-
Prepaid expenses	81,035	-	81,035	-
Restricted cash and cash equivalents	1,012,017	255,620	1,267,637	-
Total current assets	8,542,749	11,614,320	20,157,069	33,677
Noncurrent assets:				
Capital assets:				
Non-depreciable	1,981,253	1,738,798	3,720,051	-
Depreciable, net of accumulated depreciation	15,492,324	21,584,336	37,076,660	-
Total noncurrent assets	17,473,577	23,323,134	40,796,711	-
Total assets	26,016,326	34,937,454	60,953,780	33,677
<b>Deferred outflows of resources</b>				
Pension Deferrals	992,252	326,639	1,318,891	-
Total deferred outflows of resources	992,252	326,639	1,318,891	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	136,449	487,396	623,845	-
Prepaid fees	7,585	-	7,585	-
Payables from restricted assets				
Accounts payable and accrued liabilities	2,666	-	2,666	-
Performance bond deposits	206,564	-	206,564	-
Customer deposits	-	255,620	255,620	-
Long-term liabilities-due within one year	1,007,157	1,040,426	2,047,583	-
Total current liabilities	1,360,421	1,783,442	3,143,863	-
Long-term liabilities:				
Net pension liability	1,175,991	390,306	1,566,297	-
Long-term liabilities-due in more than one year	4,525,863	7,601,312	12,127,175	-
Total long-term liabilities	5,701,854	7,991,618	13,693,472	-
Total liabilities	7,062,275	9,775,060	16,837,335	-
<b>Deferred inflows of resources</b>				
Pension deferrals	147,897	61,955	209,852	-
Total deferred inflows of resources	147,897	61,955	209,852	-
<b>Net position</b>				
Net investment in capital assets	12,797,917	14,789,485	27,587,402	-
Restricted for:				
Stabilization by State statute	1,790,705	-	1,790,705	-
Streets	153,514	-	153,514	-
Public safety	73,439	-	73,439	-
Cultural and recreational	-	-	-	33,677
Unrestricted	4,982,831	10,637,594	15,620,425	-
Total net position	\$ 19,798,406	\$ 25,427,079	\$ 45,225,485	\$ 33,677

See notes to financial statements.

## Town of Harrisburg, North Carolina

### Statement of Activities For the Fiscal Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 1,603,133	\$ 30,875	\$ -	\$ -
Planning and zoning	380,825	95,624	-	-
Public safety	4,593,261	22,919	1,802,292	153,612
Transportation	634,462	-	419,182	367,925
Environmental protection	1,284,361	-	10,466	-
Cultural and recreational	1,532,710	464,500	-	-
Interest on long-term debt	81,816	-	-	-
Total governmental activities	<u>10,110,568</u>	<u>613,918</u>	<u>2,231,940</u>	<u>521,537</u>
<b>Business-type activities:</b>				
Water and sewer	7,315,772	8,209,669	-	114,500
Stormwater	207,373	599,659	-	-
Total business-type activities	<u>7,523,145</u>	<u>8,809,328</u>	<u>-</u>	<u>114,500</u>
Total primary government	<u>\$ 17,633,713</u>	<u>\$ 9,423,246</u>	<u>\$ 2,231,940</u>	<u>\$ 636,037</u>
<b>Component unit:</b>				
Harrisburg Youth Association, Inc.	\$ 40,518	\$ -	\$ 27,527	\$ -
Total component unit	<u>\$ 40,518</u>	<u>\$ -</u>	<u>\$ 27,527</u>	<u>\$ -</u>

Town of Harrisburg, North Carolina

Statement of Activities  
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Harrisburg Youth Association, Inc.
	Governmental Activities	Business-Type Activities	Total	
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ (1,572,258)	\$ -	\$ (1,572,258)	\$ -
Planning and zoning	(285,201)	-	(285,201)	-
Public safety	(2,614,438)	-	(2,614,438)	-
Transportation	152,645	-	152,645	-
Environmental protection	(1,273,895)	-	(1,273,895)	-
Cultural and recreational	(1,068,210)	-	(1,068,210)	-
Interest on long-term debt	(81,816)	-	(81,816)	-
Total governmental activities	(6,743,173)	-	(6,743,173)	-
<b>Business-type activities:</b>				
Water and sewer	-	1,008,397	1,008,397	-
Stormwater	-	392,286	392,286	-
Total business-type activities	-	1,400,683	1,400,683	-
Total primary government	(6,743,173)	1,400,683	(5,342,490)	-
<b>Component unit:</b>				
Harrisburg Youth Association, Inc.	-	-	-	(12,991)
Total component unit	-	-	-	(12,991)
<b>General revenues:</b>				
Taxes:				
Property taxes, levied for general purpose	5,871,603	-	5,871,603	-
Unrestricted intergovernmental	2,645,784	-	2,645,784	-
Gain on sale of capital assets	1,474	81,928	83,402	-
Investment earnings	41,622	62,361	103,983	-
Miscellaneous	193,637	-	193,637	-
Total general revenues	8,754,120	144,289	8,898,409	-
Change in net position	2,010,947	1,544,972	3,555,919	(12,991)
Net position, beginning	17,787,459	23,882,107	41,669,566	46,668
Net position, ending	\$ 19,798,406	\$ 25,427,079	\$ 45,225,485	\$ 33,677

Town of Harrisburg, North Carolina

Balance Sheet  
Governmental Funds  
June 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 5,415,876	\$ 981,492	\$ 6,397,368
Restricted cash and cash equivalents	1,012,017	-	1,012,017
Receivables, net:			
Property taxes	34,803	-	34,803
Due from other governments	1,008,755	-	1,008,755
Prepaid items	81,035	-	81,035
	<u>7,552,486</u>	<u>981,492</u>	<u>8,533,978</u>
Total assets	<u>\$ 7,552,486</u>	<u>\$ 981,492</u>	<u>\$ 8,533,978</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 121,816	\$ -	\$ 121,816
July 4th Celebration revenue	7,585	-	7,585
Payable from restricted assets:			
Accounts payable and accrued liabilities	-	2,666	2,666
Performance bonds on deposit	206,564	-	206,564
Total liabilities	<u>335,965</u>	<u>2,666</u>	<u>338,631</u>
<b>Deferred inflows of resources:</b>			
Property taxes receivable	34,803	-	34,803
Total deferred inflows of resources	<u>34,803</u>	<u>-</u>	<u>34,803</u>
<b>Fund balances:</b>			
Non-spendable:			
Prepays	81,035	-	81,035
Restricted:			
Stabilization by State statute	1,790,705	-	1,790,705
Streets	153,514	-	153,514
Public safety	651,939	-	651,939
Committed	-	554,326	554,326
Assigned	-	424,500	424,500
Unassigned	4,504,525	-	4,504,525
Total fund balances	<u>7,181,718</u>	<u>978,826</u>	<u>8,160,544</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,552,486</u>	<u>\$ 981,492</u>	<u>\$ 8,533,978</u>

**Town of Harrisburg, North Carolina**

**Reconciliation of the Balance Sheet of the Governmental  
Funds to the Statement of Net Position  
June 30, 2017**

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

Ending fund balance - governmental funds	\$ 8,160,544
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,473,577
Deferred outflows of resources related to pensions are not reported in the funds.	992,252
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	8,771
Liabilities for earned reserves considered deferred inflows of resources in fund statements	34,803
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(14,633)
Compensated absences	(278,860)
Notes payable	(5,254,160)
Net pension liability	(1,175,991)
Deferred inflows of resources related to pensions are not reported in the funds.	<u>(147,897)</u>
Net position of governmental activities	<u>\$ 19,798,406</u>

Town of Harrisburg, North Carolina

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Ad valorem taxes	\$ 5,901,956	\$ -	\$ 5,901,956
Unrestricted intergovernmental	2,645,784	-	2,645,784
Restricted intergovernmental	2,231,940	-	2,231,940
Permits and fees	149,418	-	149,418
Sales and services	464,500	-	464,500
Investment earnings	37,260	4,362	41,622
Contributions	-	153,612	153,612
Other general revenues	195,111	-	195,111
Total revenues	<u>11,625,969</u>	<u>157,974</u>	<u>11,783,943</u>
<b>Expenditures</b>			
Current:			
General government	3,521,605	25,390	3,546,995
Planning and zoning	379,059	-	379,059
Public safety	4,443,064	-	4,443,064
Transportation	615,442	-	615,442
Environmental protection	1,269,406	-	1,269,406
Cultural and recreational	1,755,687	-	1,755,687
Debt service:			
Principal retirement	572,876	-	572,876
Interest	71,892	-	71,892
Total expenditures	<u>12,629,031</u>	<u>25,390</u>	<u>12,654,421</u>
Revenues over (under) expenditures	<u>(1,003,062)</u>	<u>132,584</u>	<u>(870,478)</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	1,064,100	842,000	1,906,100
Transfers to other funds	(842,000)	(1,064,100)	(1,906,100)
Installment note issued	2,582,000	-	2,582,000
Total other financing sources (uses)	<u>2,804,100</u>	<u>(222,100)</u>	<u>2,582,000</u>
Net change in fund balances	1,801,038	(89,516)	1,711,522
Fund balances:			
Beginning of year	<u>5,380,680</u>	<u>1,068,342</u>	<u>6,449,022</u>
End of year	<u>\$ 7,181,718</u>	<u>\$ 978,826</u>	<u>\$ 8,160,544</u>

**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, 2017**

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

Net changes in fund balances - total governmental funds		\$ 1,711,522
<p>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.</p>		
Capital outlay expenditures	2,733,895	
Depreciation expense	<u>(649,841)</u>	2,084,054
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Amount of donated assets	367,925	
Other	(4,302)	
Change in unavailable revenue for tax revenues	<u>(26,051)</u>	337,572
<p>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.</p>		
Debt service payments	572,876	
Long-term debt issuance	(2,582,000)	
Pension expense	(45,765)	
Compensated absences	<u>(57,388)</u>	(2,112,277)
<p>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.</p>		
Accrued interest payable		<u>(9,924)</u>
Changes in net position of governmental activities		<u>\$ 2,010,947</u>

## 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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over / (Under)
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 5,732,000	\$ 5,732,000	\$ 5,901,956	\$ 169,956
Unrestricted intergovernmental	2,441,000	2,441,000	2,645,784	204,784
Restricted intergovernmental	2,192,000	2,207,000	2,231,940	24,940
Permits and fees	207,000	207,000	149,418	(57,582)
Sales and services	401,000	398,500	464,500	66,000
Investment earnings	32,250	32,250	37,260	5,010
Other general revenues	139,100	231,700	195,111	(36,589)
Total revenues	<u>11,144,350</u>	<u>11,249,450</u>	<u>11,625,969</u>	<u>376,519</u>
<b>Expenditures</b>				
Current:				
General government	1,437,950	3,708,052	3,521,605	186,447
Planning and zoning	465,570	593,620	379,059	214,561
Public safety	4,903,955	5,118,940	4,443,064	675,876
Transportation	634,000	686,850	615,442	71,408
Environmental protection	1,277,145	1,277,145	1,269,406	7,739
Cultural and recreational	3,245,570	3,487,062	1,755,687	1,731,375
Debt service:				
Principal retirement	650,500	650,500	572,876	77,624
Interest	145,450	145,450	71,892	73,558
Contingency	670,060	289,604	-	289,604
Total expenditures	<u>13,430,200</u>	<u>15,957,223</u>	<u>12,629,031</u>	<u>3,328,192</u>
Revenues over (under) expenditures	<u>(2,285,850)</u>	<u>(4,707,773)</u>	<u>(1,003,062)</u>	<u>3,704,711</u>
<b>Other financing sources (uses)</b>				
Proceeds from note	1,982,000	3,982,000	2,582,000	(1,400,000)
Transfers from other funds	836,600	1,146,400	1,064,100	(82,300)
Transfers to other funds	(532,750)	(1,314,750)	(842,000)	472,750
Appropriated fund balance	-	894,123	-	(894,123)
Total other financing sources (uses)	<u>2,285,850</u>	<u>4,707,773</u>	<u>2,804,100</u>	<u>(1,903,673)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,801,038	<u>\$ 1,801,038</u>
Fund balance:				
Beginning of year			<u>5,380,680</u>	
End of year			<u>\$ 7,181,718</u>	

## Town of Harrisburg, North Carolina

**Statements of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<b>Major Enterprise Funds</b>		
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 9,041,482	\$ 1,141,133	\$ 10,182,615
Accounts receivable (net) - customers	1,053,290	84,625	1,137,915
Accounts receivable - other	37,984	186	38,170
Restricted cash and cash equivalents	255,620	-	255,620
Total current assets	<u>10,388,376</u>	<u>1,225,944</u>	<u>11,614,320</u>
Non-current assets:			
Capital assets:			
Non-depreciable	1,416,924	321,874	1,738,798
Depreciable, net of accumulated depreciation	21,034,182	550,154	21,584,336
Total non-current assets	<u>22,451,106</u>	<u>872,028</u>	<u>23,323,134</u>
Total assets	<u>32,839,482</u>	<u>2,097,972</u>	<u>34,937,454</u>
<b>Deferred outflows of resources</b>			
Pension deferrals	326,639	-	326,639
Total deferred outflows of resources	<u>326,639</u>	<u>-</u>	<u>326,639</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	486,859	537	487,396
Long-term debt, current portion	932,337	-	932,337
Compensated absences, current portion	108,089	-	108,089
Payable from restricted assets			
Customer deposits	255,620	-	255,620
Total current liabilities	<u>1,782,905</u>	<u>537</u>	<u>1,783,442</u>
Non-current liabilities:			
Long-term debt, non-current portion	7,601,312	-	7,601,312
Net pension liability	390,306	-	390,306
Total noncurrent liabilities	<u>7,991,618</u>	<u>-</u>	<u>7,991,618</u>
Total liabilities	<u>9,774,523</u>	<u>537</u>	<u>9,775,060</u>
<b>Deferred inflows of resources</b>			
Pension deferrals	61,955	-	61,955
Total deferred inflows of resources	<u>61,955</u>	<u>-</u>	<u>61,955</u>
<b>Net position</b>			
Net investment in capital assets	13,917,457	872,028	14,789,485
Unrestricted	9,412,186	1,225,408	10,637,594
Total net position	<u>\$ 23,329,643</u>	<u>\$ 2,097,436</u>	<u>\$ 25,427,079</u>

**Statements of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	<b>Major Enterprise Funds</b>		
	<b>Water and Sewer</b>	<b>Stormwater</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	
<b>Operating revenues</b>			
Charges for services	\$ 6,843,810	\$ 580,894	\$ 7,424,704
Water and sewer taps	406,198	-	406,198
Water and sewer development charges	422,763	-	422,763
Service connection fees	197,923	-	197,923
Plan review fees	-	18,765	18,765
Other operating revenues	338,975	-	338,975
Total operating revenues	<u>8,209,669</u>	<u>599,659</u>	<u>8,809,328</u>
<b>Operating expenses</b>			
Water administration and distribution	6,063,283	-	6,063,283
Stormwater operations	-	167,626	167,626
Depreciation and amortization	1,079,217	39,747	1,118,964
Total operating expenses	<u>7,142,500</u>	<u>207,373</u>	<u>7,349,873</u>
Operating income	<u>1,067,169</u>	<u>392,286</u>	<u>1,459,455</u>
<b>Non-operating revenues (expenses)</b>			
Investment earnings	55,544	6,817	62,361
Interest and other charges	(173,272)	-	(173,272)
Gain on sale of capital assets	81,928	-	81,928
Total non-operating revenues (expenses)	<u>(35,800)</u>	<u>6,817</u>	<u>(28,983)</u>
Income before contributions	1,031,369	399,103	1,430,472
Contributions of infrastructure	<u>114,500</u>	<u>-</u>	<u>114,500</u>
Change in net position	1,145,869	399,103	1,544,972
<b>Net position</b>			
<b>Beginning of year</b>	<u>22,183,774</u>	<u>1,698,333</u>	<u>23,882,107</u>
<b>End of year</b>	<u>\$ 23,329,643</u>	<u>\$ 2,097,436</u>	<u>\$ 25,427,079</u>

**Statements of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	Major Enterprise Funds		
	Water and Sewer	Stormwater	Total
	Fund	Fund	
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 8,176,609	\$ 581,477	\$ 8,758,086
Cash paid for goods and services	(4,752,814)	(167,846)	(4,920,660)
Cash paid to or on behalf of employees for services	(1,412,118)	-	(1,412,118)
Customer deposits received and returned	27,998	-	27,998
Net cash provided by operating activities	<u>2,039,675</u>	<u>413,631</u>	<u>2,453,306</u>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from sale of capital assets	81,928	-	81,928
Acquisition and construction of capital assets	(703,242)	(70,446)	(773,688)
Principal paid on long-term debt	(675,338)	-	(675,338)
Interest paid on long-term debt	(173,272)	-	(173,272)
Net cash used by capital and related financing activities	<u>(1,469,924)</u>	<u>(70,446)</u>	<u>(1,540,370)</u>
<b>Cash flows from investing activities</b>			
Interest on investments	55,544	6,817	62,361
Net increase (decrease) in cash and cash equivalents	625,295	350,002	975,297
<b>Cash and cash equivalents</b>			
Beginning of year	8,671,807	791,131	9,462,938
End of year	<u>\$ 9,297,102</u>	<u>\$ 1,141,133</u>	<u>\$ 10,438,235</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>			
Operating income	\$ 1,067,169	\$ 392,286	\$ 1,459,455
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	1,079,217	39,747	1,118,964
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable - customers	(33,060)	(18,182)	(51,242)
(Increase) decrease in accounts receivable - other	(3,307)	(186)	(3,493)
(Increase) decrease in prepaid items	30,748	-	30,748
Increase (decrease) in accounts payable and accrued liabilities	(182,956)	(34)	(182,990)
Increase (decrease) in compensated absences	39,417	-	39,417
(Increase) decrease in deferred outflows of resources for pensions	(255,902)	-	(255,902)
Increase (decrease) in deferred inflows of resources for pensions	(19,173)	-	(19,173)
Increase (decrease) in net pension liability	289,524	-	289,524
Increase (decrease) in customer deposits	27,998	-	27,998
Total adjustments	<u>972,506</u>	<u>21,345</u>	<u>993,851</u>
Net cash provided by operating activities	<u>\$ 2,039,675</u>	<u>\$ 413,631</u>	<u>\$ 2,453,306</u>

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

The Town received noncash capital contributions in the Water and Sewer Fund in the amount of \$114,500 representing donated assets.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### I. Summary of Significant Accounting Policies:

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

#### A. Reporting Entity

The 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 Youth Association, Inc.

The members of the Harrisburg Youth Association, Inc.'s (HYA) governing board are designated within HYA's bylaws to include specified current employees of the Town. HYA is presented as if it were a governmental fund (discrete presentation). Complete financial statements for HYA may be obtained from the entity's administrative offices at Town of Harrisburg, 4100 Main Street, Suite 101, Harrisburg, NC 28075.

#### B. Basis of Presentation

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the Town. 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 clearly identifiable with a specific function or segment. 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.

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 nonmajor 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 and investment earnings, result from non-exchange transactions or ancillary activities.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

#### B. Basis of Presentation - Fund Accounting (continued)

The Town reports the following major governmental fund:

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

The Town reports the following nonmajor governmental funds:

**Capital Project Fund – Public Safety** – This fund is used to account for the construction of Fire Station #2.

**Capital Project Fund - Streets** – This fund is used to account for the construction of sidewalks through the CMAQ grant program.

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

**Capital Reserve Fund - Fire Services** – This fund is established to accumulate funds to be used for future capital expenditures for Fire Services.

**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.

The Town reports the following major enterprise funds:

**Water and Sewer Fund** – The Water and Sewer Fund is used to account for the Town's water and sewer operations.

**Stormwater Fund** – The Stormwater Fund is used to account for the Town's stormwater operations.

#### 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 and 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, entitlements, and donations. Property taxes are recognized as revenues in the fiscal year for which the taxes are levied. Revenue from grant entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

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

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 tap 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.

*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 as soon as they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The 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 area 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 are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the 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. 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 are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

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

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 Project Fund – Streets, Capital Project Fund – Public Safety, and the enterprise capital projects funds. The enterprise fund 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.

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

##### Deposits and Investments

All deposits of the Town and HYA are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and HYA may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town and HYA 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 HYA 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 investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, an SEC-registered (2a7) external investment pool is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

##### Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

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

**Restricted Assets**

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

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

**Town of Harrisburg Restricted Cash**

Governmental Activities

	General Fund	Total
Public safety	\$ 73,439	\$ 73,439
Streets	153,514	153,514
Performance bonds	206,564	206,564
Unspent debt proceeds	578,500	578,500
Total governmental activities	\$ 1,012,017	\$ 1,012,017

Business-type Activities

Water and Sewer Fund		
Customer deposits		\$ 255,620
Total business-type activities		\$ 255,620

Total restricted cash		\$ 1,267,637
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**Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the 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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

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

##### 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.

##### 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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. Interest expense is capitalized on construction in progress to the extent that it exceeds income.

The estimated useful lives are as follows:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements	25 years
Vehicles	5-6 years
Furniture and equipment	10 years
Computer equipment	3 years
Infrastructure and distribution systems	30-40 years

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 in the 2017 fiscal year. In addition to liabilities, the Statement of Net 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 – prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

#### 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 for governmental fund-types, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 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 has no 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, which their 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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

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

##### 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, laws or regulations of other governments, or imposed by law through State statute.

##### Net Investment in Capital Assets

Net investment in capital assets at June 30, 2017 is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 17,473,577	\$ 23,323,134
Long-term debt	(5,254,160)	(8,533,649)
Unspent debt proceeds	578,500	-
Net investment in capital assets	<u>\$ 12,797,917</u>	<u>\$ 14,789,485</u>

##### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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 – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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 \$73,749 that is restricted by revenue source for certain Firemen’s Relief Fund expenditures and certain restricted assets.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### 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 public safety – portion of the fund balance totaling \$578,500 that represents proceeds for debt issuance and other amounts that has not been spent for the designated project.

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$578,500 as of June 30, 2017.

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). Any changes or removal of specific purpose requires majority action by the governing body.

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.

The amount assigned for the Capital Reserve Fund - General Services is \$363,500. The amount assigned for the Capital Reserve Fund - Fire Services is \$61,000.

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, and 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.

The Town has also adopted a minimum fund balance policy for the General 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% of expenditures. The Town will adjust this minimum as appropriate based upon recommendation from the LGC and the current financial outlook. Once the forty percent (40%) 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 forty percent (40%) 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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

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

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

##### Fund Balances (continued):

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

Total fund balance - General Fund	\$ 7,181,718
Less:	
Prepays	81,035
Stabilization by State statute	1,790,705
Streets	153,514
Public safety - Firemen's Relief Fund	73,439
Unspent debt proceeds	578,500
Fund balance policy	<u>4,215,962</u>
Remaining fund balance	<u>\$ 288,563</u>

The 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 \$781,950.

##### Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net 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's employer contributions are recognized when due and the Town 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.

### 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 and 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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### II. Stewardship, Compliance, and Accountability: Significant Violations of Finance-Related Legal and Contractual Provisions

#### Non-Compliance with North Carolina General Statutes

In accordance with G.S. {159-13}(b)(3) a contingency appropriation shall not exceed five (5)% of the total of all other appropriations in the same fund. In the current year, there was a violation of the N.C. General Statute with regard to the contingency appropriation exceeding the aforementioned passage in the General Fund and Stormwater Fund.

Corrective Action/Management Response: The Town is in agreement with these findings related to contingency appropriation and will make the necessary modifications in subsequent years' budgets to be in compliance with N.C. General Statutes. Budget Amendments was made during the year to correct the violation. The original budget included the contingency appropriation budgeted at 5.04% of all other total budgeted appropriations. As of June 30, 2017, the contingency appropriation was budgeted at 1.71% of all other total budgeted appropriations

### III. Detail Notes On All Funds:

#### A. Assets

##### Deposits

All deposits of the Town and HYA 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 and HYA's agents in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and HYA, these deposits are considered to be held by the Town's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, HYA or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and HYA under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The Town has no 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. HYA has no formal policy regarding custodial credit risk for deposits.

At June 30, 2017, the Town's deposits had a carrying amount of \$16,172,961 and a bank balance of \$16,805,728. Of the bank balance, \$323,439 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. The carrying amount of deposits for HYA was \$31,150 and the bank balance was \$31,150. All of the bank balance was covered by federal depository insurance. At June 30, 2017, the Town's petty cash totaled \$1,500.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### A. Assets (continued)

##### Investments

At June 30, 2017, the Town's investment balances were as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2017</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 221,942	N/A	AAAm
Term Portfolio	Fair Value Level 1	<u>\$ 1,451,217</u>	.09 Years	Unrated
Total		<u>\$ 1,673,159</u>		

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 investment policy regarding credit or interest rate risk.

*Concentration of credit risk.* The Town Council places no limit on the amount that the Town may invest in any one issuer.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds:

#### A. Assets (continued):

##### Capital Assets

Primary Government

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

	July 1, 2016	Additions	Retirements	June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,693,537	\$ -	\$ -	\$ 1,693,537
Construction in progress	242,518	119,958	74,760	287,716
Total capital assets not being depreciated	1,936,055	119,958	74,760	1,981,253
Capital assets being depreciated:				
Buildings	7,482,672	2,376,442	-	9,859,114
Other improvements	2,475,437	74,762	-	2,550,199
Equipment	4,489,357	290,032	-	4,779,389
Infrastructure	3,777,353	315,386	-	4,092,739
Total capital assets being depreciated	18,224,819	3,056,622	-	21,281,441
Less accumulated depreciation for:				
Buildings	1,036,635	153,364	-	1,189,999
Other improvements	729,444	69,038	-	798,482
Equipment	2,997,681	322,271	-	3,319,952
Infrastructure	375,516	105,168	-	480,684
Total accumulated depreciation	5,139,276	\$ 649,841	\$ -	5,789,117
Total capital assets being depreciated, net	13,085,543			15,492,324
Governmental activity capital assets, net	\$ 15,021,598			\$ 17,473,577

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

General government	\$ 72,853
Public safety	302,639
Transportation	106,840
Environmental protection	44,980
Cultural and recreational	122,529
Total	\$ 649,841

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds:

#### A. Assets (continued):

##### Capital Assets (continued):

The following is a summary of the Town's business-type assets:

	July 1, 2016	Additions	Retirements	June 30, 2017
Business-type activities:				
<b>Storm Water Fund:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 251,428	\$ 70,446	\$ -	\$ 321,874
Total capital assets not being depreciated	<u>251,428</u>	<u>70,446</u>	<u>-</u>	<u>321,874</u>
Capital assets being depreciated:				
Land Improvements	12,017	-	-	12,017
Equipment	220,453	-	-	220,453
Infrastructure	474,504	-	-	474,504
Total capital assets being depreciated	<u>706,974</u>	<u>-</u>	<u>-</u>	<u>706,974</u>
Less accumulated depreciation for:				
Land Improvements	961	481	-	1,442
Equipment	81,148	23,449	-	104,597
Infrastructure	34,964	15,817	-	50,781
Total accumulated depreciation	<u>117,073</u>	<u>\$ 39,747</u>	<u>\$ -</u>	<u>156,820</u>
Total capital assets being depreciated, net	<u>589,901</u>			<u>550,154</u>
Storm water fund capital assets, net	<u>\$ 841,329</u>			<u>\$ 872,028</u>

	July 1, 2016	Additions	Retirements	June 30, 2017
Business-type activities:				
<b>Water and Sewer Fund:</b>				
Capital assets not being depreciated:				
Land and rights-of-way	\$ 890,575	\$ -	\$ -	\$ 890,575
Construction in progress	178,198	415,740	67,589	526,349
Total capital assets not being depreciated	<u>1,068,773</u>	<u>415,740</u>	<u>67,589</u>	<u>1,416,924</u>
Capital assets being depreciated:				
Buildings	60,187	-	-	60,187
Water lines	20,221,062	182,080	-	20,403,142
Equipment	1,630,937	221,748	111,653	1,741,032
Interceptors	724,436	-	-	724,436
Collection system	8,468,574	65,763	-	8,534,337
Total capital assets being depreciated	<u>31,105,196</u>	<u>469,591</u>	<u>111,653</u>	<u>31,463,134</u>
Less accumulated depreciation for:				
Buildings	30,011	1,204	-	31,215
Water lines	4,775,738	650,107	-	5,425,845
Equipment	914,225	132,892	111,653	935,464
Interceptors	553,974	24,146	-	578,120
Collection system	3,187,440	270,868	-	3,458,308
Total accumulated depreciation	<u>9,461,388</u>	<u>\$ 1,079,217</u>	<u>\$ 111,653</u>	<u>10,428,952</u>
Total capital assets being depreciated, net	<u>21,643,808</u>			<u>21,034,182</u>
Water and sewer fund capital assets, net	<u>\$ 22,712,581</u>			<u>\$ 22,451,106</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 23,553,910</u>			<u>\$ 23,323,134</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### A. Assets (continued)

##### Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

	<b>June 30, 2017</b>
General Fund:	
Taxes receivable	\$ 1,832
Enterprise Fund:	
Accounts receivable	10,000
Total	\$ 11,832

#### B. Liabilities

##### Accounts Payable and Accrued Items

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

	<b>Vendors</b>	<b>Other</b>	<b>Total</b>
<b>Governmental activities:</b>			
General Fund	\$ 65,470	\$ 73,645	\$ 139,115
<b>Total governmental activities</b>	\$ 65,470	\$ 73,645	\$ 139,115
<b>Business-type activities</b>			
Water and Sewer Fund	\$ 69,740	\$ 417,119	\$ 486,859
Storm Water Fund	537	-	537
<b>Total business-type activities</b>	\$ 70,277	\$ 417,119	\$ 487,396

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. 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 of 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, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. 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 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's contractually required contribution rate for the year ended June 30, 2017, was 7.25% 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 were \$316,231 for the year ended June 30, 2017.

*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, 2017, the Town reported a liability of \$1,566,297 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The 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, 2016, the Town's proportion was 0.0738%, which was a decrease of 0.0064% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$376,431. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

##### Pension Plan Obligations (continued)

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 29,428	\$ 54,884
Changes of assumptions	107,275	-
Net difference between projected and actual earnings on pension plan investments	865,957	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	154,968
Town contributions subsequent to the measurement date	316,231	-
Total	\$ 1,318,891	\$ 209,852

\$316,231 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, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>		
2018	\$	92,217
2019		92,493
2020		377,704
2021		230,394
2022		-
Thereafter		-
	\$	792,808

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

##### Pension Plan Obligations (continued)

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

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

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

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

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

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

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

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued):

##### Pension Plan Obligations (continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

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 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that 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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued):

##### Pension Plan Obligations (continued)

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

*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 7.25%, 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 3,717,521	\$ 1,566,297	\$ (230,590)

*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.

##### Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 316,231
Differences between expected and actual experience	29,428
Changes of assumptions	107,275
Changes in proportion and differences between Town contributions and proportionate share of contributions	865,957
Total	\$ 1,318,891

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

Taxes receivable, less penalties (General Fund)	\$ 34,803
Differences between expected and actual experience	54,884
Changes in proportion and differences between Town contributions and proportionate share of contributions	154,968
Total	\$ 244,655

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued):

##### 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 re-insured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. 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 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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued):

##### Operating Leases

The Town leases certain office equipment, temporary buildings, and a park under operating leases. Lease expenditures for these and other rental agreements during the year ended June 30, 2017 totaled \$53,112.

Future minimum lease payments are as follows:

Year Ending June 30	Governmental Activities	Business-type Activities
2018	\$ 17,556	\$ 3,234
2019	8,813	1,181
2020	8,551	-
2021	7,763	-
2022	5,962	-
2023-2027	5	-
2028-2032	5	-
2033-2037	5	-
	\$ 48,660	\$ 4,415

##### Long-Term Obligations

##### Installment loans

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

In the year ended June 30, 2001, the Town borrowed \$430,135 to finish construction of a library. The note is collateralized by various commercial properties. Semi-annual payments of \$8,529 are due through December 15, 2020. The interest rate on the loan is 5.0.

The future minimum payments of the installment purchase as of June 30, 2017 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 29,499	\$ 4,619
2019	31,008	3,110
2020	28,066	1,665
	\$ 88,573	\$ 9,394

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

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

##### Installment loans (continued)

As part of the merger of the Harrisburg Volunteer Fire Department on July 1, 2006, the Town assumed debt related to the fire department's earlier purchase of a Spartan Gladiator Chassis. The note is collateralized by the chassis. Monthly payments of \$3,580 were due through May 2015, with the remaining balance due June 29, 2015. The interest rate on the loan is 3.75%. In May 2013, this loan was consolidated with similar fire equipment loans outstanding.

As part of the merger of the Harrisburg Volunteer Fire Department on July 1, 2006, the Town assumed debt related to the fire department's earlier purchase of a Spartan Gladiator Chassis. The note is collateralized by the chassis. Monthly payments of \$2,360 were due through September 2015, with the remaining balance due October 19, 2015. The interest rate on the loan is 3.95%. In May 2013, this loan was consolidated with similar fire equipment loans outstanding.

As part of the merger of the Harrisburg Volunteer Fire Department on July 1, 2006, the Town assumed debt related to the fire department's earlier purchase of a fire truck. The note is collateralized by the Laverne truck. Monthly payments of \$2,202 were due through August 11, 2016. The interest rate on the loan is 3.50%. In May 2013, this loan was consolidated with similar fire equipment loans outstanding.

In April 2008, the Town borrowed \$552,373 from a local financial institution to purchase a rescue truck for the fire department. The terms of the loan state that interest will accrue at the rate of 4.50% per annum. Principal and interest payments of \$5,742 were payable monthly, beginning May 2008 and continuing through April 21, 2018. The debt is secured by the rescue truck. In May 2013, this loan was consolidated with similar fire equipment loans outstanding.

In May 2013, the Town consolidated four fire vehicle loans with a combined balance of \$835,759 with a local financial institution. These vehicles include a rescue truck, Laverne truck, and two Spartan trucks. The terms of the loan state that interest will accrue at a rate of 1.48% per annum. Principal and interest payments of \$14,460 are payable monthly, beginning June 2013 and continuing through May 2018. The debt is secured by the aforementioned vehicles.

The future minimum payments of the installment purchase as of June 30, 2017 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 157,895	\$ 1,171
	\$ 157,895	\$ 1,171

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

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

##### Installment loans (continued)

As part of the merger of the Harrisburg Volunteer Fire Department on July 1, 2006, the Town assumed debt evidenced by a promissory note. The note was refinanced in May 2013 with a local financial institution. The terms of the loan state that interest will accrue at a rate of 1.61% per annum. Principal and interest payments of \$4,519 are payable monthly, beginning June 2013 and continuing through May 2018. The debt is secured by land.

The future minimum payments of the installment purchase as of June 30, 2017 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 49,312	\$ 398
	\$ 49,312	\$ 398

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 future minimum payments of the installment purchase as of June 30, 2017 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 70,000	\$ 17,227
2019	70,000	14,231
2020	70,000	11,235
2021	70,000	8,239
2022	70,000	5,243
2023	69,601	2,261
	\$ 419,601	\$ 58,436

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

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

##### Installment loans (continued)

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, 2017 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 76,028	\$ 4,713
2019	77,584	3,157
2020	79,169	1,572
2021	34,224	177
	\$ 267,005	\$ 9,619

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, 2017 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 133,333	\$ 51,261
2019	133,333	47,476
2020	133,333	43,690
2021	133,333	40,012
2022	133,333	36,120
2023-2027	666,667	137,297
2028-2030	399,999	17,540
	\$ 1,733,331	\$ 373,396

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

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

##### Installment loans (continued)

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, 2017 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 78,897	\$ 10,261
2019	80,488	8,670
2020	82,111	7,047
2021	83,767	5,392
2022	85,456	3,702
2023-2024	138,837	2,324
	\$ 549,556	\$ 37,396

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 future minimum payments of the installment purchase as of June 30, 2017 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 133,333	\$ 57,062
2019	133,333	53,116
2020	133,333	49,169
2021	133,333	45,222
2022	133,333	41,276
2023-2027	666,667	147,177
2028-2032	655,555	48,511
	\$ 1,988,887	\$ 441,533

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

##### Long-Term Obligation (continued)

##### Installment loans (continued)

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

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. 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, 2017 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2018	\$ 495,444	\$ -
2019	495,444	-
2020	495,444	-
2021	495,444	-
2022	495,444	-
2023-2024	990,888	-
	\$ 3,468,108	\$ -

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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

##### Long-Term Obligation (continued)

##### Installment loans (continued)

The future minimum payments of the installment purchase as of June 30, 2017 are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 108,217	\$ 39,594
2019	111,441	36,394
2020	114,671	33,100
2021	118,180	29,709
2022	121,702	26,218
2023-2027	665,068	75,030
2028-2029	173,545	3,100
	<u>\$ 1,412,824</u>	<u>\$ 243,145</u>

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

The future minimum payments of the installment purchase as of June 30, 2017 are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 101,695	\$ 32,167
2019	101,695	28,964
2020	101,695	25,761
2021	101,695	22,557
2022	101,695	19,354
2023-2027	508,475	48,718
2028	30,605	468
	<u>\$ 1,047,555</u>	<u>\$ 177,989</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

##### Long-Term Obligation (continued)

##### Installment loans (continued)

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, 2017 are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 106,800	\$ 42,576
2019	110,071	39,305
2020	113,441	35,935
2021	116,915	32,461
2022	120,495	28,881
2023-2027	660,134	86,746
2028-2029	233,045	5,847
	<u>\$ 1,460,901</u>	<u>\$ 271,751</u>

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, 2017 are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 120,182	\$ 26,416
2019	123,127	23,471
2020	126,090	20,509
2021	129,234	17,364
2022	132,400	14,197
2023-2026	513,228	23,714
	<u>\$ 1,144,261</u>	<u>\$ 125,671</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### B. Liabilities (continued)

##### Long-Term Obligation (continued)

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 728,297	\$ 146,712	\$ 932,337	\$ 140,753
2019	525,746	129,760	941,778	128,134
2020	526,012	114,378	951,341	115,305
2021	454,657	99,042	961,468	102,091
2022	422,122	86,341	971,736	88,650
2023-2027	1,541,772	289,059	3,337,794	234,208
2028-2032	1,055,554	66,051	437,195	9,415
	<u>\$ 5,254,160</u>	<u>\$ 931,343</u>	<u>\$ 8,533,649</u>	<u>\$ 818,556</u>

The Town's legal debt margin at June 30, 2017 is \$161,522,567.

#### Changes in Long-Term Liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Notes payable	\$ 3,245,036	\$ 2,582,000	\$ 572,876	\$ 5,254,160	\$ 728,297
Compensated absences	221,472	255,920	198,532	278,860	278,860
Net pension obligation (LGRS)	259,138	916,853	-	1,175,991	-
Total	<u>3,725,646</u>	<u>3,754,773</u>	<u>771,408</u>	<u>6,709,011</u>	<u>1,007,157</u>
Business-type activities:					
<u>Water and Sewer Fund</u>					
Notes payable	9,208,987	-	675,338	8,533,649	932,337
Compensated absences	68,672	87,138	47,721	108,089	108,089
Net pension obligation (LGRS)	100,782	289,524	-	390,306	-
Total	<u>9,378,441</u>	<u>376,662</u>	<u>723,059</u>	<u>9,032,044</u>	<u>1,040,426</u>
Total	<u>\$ 13,104,087</u>	<u>\$ 4,131,435</u>	<u>\$ 1,494,467</u>	<u>\$ 15,741,055</u>	<u>\$ 2,047,583</u>

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### III. Detail Notes On All Funds (continued):

#### C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2017 consist of the following:

From the General Fund to the Capital Reserve Fund - General Services to fund the Capital Reserve Fund per Fund Balance Policy	\$ 664,000
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 - Fire Services to fund the Capital Reserve Fund per Fund Balance Policy	61,000
From the General Fund - General Services to the Capital Project Fund - Streets to fund the Town's portion of the CMAQ grant for sidewalks	57,000
From the Water Sewer Fund to the Water Sewer Capital Reserve Fund to fund Water/Sewer Capital Projects	1,250,000
From the Water Sewer Fund to the Water Sewer Capital Project Fund to fund Water/Sewer Capital Projects	265,000
From the Capital Reserve Fund - General Services to the General Fund to fund actual Capital Outlay expenditures per the Fund Balance Policy	1,057,600
From the Capital Reserve Fund - Economic Development to the General Fund to fund Façade Grants	6,500
From the Storm Water Fund to the Storm Water Capital Project Fund to fund Storm Water Capital Projects	228,000
	<u>\$ 3,649,100</u>

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

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### IV. 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.

### V. Charges for Services - Water and Sewer Fund:

The Water and Sewer Fund had charges of \$6,843,810 for the year ended June 30, 2017, with charges to one customer of \$175,237, or 3.33% of total charges.

### VI. 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.

### VII. 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, 2017, the Town purchased sewer transportation services amounting to \$733,684 from WSACC. At June 30, 2017, there was no amount due to WSACC, which would need to be reflected in accounts payable of the Water and Sewer Fund.

### VIII. 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, 2017, the Town reported no revenues and expenditures for the payments of \$6,725 made through the Firemen's Relief Fund. 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, 2017. 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.

# Town of Harrisburg, North Carolina

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2017

### IX. Claims, Judgments and Contingent Liabilities:

#### VIII. Claims, Judgements and Contingent Liabilities:

At June 30, 2017, 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.

During fiscal year 2017, there were various lawsuits specifically involving system development charges. While all of these lawsuits have not been resolved, it is the opinion of the Attorney and Town management that an amount of \$390,000 is reasonably estimated and probable for payment as of June 30, 2017. Thus, this amount has been recorded as a contingent liability and expensed in the Water and Sewer Fund accordingly.

### X. Subsequent Events

An additional lawsuit related to system development fees was filed subsequent to year end. At the time of the report release, an estimate of the potential loss has not been determined.

TOWN OF HARRISBURG, NORTH CAROLINA

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## REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

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

## Town of Harrisburg, North Carolina

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

#### Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Harrisburg's proportion of the net pension liability (asset) (%)	0.073800%	0.080200%	0.077430%	0.077000%
Harrisburg's proportion of the net pension liability (asset) (\$)	\$ 1,566,297	\$ 359,920	\$ (456,640)	\$ 928,146
Harrisburg's covered-employee payroll	\$ 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	41.37%	10.19%	-13.71%	32.03%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

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

**Town of Harrisburg, North Carolina**

**Town of Harrisburg's Contributions  
Required Supplementary Information  
Last Four Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 316,231	\$ 252,632	\$ 232,442	\$ 222,421
Contributions in relation to the contractually required contribution	<u>316,231</u>	<u>252,632</u>	<u>232,442</u>	<u>222,421</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Harrisburg's covered-employee payroll	\$ 4,623,537	\$ 3,786,002	\$ 3,533,569	\$ 3,329,996
Contributions as a percentage of covered-employee payroll	6.84%	6.67%	6.58%	6.68%

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

TOWN OF HARRISBURG, NORTH CAROLINA

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INDIVIDUAL  
FUND FINANCIAL STATEMENTS AND SCHEDULES

TOWN OF HARRISBURG, NORTH CAROLINA

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## Town of Harrisburg, North Carolina

**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2017 and 2016**

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,415,876	\$ 4,314,752
Restricted cash and cash equivalents	1,012,017	367,172
Receivables - net:		
Property taxes	34,803	60,854
Other	-	169,921
Due from government agencies	1,008,755	779,957
Prepaid items	81,035	222,560
Total assets	\$ 7,552,486	\$ 5,915,216
 <b>Liabilities, deferred inflows of resources and fund balance</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 121,816	\$ 264,377
July 4th celebration revenue	7,585	30,345
Payable from restricted assets		
Performance bonds on deposit	206,564	177,911
Total liabilities	335,965	472,633
 Deferred inflows of resources:		
Property taxes receivable	34,803	60,854
Prepaid taxes	-	1,049
Total deferred inflows of resources	34,803	61,903
 Fund balance:		
Non-spendable:		
Prepays	81,035	222,560
Restricted:		
Stabilization by State statute	1,790,705	949,878
Streets	153,514	106,236
Public safety	73,439	83,025
Unspent Debt Proceeds	578,500	-
Unassigned	4,504,525	4,018,981
Total fund balance	7,181,718	5,380,680
Total liabilities, deferred inflows of resources and fund balance	\$ 7,552,486	\$ 5,915,216

## 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, 2017**

**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017		Variance Over/(Under)	2016
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year	\$ 5,609,000	\$ 5,838,558	\$ 229,558	\$ 5,202,792
Prior years	101,000	45,415	(55,585)	99,074
Penalties and interest	22,000	17,983	(4,017)	22,673
Total	<u>5,732,000</u>	<u>5,901,956</u>	<u>169,956</u>	<u>5,324,539</u>
<b>Unrestricted intergovernmental:</b>				
Local option sales tax	1,575,000	1,740,007	165,007	1,550,132
Utility franchise tax	800,000	836,133	36,133	797,278
Beer and wine tax	66,000	69,644	3,644	65,250
Total	<u>2,441,000</u>	<u>2,645,784</u>	<u>204,784</u>	<u>2,412,660</u>
<b>Restricted intergovernmental:</b>				
Powell Bill allocation	400,000	419,182	19,182	402,895
Grants - other	15,000	5,000	(10,000)	14,416
Fire taxes	982,500	1,058,621	76,121	924,836
EMS grant	1,000	-	(1,000)	900
SAFER Grant	799,000	738,671	(60,329)	329,917
Solid waste disposal	9,500	10,466	966	9,687
Total	<u>2,207,000</u>	<u>2,231,940</u>	<u>24,940</u>	<u>1,682,651</u>
<b>Permits and fees:</b>				
Compliance permits	58,000	61,624	3,624	63,104
Passport acceptance fees	55,000	30,875	(24,125)	58,821
Traffic review fees	75,000	34,000	(41,000)	19,792
Plan review fees	15,000	17,869	2,869	9,085
Inspection fees and fines	4,000	5,050	1,050	5,025
Total	<u>207,000</u>	<u>149,418</u>	<u>(57,582)</u>	<u>155,827</u>
<b>Sales and services:</b>				
Parks and recreation shelter rental	4,000	5,885	1,885	6,315
Rental income - Town Hall	-	23,634	23,634	-
Parks and recreation athletics	338,500	382,367	43,867	367,368
Recreation program fees	56,000	52,614	(3,386)	67,874
Total	<u>398,500</u>	<u>464,500</u>	<u>66,000</u>	<u>441,557</u>

Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017		Variance Over/(Under)	2016
	Budget	Actual		Actual
<b>Revenues (continued):</b>				
Investment earnings	32,250	37,260	5,010	30,609
<b>Other general revenues:</b>				
July 4th celebration	55,000	61,550	6,550	55,249
Municipal complex rental	-	-	-	3,008
Parks and recreation - concessions	2,500	-	(2,500)	1,683
Parks and recreation - special events	10,000	6,686	(3,314)	12,640
Council chamber rental	-	-	-	110
HYA contributions	25,000	25,000	-	32,514
Donations	60,000	200	(59,800)	50
Cabarrus County - EMS facilities at Station 3 reimbursement	-	7,720	7,720	-
Insurance proceeds	5,100	24,184	19,084	60,519
Sale of surplus property	46,600	1,474	(45,126)	302,440
Miscellaneous	27,500	68,297	40,797	23,141
Total	231,700	195,111	(36,589)	491,354
Total revenues	11,249,450	11,625,969	376,519	10,539,197
<b>Expenditures:</b>				
<b>General government:</b>				
Mayor and Council:				
Salaries	47,800	48,192	(392)	48,001
Employee benefits	4,150	3,609	541	3,683
Employee relations	1,000	-	1,000	-
Uniforms	1,000	-	1,000	554
Workers' compensation	100	128	(28)	48
Department supplies	400	365	35	56
Travel and training	2,500	201	2,299	2,722
Meetings and conferences	2,000	916	1,084	858
Dues and subscriptions	17,300	15,458	1,842	30,842
Sponsorships	7,200	7,065	135	6,500
Technology services	7,620	7,511	109	16,892
Telephone	3,900	3,725	175	3,634
Special projects	2,940	2,938	2	1,705
Total	97,910	90,108	7,802	115,495
Administration and finance:				
Salaries	554,000	552,560	1,440	451,887
Employee benefits	173,750	150,192	23,558	131,585
Cost allocation	(277,250)	(277,250)	-	(253,500)

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, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Over/(Under)	Actual
<b>Expenditures (continued):</b>				
<b>General government (continued):</b>				
Administration and finance (continued):				
Workers' compensation	1,000	1,683	(683)	716
Insurance and bonds	7,000	6,829	171	6,073
Employee relations	14,800	8,979	5,821	6,813
Uniforms	1,345	1,341	4	811
Training	8,400	4,309	4,091	3,205
Travel	4,525	1,820	2,705	885
Meetings and Conferences	2,280	2,038	242	1,765
Fuel	1,400	898	502	743
Maintenance and repairs - buildings	20,655	20,688	(33)	24,199
Maintenance and repairs - vehicles	350	345	5	480
Dues and subscriptions	4,035	4,643	(608)	3,255
Pre-employment	2,500	2,489	11	1,176
Advertising	6,000	6,599	(599)	1,942
Department supplies	21,640	21,315	325	27,755
Small tools	1,700	1,670	30	-
Legal services	40,800	30,995	9,805	34,142
Printing	10,240	10,830	(590)	8,518
Telephone	31,810	30,954	856	22,090
Postage	8,415	7,379	1,036	7,585
Utilities - electric	30,000	30,561	(561)	24,167
Utilities - street lights	141,000	159,894	(18,894)	144,183
Contracted services	16,200	16,824	(624)	27,692
Professional services	45,928	44,987	941	46,070
Technology services	88,665	91,067	(2,402)	69,730
Buildings and grounds contracted services	121,890	121,783	107	43,103
Shipping and handling	1,130	1,123	7	420
Copier lease	7,200	6,671	529	8,113
Lease - other	1,200	1,123	77	281
Fines and penalties	-	3,195	(3,195)	923
Capital outlay	2,035,000	2,022,727	12,273	54,934
Debt service:				
Principal retirement	98,500	109,802	(11,302)	103,886
Interest	27,000	22,991	4,009	30,500
<b>Total</b>	<b>3,253,108</b>	<b>3,224,054</b>	<b>29,054</b>	<b>1,036,127</b>

## 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, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017		Variance Over\{(Under)	2016
	Budget	Actual		Actual
<b>Expenditures (continued):</b>				
<b>General government (continued):</b>				
Communications:				
Salaries	62,150	54,001	8,149	57,617
Employee benefits	18,225	17,384	841	15,765
Cost allocation	(18,750)	(18,750)	-	(18,501)
Workers' Compensation	100	151	(51)	95
Meetings and conferences	2,000	172	1,828	1,716
Uniforms	150	-	150	128
Training	-	140	(140)	1,105
Travel	2,200	855	1,345	1,287
Dues and subscriptions	1,750	1,688	62	620
Advertising	24,000	7,297	16,703	26,715
Supplies	1,300	1,519	(219)	1,390
Small tools & equipment	-	1,987	(1,987)	-
Postage	1,750	176	1,574	-
Shipping and handling	250	184	66	608
Printing	19,000	7,249	11,751	13,998
Telephone	1,550	1,237	313	1,077
Casualty insurance/bonds	275	275	-	246
Professional services	36,664	22,357	14,307	50,908
Programming	4,000	804	3,196	539
Technology services	7,180	7,126	54	3,056
Capital outlay	145,270	85,790	59,480	121,746
Total	309,064	191,642	117,422	280,115
Economic development:				
Salaries	77,100	75,561	1,539	72,555
Employee benefits	25,625	23,954	1,671	22,773
Workers' compensation	100	151	(51)	95
Meetings and conferences	3,400	3,502	(102)	3,882
Uniforms	150	139	11	171
Training	650	49	601	-
Travel	600	-	600	46
Dues and subscriptions	9,375	8,396	979	9,238
Advertising	4,500	-	4,500	1,916
Supplies	510	502	8	92
Postage	50	-	50	-
Shipping and handling	190	189	1	10
Printing	-	-	-	727
Legal services	1,500	80	1,420	1,660
Telephone	1,600	1,413	187	1,398

## 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, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017		Variance Positive Over\{(Under)	2016
	Budget	Actual		Actual
<b>Expenditures (continued):</b>				
<b>General government (continued):</b>				
Economic development:				
Casualty insurance/bonds	550	550	-	455
Professional services	650	122	528	503
Incentive grants	35,800	26,631	9,169	161,085
Technology services	1,120	1,099	21	664
Capital outlay	10,000	6,256	3,744	-
Total	<u>173,470</u>	<u>148,594</u>	<u>24,876</u>	<u>277,270</u>
Total general government	<u>3,833,552</u>	<u>3,654,398</u>	<u>179,154</u>	<u>1,709,007</u>
<b>Planning and zoning:</b>				
Salaries	210,750	197,516	13,234	140,627
Employee benefits	71,200	60,997	10,203	37,093
Cost allocation	(8,800)	(8,800)	-	(8,500)
Workers' compensation	1,000	2,458	(1,458)	954
Insurance and bonds	1,300	1,300	-	(3,317)
Pre-employment	100	-	100	-
Training	3,000	1,456	1,544	548
Travel	4,000	2,449	1,551	1,103
Meetings and conferences	1,300	1,108	192	817
Fuel	2,500	819	1,681	691
Maintenance and repair - equipment	-	30	(30)	-
Maintenance and repair - signage	1,500	829	671	-
Maintenance and repair - vehicles	400	-	400	154
Dues and subscriptions	1,650	746	904	390
Advertising	4,000	2,037	1,963	4,188
Tires	600	-	600	-
Supplies	3,000	2,883	117	3,396
Small tools	-	-	-	3,598
Legal services	20,000	12,906	7,094	22,822
Printing	-	-	-	930
Telephone	4,300	3,768	532	1,713
Postage	750	162	588	307
Uniforms	750	718	32	320
Professional services	263,550	88,842	174,708	33,731
Technology services	6,720	6,687	33	4,247
Shipping and handling	50	8	42	6
Utilities - electric	-	140	(140)	-
Capital Outlay	-	-	-	5,400
Total planning and zoning	<u>593,620</u>	<u>379,059</u>	<u>214,561</u>	<u>251,218</u>

## Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Over/(Under)	Actual
<b>Expenditures (continued):</b>				
<b>Public safety:</b>				
Police:				
County contract - deputy salaries	696,000	684,478	11,522	666,650
Insurance and bonds	5,650	5,602	48	4,631
Fuel	30,000	19,846	10,154	23,181
Maintenance and repairs - vehicles	31,000	35,164	(4,164)	22,525
Maintenance and repairs - equipment	1,250	282	968	-
Supplies	5,500	5,541	(41)	4,399
Telephone	2,280	2,263	17	1,713
Shipping and handling	500	293	207	666
Technology services	6,920	6,804	116	5,171
Special equipment	3,400	2,937	463	7,328
Capital outlay	92,000	62,141	29,859	74,977
Total	874,500	825,351	49,149	811,241
Fire:				
Salaries	2,072,425	2,093,016	(20,591)	1,687,107
Employee benefits	721,200	700,479	20,721	695,091
Workers compensation	55,000	80,434	(25,434)	35,520
Insurance and bonds	22,750	25,510	(2,760)	32,092
Uniforms	50,585	50,311	274	82,717
Training	25,000	24,460	540	18,837
Travel	7,600	5,496	2,104	5,670
Fuel	33,000	27,590	5,410	21,550
Maintenance and repair - vehicles	48,050	47,223	827	68,632
Maintenance and repair - grounds	85,635	79,199	6,436	49,037
Dues and subscriptions	5,320	4,908	412	3,566
Pre-employment	800	316	484	887
Public education	5,800	5,732	68	4,840
Advertising	700	-	700	-
Tires	11,800	9,648	2,152	7,902

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, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>	<u>Actual</u>
<b>Expenditures (continued):</b>				
<b>Public Safety (continued):</b>				
Fire (continued):				
Security	2,500	1,080	1,420	420
Supplies	4,300	2,632	1,668	6,286
Legal services	1,500	50	1,450	1,567
Chemicals	1,500	64	1,436	2,150
Printing	1,800	1,386	414	431
Telephone	36,270	25,009	11,261	26,215
Postage	300	30	270	-
Utilities - electric	38,000	32,506	5,494	27,187
Utilities - water	5,700	3,605	2,095	2,935
Professional services	28,360	32,350	(3,990)	18,079
Technology services	66,220	65,635	585	56,053
Maintenance and repairs - signage	100	-	100	-
Maintenance and repairs - fire hydrants	6,252	5,012	1,240	1,937
Maintenance and repairs - equipment	33,980	34,464	(484)	35,049
Shipping and handling	3,250	4,269	(1,019)	5,295
Copier lease	2,460	2,604	(144)	3,053
Computer lease	-	325	(325)	-
Special equipment	31,333	29,199	2,134	64,507
Medical supplies	10,500	9,629	871	12,771
Employee relations	-	6,725	(6,725)	-
Physicals	30,200	29,680	520	15,459
Taxes and other fees	-	168	(168)	56
On-behalf of payments	1,000	-	1,000	-
Capital outlay	793,250	176,969	616,281	120,928
Debt service:				
Principal retirement	467,000	463,074	3,926	425,756
Interest	71,450	48,901	22,549	83,962
Total	<u>4,782,890</u>	<u>4,129,688</u>	<u>653,202</u>	<u>3,623,544</u>
Total public safety	<u>5,657,390</u>	<u>4,955,039</u>	<u>702,351</u>	<u>4,434,785</u>

## Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Over/(Under)	Actual
<b>Expenditures (continued):</b>				
<b>Transportation:</b>				
Streets and highways:				
Small tools	800	193	607	304
Chemicals	14,350	5,397	8,953	7,858
Street maintenance and repair	112,350	98,134	14,216	35,089
Signs	20,500	17,518	2,982	7,340
Equipment rental	13,000	8,413	4,587	8,303
Contracted services	-	-	-	4,004
Shipping and handling	2,500	2,934	(434)	122
Capital outlay	523,350	482,853	40,497	415,154
Total transportation	<u>686,850</u>	<u>615,442</u>	<u>71,408</u>	<u>478,174</u>
<b>Environmental Protection:</b>				
Sanitation:				
Sanitation services	706,200	731,175	(24,975)	664,180
Public works:				
Salaries	-	-	-	136,524
Employee benefits	-	-	-	21,574
Cost allocation	477,000	468,010	8,990	399,000
Seasonal salaries	5,000	2,949	2,051	-
Workers' compensation	6,500	12,235	(5,735)	6,201
Insurance and bonds	4,800	4,800	-	4,453
Employee relations	100	81	19	91
Small tools & equipment	2,000	693	1,307	1,671
Travel and training	500	-	500	-
Uniforms	1,750	1,381	369	1,389
Shipping & handling	500	471	29	185
Fuel	23,000	4,520	18,480	8,117
Maintenance and repair - vehicles	15,000	11,660	3,340	12,972
Maintenance and repair - equipment	1,670	1,455	215	1,196
Pre-employment	500	-	500	-
Tires	4,000	3,771	229	3,317
Physicals	1,000	-	1,000	-
Printing	1,000	949	51	6,364
Technology services	2,225	2,143	82	1,264
Professional services	300	283	17	903
Legal services	1,000	-	1,000	-
Other	-	50	(50)	50
Capital outlay	23,100	22,780	320	150,071
Total	<u>570,945</u>	<u>538,231</u>	<u>32,714</u>	<u>755,342</u>
Total environmental protection	<u>1,277,145</u>	<u>1,269,406</u>	<u>7,739</u>	<u>1,419,522</u>

## Town of Harrisburg, North Carolina

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017			2016
	Budget	Actual	Variance Over/(Under)	Actual
<b>Expenditures (continued):</b>				
<b>Cultural and recreational:</b>				
Parks and recreation:				
Salaries	454,425	410,578	43,847	372,208
Employee benefits	156,950	137,942	19,008	123,652
Cost allocation	(242,500)	(242,500)	-	(64,500)
Employee relations	1,000	532	468	165
Workers' compensation	11,000	10,751	249	4,770
Wellness	-	-	-	11,729
Insurance and bonds	10,950	10,922	28	9,434
Uniforms	3,250	2,736	514	3,001
Training	2,100	1,211	889	1,440
Travel	900	171	729	220
Fuel	8,300	7,787	513	6,844
Dues and subscriptions	1,505	1,280	225	325
Pre-employment	1,000	429	571	315
Advertising	2,000	1,663	337	75
Tires	150	99	51	1,377
Supplies	3,000	2,639	361	3,176
Small tools	2,660	2,652	8	1,837
Legal services	6,600	6,350	250	9,393
Chemicals	5,000	4,040	960	5,404
Printing	4,075	4,050	25	5,201
Programs	43,000	43,344	(344)	43,061
Telephone	16,310	16,732	(422)	11,557
Postage	100	34	66	427
Utilities - electric	6,100	6,106	(6)	6,686
Utilities - water	7,500	5,899	1,601	7,584
Professional services	-	2,994	(2,994)	2,355
Technology services	1,020	1,024	(4)	2,476
Maintenance and repairs - equipment	5,250	5,212	38	3,287
Maintenance and repairs - vehicles	3,000	2,504	496	1,871
Maintenance and repairs - buildings	48,158	48,171	(13)	28,991
Shipping and handling	2,000	4,604	(2,604)	901
Copier lease	3,860	3,939	(79)	3,545
Office/building lease	20,420	20,651	(231)	15,553
Miscellaneous	-	-	-	135
Taxes and licenses	-	14,416	(14,416)	-
Special projects	72,500	71,843	657	70,563

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, 2017  
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Positive Over/(Under)	2016
	Budget	Actual		Actual
<b>Expenditures (continued):</b>				
<b>Cultural and Recreational (continued):</b>				
Parks and recreation (continued):				
July 4th event	125,000	116,881	8,119	106,505
Physicals	850	845	5	-
Special equipment	12,259	9,311	2,948	5,519
Medical supplies	1,250	140	1,110	-
Capital outlay	1,961,000	357,424	1,603,576	529,594
Debt service:				
Principal retirement	85,000	-	85,000	-
Interest	47,000	-	47,000	-
Total	<u>2,893,942</u>	<u>1,095,406</u>	<u>1,798,536</u>	<u>1,336,676</u>
Athletics:				
Salaries	49,550	51,582	(2,032)	53,683
Employee benefits	20,500	15,647	4,853	17,663
Cost allocation	242,250	242,250	-	71,500
Maintenance and repairs - grounds	24,430	21,986	2,444	13,025
Athletics	11,000	4,757	6,243	5,993
Contributions - HYA	25,000	11,669	13,331	11,756
Operating costs	282,680	249,636	33,044	236,192
Chemicals	16,350	14,093	2,257	10,854
Utilities - electric	50,000	46,737	3,263	45,069
Professional services	440	453	(13)	379
Technology services	-	-	-	1,680
Telephone	920	698	222	-
Shipping and handling	2,000	773	1,227	954
Total	<u>725,120</u>	<u>660,281</u>	<u>64,839</u>	<u>468,748</u>
Total cultural and recreational	<u>3,619,062</u>	<u>1,755,687</u>	<u>1,863,375</u>	<u>1,805,424</u>
Contingency	289,604	-	289,604	-
Total expenditures	<u>15,957,223</u>	<u>12,629,031</u>	<u>3,328,192</u>	<u>10,098,130</u>
Revenues over (under) expenditures	<u>(4,707,773)</u>	<u>(1,003,062)</u>	<u>3,704,711</u>	<u>441,067</u>

Town of Harrisburg, North Carolina

General Fund  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2017  
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Positive Over/(Under)	2016
	Budget	Actual		Actual
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds:				
Capital Reserve - General Services	(664,000)	(664,000)	-	(525,000)
Capital Reserve - Fire Services	(61,000)	(61,000)	-	-
Capital Reserve - Economic Development	(60,000)	(60,000)	-	-
Capital Project Fund - Public Safety	(472,750)	-	472,750	-
Capital Project Fund - Streets	(57,000)	(57,000)	-	-
Transfers from other funds:				
Capital Reserve - General Services	1,110,600	1,057,600	(53,000)	833,250
Capital Reserve - Economic Development	35,800	6,500	(29,300)	-
Debt issued	3,982,000	2,582,000	(1,400,000)	-
Total other financing sources (uses)	3,813,650	2,804,100	(1,009,550)	308,250
Revenues and other financing sources over (under) expenditures and other financing uses	(894,123)	1,801,038	2,695,161	749,317
Appropriated fund balance	894,123	-	(894,123)	-
Net change in fund balance	\$ -	1,801,038	\$ 1,801,038	749,317
<b>Fund balance</b>				
Beginning of year		5,380,680		4,631,363
End of year		\$ 7,181,718		\$ 5,380,680

TOWN OF HARRISBURG, NORTH CAROLINA

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## Town of Harrisburg, North Carolina

**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	<u>Capital Project Fund - Streets</u>	<u>Capital Project Fund - Public Safety</u>	<u>Capital Reserve Fund General Services</u>	<u>Capital Reserve Fund Fire Services</u>	<u>Capital Reserve Fund Recreation</u>	<u>Capital Reserve Fund Economic Development</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 57,000	\$ 6,107	\$ 650,050	\$ 61,000	\$ 153,777	\$ 53,558	\$ 981,492
Total assets	<u>\$ 57,000</u>	<u>\$ 6,107</u>	<u>\$ 650,050</u>	<u>\$ 61,000</u>	<u>\$ 153,777</u>	<u>\$ 53,558</u>	<u>\$ 981,492</u>
<b>Liabilities</b>							
<b>Liabilities:</b>							
Payable from restricted assets:							
Accounts payable and accrued liabilities	\$ -	\$ 2,666	\$ -	\$ -	\$ -	\$ -	\$ 2,666
Total liabilities	<u>-</u>	<u>2,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,666</u>
<b>Fund balance</b>							
Restricted:							
Committed	57,000	3,441	286,550	-	153,777	53,558	554,326
Assigned	-	-	363,500	61,000	-	-	424,500
Total fund balances	<u>57,000</u>	<u>3,441</u>	<u>650,050</u>	<u>61,000</u>	<u>153,777</u>	<u>53,558</u>	<u>978,826</u>
 Total liabilities and fund balance	 <u>\$ 57,000</u>	 <u>\$ 6,107</u>	 <u>\$ 650,050</u>	 <u>\$ 61,000</u>	 <u>\$ 153,777</u>	 <u>\$ 53,558</u>	 <u>\$ 981,492</u>

## Town of Harrisburg, North Carolina

**Combining Statements of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2017**

	Capital Project Fund - Streets	Capital Project Fund - Public Safety	Capital Reserve Fund General Services	Capital Reserve Fund Fire Services	Capital Reserve Fund Parks & Recreation	Capital Reserve Fund Economic Development	Total Nonmajor Governmental Funds
<b>Revenues</b>							
Investment earnings	\$ -	\$ 83	\$ 4,056	\$ -	\$ 165	\$ 58	\$ 4,362
Contributions	-	-	-	-	153,612	-	153,612
Total revenues	-	83	4,056	-	153,777	58	157,974
<b>Expenditures</b>							
Current:							
General government	-	25,390	-	-	-	-	25,390
Total expenditures	-	25,390	-	-	-	-	25,390
Revenues under expenditures	-	(25,307)	4,056	-	153,777	58	132,584
<b>Other financing sources</b>							
Transfers from other funds	57,000	-	664,000	61,000	-	60,000	842,000
Transfers to other funds	-	-	(1,057,600)	-	-	(6,500)	(1,064,100)
Total other financing sources	57,000	-	(393,600)	61,000	-	53,500	(222,100)
Net change in fund balance	57,000	(25,307)	(389,544)	61,000	153,777	53,558	(89,516)
<b>Fund balance</b>							
Beginning of year - July 1	-	28,748	1,039,594	-	-	-	1,068,342
End of year - June 30	\$ 57,000	\$ 3,441	\$ 650,050	\$ 61,000	\$ 153,777	\$ 53,558	\$ 978,826

## Town of Harrisburg, North Carolina

**Capital Project Fund - Streets**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	Project Authorization	Actual			Variance Over / (Under)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Grant proceeds	\$ 451,000	\$ -	\$ -	\$ -	\$ 451,000
Total	451,000	-	-	-	451,000
<b>Expenditures - CMAQ Sidewalk Project</b>					
Engineering	195,000	-	-	-	195,000
Construction	530,000	-	-	-	530,000
Total expenditures	725,000	-	-	-	725,000
<b>Revenues over (under) expenditures</b>	<b>(274,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(274,000)</b>
<b>Other financing sources:</b>					
Transfers from other funds	274,000	-	57,000	57,000	217,000
Total other financing sources	274,000	-	57,000	57,000	217,000
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>57,000</b>	<b>\$ 57,000</b>	<b>\$ (57,000)</b>
<b>Fund balance</b>					
Beginning of year - July 1			-		
End of year - June 30			\$ 57,000		

## Town of Harrisburg, North Carolina

**Capital Project 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, 2017**

	Project Authorization	Actual			Variance Over / (Under)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Investment earnings	\$ 1,000	\$ 5,156	\$ 83	\$ 5,239	\$ 4,239
Other general revenues	-	23,592	-	23,592	23,592
Total	1,000	28,748	83	28,831	27,831
<b>Expenditures - Fire Station #2</b>					
Engineering	173,750	-	25,390	25,390	(148,360)
Construction	3,200,000	-	-	-	(3,200,000)
Total expenditures	3,373,750	-	25,390	25,390	(3,348,360)
<b>Revenues over / (under) expenditures</b>	<b>(3,372,750)</b>	<b>28,748</b>	<b>(25,307)</b>	<b>3,441</b>	<b>3,376,191</b>
<b>Other financing sources</b>					
Debt issued	2,600,000	-	-	-	(2,600,000)
Transfers from other funds	772,750	-	-	-	(772,750)
Total other financing sources	3,372,750	-	-	-	(3,372,750)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 28,748</b>	<b>(25,307)</b>	<b>\$ 3,441</b>	<b>\$ 3,441</b>
<b>Fund balance</b>					
Beginning of year - July 1			28,748		
End of year - June 30			\$ 3,441		

## Town of Harrisburg, North Carolina

### Capital Reserve Fund - General Services Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
<b>Non-operating revenues:</b>			
Interest income	\$ 5,000	\$ 4,056	\$ (944)
Total non-operating revenues	5,000	4,056	(944)
<b>Total revenues</b>	5,000	4,056	(944)
<b>Other financing sources (uses)</b>			
Transfer from General Fund	664,000	664,000	-
Transfer to General Fund	(1,000,600)	(1,000,600)	-
Transfer to GFCPF - Streets	(57,000)	(57,000)	-
Total other financing sources (uses)	(393,600)	(393,600)	-
Revenues and other financing sources over (under) expenditures and other financing uses	(388,600)	(389,544)	(944)
Appropriated fund balance (contingency)	388,600	-	(388,600)
<b>Net change in fund balance</b>	\$ -	(389,544)	\$ (389,544)
<b>Fund balance:</b>			
Beginning of year - July 1		1,039,594	
End of year - June 30		\$ 650,050	

## Town of Harrisburg, North Carolina

### Capital Reserve Fund - Fire Services Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Over/(Under)
<b>Other financing sources (uses)</b>			
Transfer from General Fund	\$ 61,000	\$ 61,000	\$ -
Transfer to General Fund	(61,000)	-	61,000
Total other financing sources (uses)	-	61,000	61,000
<b>Net change in fund balance</b>	\$ -	61,000	\$ 61,000
<b>Fund balance:</b>			
Beginning of year - July 1		-	
End of year - June 30		\$ 61,000	

## 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, 2017

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
<b>Non-operating revenues:</b>			
Contributions - Fee in lieu of	\$ 110,000	\$ 153,612	\$ 43,612
Interest income	-	165	165
Total non-operating revenues	110,000	153,777	43,777
Revenues over (under) expenditures	110,000	153,777	43,777
<b>Other financing sources (uses)</b>			
Transfer to General Fund	(110,000)	-	110,000
Total other financing sources (uses)	(110,000)	-	110,000
Revenues and other financing sources over (under) expenditures and other financing uses	-	153,777	153,777
<b>Net change in fund balance</b>	\$ -	153,777	\$ 153,777
<b>Fund balance:</b>			
Beginning of year - July 1		-	
End of year - June 30		\$ 153,777	

## 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, 2017

	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/(Under)</b>
<b>Non-operating revenues:</b>			
Interest income	\$ -	\$ 58	\$ 58
Total non-operating revenues	-	58	58
 <b>Other financing sources (uses)</b>			
Transfer from General Fund	60,000	60,000	-
Transfer to General Fund	(60,000)	(6,500)	53,500
Total other financing sources (uses)	-	53,500	53,500
Revenues and other financing sources over (under) expenditures and other financing uses	-	53,558	53,558
 <b>Net change in fund balance</b>	\$ -	\$ 53,558	\$ 53,558
<b>Fund balance:</b>			
Beginning of year - July 1		-	
End of year - June 30		\$ 53,558	

## Town of Harrisburg, North Carolina

**Water and Sewer Fund**  
**Comparative Statements of Net Position**  
**June 30, 2017 and 2016**

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 9,041,482	\$ 8,444,185
Accounts receivable (net) - customers	1,053,290	1,020,230
Accounts receivable - other	37,984	34,677
Prepaid expenses	-	30,748
Restricted cash and cash equivalents	255,620	227,622
Total current assets	<u>10,388,376</u>	<u>9,757,462</u>
Non-current assets:		
Capital assets, net of depreciation	<u>22,451,106</u>	<u>22,712,581</u>
Total assets	<u>32,839,482</u>	<u>32,470,043</u>
<b>Deferred outflows of resources</b>		
Pension deferrals	<u>326,639</u>	<u>70,737</u>
Total deferred outflows of resources	<u>326,639</u>	<u>70,737</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	486,859	669,815
Long-term debt, current portion	932,337	675,436
Compensated absences, current portion	108,089	68,672
Payables due from restricted assets		
Customer deposits	<u>255,620</u>	<u>227,622</u>
Total current liabilities	<u>1,782,905</u>	<u>1,641,545</u>
Non-current liabilities:		
Long-term debt, non-current portion	7,601,312	8,533,551
Net pension liability	<u>390,306</u>	<u>100,782</u>
Total noncurrent liabilities	<u>7,991,618</u>	<u>8,634,333</u>
Total liabilities	<u>9,774,523</u>	<u>10,275,878</u>
<b>Deferred inflows of resources</b>		
Pension deferrals	<u>61,955</u>	<u>81,128</u>
	<u>61,955</u>	<u>81,128</u>
<b>Net position</b>		
Net investment in capital assets	13,917,457	13,503,594
Unrestricted	<u>9,412,186</u>	<u>8,680,180</u>
Total net position	<u>\$ 23,329,643</u>	<u>\$ 22,183,774</u>

## Town of Harrisburg, North Carolina

**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017		Variance Over/(Under)	2016
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Water sales	\$ 3,900,000	\$ 3,649,081	\$ (250,919)	\$ 3,193,965
Sewer charges	3,025,000	3,194,729	169,729	2,586,431
Water and sewer taps	53,600	406,198	352,598	54,853
Water and sewer development charges	785,000	422,763	(362,237)	1,179,807
Set-up fees	18,000	23,750	5,750	20,870
Service connection fees	138,000	197,923	59,923	314,477
Penalties	150,000	158,199	8,199	150,914
Plan review fees	15,000	43,592	28,592	27,428
Rental fees	106,920	83,406	(23,514)	97,175
Miscellaneous revenues	-	30,028	30,028	3,890
Total operating revenues	<u>8,191,520</u>	<u>8,209,669</u>	<u>18,149</u>	<u>7,629,810</u>
<b>Non-operating revenues:</b>				
Interest income	42,000	52,456	10,456	45,480
Gain on sale of capital assets	50,000	81,928	31,928	163,799
Total non-operating revenues	<u>92,000</u>	<u>134,384</u>	<u>42,384</u>	<u>209,279</u>
<b>Total revenues</b>	<u>8,283,520</u>	<u>8,344,053</u>	<u>60,533</u>	<u>7,839,089</u>
<b>Expenditures:</b>				
<b>Water administration and distribution:</b>				
Salaries	1,143,625	1,072,387	71,238	862,650
Employee benefits	401,450	363,331	38,119	308,654
Cost allocation	(293,950)	(293,950)	-	(222,000)
Workers' compensation	12,500	22,644	(10,144)	12,161
Inspections	32,400	15,200	17,200	19,276
M/R - Water/Sewer	149,811	136,202	13,609	53,957
Casualty insurance/bonds	20,700	20,461	239	16,060
Employee relations	600	199	401	507
Water purchases	1,930,000	1,996,837	(66,837)	1,665,859
Sewer treatment	900,000	729,734	170,266	800,188
Uniforms	6,300	5,515	785	5,630
Training	8,500	3,561	4,939	3,479
Travel	4,000	364	3,636	2,569
Fuel	44,000	39,906	4,094	33,989
Maintenance and repairs - vehicles	14,900	7,003	7,897	12,577
Maintenance and repairs - building and grounds	19,700	2,879	16,821	13,484
Miscellaneous	500	2,700	(2,200)	-

## 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, 2017**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)**

	2017		Variance Over/(Under)	2016
	Budget	Actual		Actual
<b>Expenditures (continued):</b>				
<b>Water administration and distribution (continued):</b>				
Dues and subscriptions	16,085	9,494	6,591	7,211
Pre-employment	4,500	4,288	212	300
Public education	1,000	488	512	822
Advertising	2,200	-	2,200	1,231
Tires	12,000	6,451	5,549	5,836
Department supplies	5,800	4,587	1,213	4,530
Meter services	54,000	47,724	6,276	45,170
Small tools	5,000	3,180	1,820	4,640
Pipe and fittings	7,000	5,734	1,266	6,343
Legal services	25,000	50,553	(25,553)	28,560
Chemicals	42,300	25,969	16,331	29,587
Printing	13,500	14,395	(895)	16,213
Telephone	29,700	30,008	(308)	26,500
Postage	36,000	38,727	(2,727)	37,853
Utilities - electric	85,800	91,726	(5,926)	84,485
Utilities - water	4,000	2,541	1,459	3,275
Contracted services	9,500	6,568	2,932	210
Professional services	83,287	93,719	(10,432)	96,063
Technology services	67,265	57,810	9,455	61,845
B&G - contracted services	170,100	139,213	30,887	656
Maintenance and repairs - equipment	14,700	13,645	1,055	11,151
Maintenance and repairs - signage	-	-	-	1,553
New services	177,600	177,459	141	79,114
Shipping and handling	5,000	2,452	2,548	2,776
Copier lease	5,900	4,844	1,056	10,152
Building lease	13,200	12,954	246	12,496
Permits	5,500	860	4,640	4,925
Fire hydrants	4,000	12	3,988	1,401
Fines and penalties	4,000	3,782	218	4,188
Credit Card & Insite Fees	47,900	50,631	(2,731)	30,853
Special equipment	13,680	12,409	1,271	8,604
Medical supplies	1,000	953	47	991
Physicals	500	210	290	150
Safety	7,000	6,910	90	4,510
Contingency	475,790	-	475,790	-
Lawsuit settlements	525,000	915,000	(390,000)	-
Total administration and distribution	<u>6,369,843</u>	<u>5,960,269</u>	<u>409,574</u>	<u>4,223,234</u>

## Town of Harrisburg, North Carolina

## Water and Sewer Fund

## Schedule of Revenues and Expenditures

## Budget and Actual (Non-GAAP) (continued)

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Over/(Under)	2016
	Budget	Actual		Actual
<b>Expenditures (continued):</b>				
Debt service:				
Principal retirement	924,250	675,338	248,912	1,096,434
Interest expense	153,000	173,756	(20,756)	157,325
Total debt service	<u>1,077,250</u>	<u>849,094</u>	<u>228,156</u>	<u>1,253,759</u>
Capital outlay:				
Equipment	1,120,402	361,922	758,480	463,586
Total capital outlay	<u>1,120,402</u>	<u>361,922</u>	<u>758,480</u>	<u>463,586</u>
Total expenditures	<u>8,567,495</u>	<u>7,171,285</u>	<u>1,396,210</u>	<u>5,940,579</u>
Revenues over(under) expenditures	<u>(283,975)</u>	<u>1,172,768</u>	<u>1,456,743</u>	<u>1,898,510</u>
<b>Other financing sources (uses):</b>				
Transfer to other funds:				
Capital Reserve Funds	(1,250,000)	(1,250,000)	-	-
Capital Project Funds	(265,000)	(265,000)	-	(546,100)
Total other financing sources (uses)	<u>(1,515,000)</u>	<u>(1,515,000)</u>	<u>-</u>	<u>(546,100)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,798,975)</u>	<u>(342,232)</u>	<u>1,456,743</u>	<u>1,352,410</u>
Appropriated fund balance	<u>1,798,975</u>	<u>-</u>	<u>(1,798,975)</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>(342,232)</u>	<u>\$ (342,232)</u>	<u>1,352,410</u>
<b>Reconciliation of modified accrual basis with accrual basis:</b>				
Reconciling items:				
Payment of debt principal		675,338		1,096,434
Capital outlay		312,773		395,323
(Increase) decrease in accrued vacation pay		(39,416)		11,382
Increase (decrease) in pension expense		(14,449)		24,983
(Increase )decrease in interest expense accrual		484		(1,739)
Depreciation and amortization		(1,079,217)		(1,005,600)
Contribution of water lines		114,500		262,469
Transfer to Water and Sewer Capital Project Fund		265,000		546,100
Transfer to Water and Sewer Capital Reserve Fund		1,250,000		-
Interest earned in Water and Sewer Capital Projects Fund		3,088		2,512
		<u>1,488,101</u>		<u>1,331,864</u>
Change in net position (Exhibit G)		<u>\$ 1,145,869</u>		<u>\$ 2,684,274</u>

## Town of Harrisburg, North Carolina

**Water and Sewer Capital Projects Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	Project Authorization	Actual			Variance Over / (Under)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Investment earnings	\$ -	\$ 5,545	\$ 3,088	\$ 8,633	\$ 8,633
Total	-	5,545	3,088	8,633	8,633
<b>Expenditures - Williams Road 6-inch Main Upgrade</b>					
Engineering	40,000	-	19,006	19,006	20,994
Construction	225,000	-	-	-	225,000
Total expenditures	265,000	-	19,006	19,006	245,994
<b>Expenditures - Lakeview Drive 6-inch Main Upgrade</b>					
Engineering	40,000	-	19,006	19,006	20,994
Construction	220,000	-	-	-	220,000
Total expenditures	260,000	-	19,006	19,006	240,994
<b>Expenditures - Hudson Drive 6-inch Main Upgrade A</b>					
Engineering	35,000	-	16,631	16,631	18,369
Construction	175,000	-	-	-	175,000
Total expenditures	210,000	-	16,631	16,631	193,369
<b>Expenditures - Hudson Drive 6-inch Main Upgrade B</b>					
Engineering	10,000	-	4,752	4,752	5,248
Construction	50,000	-	-	-	50,000
Total expenditures	60,000	-	4,752	4,752	55,248
<b>Expenditures - Public Works Facility</b>					
Engineering	140,000	-	204,121	204,121	(64,121)
Construction	3,510,000	-	126,953	126,953	3,383,047
Total expenditures	3,650,000	-	331,074	331,074	3,318,926
<b>Revenues over (under) expenditures</b>	<b>(4,445,000)</b>	<b>5,545</b>	<b>(387,381)</b>	<b>(381,836)</b>	<b>4,063,164</b>
<b>Other financing sources:</b>					
Transfers from other funds	4,445,000	1,012,612	265,000	1,277,612	(3,167,388)
Total other financing sources	4,445,000	1,012,612	265,000	1,277,612	(3,167,388)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,018,157	\$ (122,381)	\$ 895,776	\$ 895,776

## Town of Harrisburg, North Carolina

### Water and Sewer Capital Reserve Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Over/(Under)
<b>Other financing sources (uses)</b>			
Transfer from Water and Sewer Fund	\$ 1,250,000	\$ 1,250,000	\$ -
Transfer to General Fund	<u>(1,250,000)</u>	<u>-</u>	<u>1,250,000</u>
Total other financing sources (uses)	<u>-</u>	<u>1,250,000</u>	<u>1,250,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>1,250,000</u>	<u>1,250,000</u>
<b>Net change in fund balance</b>	<u><u>\$ -</u></u>	<u><u>\$ 1,250,000</u></u>	<u><u>\$ 1,250,000</u></u>
<b>Fund balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u><u>\$ 1,250,000</u></u>	

## Town of Harrisburg, North Carolina

## Stormwater Fund

## Schedule of Revenues and Expenditures

## Budget and Actual (Non-GAAP)

## For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Over/(Under)	2016
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Stormwater plan review fees	\$ 15,000	\$ 18,765	\$ 3,765	\$ 8,800
Streetsweeping	-	-	-	1,600
Stormwater services	575,000	580,894	5,894	473,131
Total operating revenues	590,000	599,659	9,659	483,531
<b>Non-operating revenues:</b>				
Interest income	2,500	4,171	1,671	3,300
Total non-operating revenues	2,500	4,171	1,671	3,300
<b>Total revenues</b>	<b>592,500</b>	<b>603,830</b>	<b>11,330</b>	<b>486,831</b>
<b>Administration:</b>				
Cost allocation	122,000	122,000	-	96,500
Casualty insurance/bonds	1,100	1,100	-	759
Uniforms	350	350	-	289
Training	3,000	1,014	1,986	397
Fuel	5,000	1,441	3,559	1,415
Advertising	100	-	100	-
Tires	1,750	-	1,750	-
Dept supplies	700	471	229	457
Small tools	500	182	318	170
Legal services	6,000	2,560	3,440	6,311
Technology services	1,400	-	1,400	-
Maintenance and repairs - vehicles	2,100	480	1,620	682
Maintenance and repairs - drainage	22,500	621	21,879	6,321
Shipping and handling	250	50	200	-
Travel	1,250	-	1,250	7
Dues and subscriptions	4,500	575	3,925	2,864
Public education	2,000	-	2,000	850
Printing	1,000	-	1,000	-
Telephone	1,100	1,188	(88)	515
Postage	500	-	500	-
Contracted services	52,793	35,594	17,199	30,896
Contingency	32,400	-	32,400	-
Total administration	262,293	167,626	94,667	148,433

## Town of Harrisburg, North Carolina

## Stormwater Fund

Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP) (continued)

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016)

	2017		Variance Over/(Under)	2016
	Budget	Actual		Actual
<b>Expenditures (continued):</b>				
Debt service:				
Principal retirement	64,000	-	64,000	-
Interest expense	28,000	-	28,000	-
Total debt service	92,000	-	92,000	-
Capital outlay:				
Equipment	18,000	-	18,000	-
Total capital outlay	18,000	-	18,000	-
Total expenditures	372,293	167,626	204,667	148,433
Revenues over expenditures	220,207	436,204	215,997	338,398
<b>Other financing sources (uses):</b>				
Transfer to other funds	(228,000)	(228,000)	-	(225,000)
Total other financing sources (uses)	(228,000)	(228,000)	-	(225,000)
Revenues and other financing sources over (under) expenditures and other financing uses	(7,793)	208,204	215,997	113,398
Appropriated fund balance	7,793	-	(7,793)	-
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>208,204</u>	<u>\$ 208,204</u>	<u>113,398</u>
<b>Reconciling items:</b>				
Transfer to Stormwater Capital Projects Fund		228,000		225,000
Interest earned in Stormwater Capital Projects Fund		2,646		1,105
Depreciation and amortization		(39,747)		(38,834)
		<u>190,899</u>		<u>187,271</u>
Change in net position (Exhibit G)		<u>\$ 399,103</u>		<u>\$ 300,669</u>

## Town of Harrisburg, North Carolina

**Stormwater Capital Projects Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	Project Authorization	Actual			Variance Over / (Under)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Investment earnings	\$ -	\$ 1,105	\$ 2,646	\$ 3,751	\$ 3,751
Grant proceeds	500,000	-	-	-	(500,000)
Total	500,000	1,105	2,646	3,751	(496,249)
<b>Expenditures - Hillcrest Drive</b>					
Engineering	10,000	8,142	-	8,142	(1,858)
Construction	28,000	3,875	-	3,875	(24,125)
Total expenditures	38,000	12,017	-	12,017	(25,983)
<b>Expenditures - Leatherwood Lane</b>					
Engineering	25,000	21,942	-	21,942	(3,058)
Construction	73,000	32,760	-	32,760	(40,240)
Total expenditures	98,000	54,702	-	54,702	(43,298)
<b>Expenditures - System A</b>					
Engineering	103,000	111,580	70,446	182,026	79,026
Construction	1,510,000	107,967	-	107,967	(1,402,033)
Total expenditures	1,613,000	219,547	70,446	289,993	(1,323,007)
<b>Expenditures - System B</b>					
Engineering	40,000	24,930	-	24,930	(15,070)
Construction	460,000	-	-	-	(460,000)
Total expenditures	500,000	24,930	-	24,930	(475,070)
<b>Expenditures - Autumn Lane</b>					
Engineering	12,000	2,317	-	2,317	(9,683)
Construction	50,000	-	-	-	(50,000)
Total expenditures	62,000	2,317	-	2,317	(59,683)

## Town of Harrisburg, North Carolina

**Stormwater Capital Projects Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	Actual			Variance Over / (Under)	
	Project Authorization	Prior Years	Current Year		Total to Date
<b>Expenditures - Pine Street</b>					
Engineering	6,500	2,317	-	2,317	(4,183)
Construction	35,000	-	-	-	(35,000)
Total expenditures	<u>41,500</u>	<u>2,317</u>	<u>-</u>	<u>2,317</u>	<u>(39,183)</u>
<b>Expenditures - Willow Lane</b>					
Engineering	13,000	2,317	-	2,317	(10,683)
Construction	50,000	-	-	-	(50,000)
Total expenditures	<u>63,000</u>	<u>2,317</u>	<u>-</u>	<u>2,317</u>	<u>(60,683)</u>
<b>Revenues over (under) expenditures</b>	<u>(1,915,500)</u>	<u>(317,042)</u>	<u>(67,800)</u>	<u>(384,842)</u>	<u>1,530,658</u>
<b>Other financing sources:</b>					
Installment financing	900,000	-	-	-	(900,000)
Transfers from other funds	1,015,500	595,697	228,000	823,697	(191,803)
Total other financing sources	<u>1,915,500</u>	<u>595,697</u>	<u>228,000</u>	<u>823,697</u>	<u>(1,091,803)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 278,655</u>	<u>\$ 160,200</u>	<u>\$ 438,855</u>	<u>\$ 438,855</u>

## Town of Harrisburg, North Carolina

Schedule of Ad Valorem Taxes Receivable  
June 30, 2017

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2016</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2017</u>
2007	\$ 308	\$ -	\$ 308	\$ -
2008	141	-	72	69
2009	1,119	-	123	996
2010	1,950	-	965	985
2011	2,871	-	1,733	1,138
2012	4,093	-	1,825	2,268
2013	6,459	-	2,054	4,405
2014	7,563	-	3,429	4,134
2015	15,503	-	12,281	3,222
2016	24,050	-	20,112	3,938
2017	<u>-</u>	<u>5,888,660</u>	<u>5,873,180</u>	<u>15,480</u>
Total	<u>\$ 64,057</u>	<u>\$ 5,888,660</u>	<u>\$ 5,916,082</u>	36,635
Less allowance for uncollectible ad valorem taxes receivable				<u>(1,832)</u>
Ad valorem taxes receivable - net				<u>\$ 34,803</u>
<b>Reconciliation with revenues:</b>				
Taxes - ad valorem - General Fund (Exhibit D)			\$ 5,901,956	
Less penalties and interest collected			(17,983)	
Net releases and discounts allowed			<u>32,109</u>	
Total collections and credits			<u>\$ 5,916,082</u>	

## Town of Harrisburg, North Carolina

**Schedule of Current Tax Levy  
For the Fiscal Year Ended June 30, 2017**

	Town-Wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy:</b>					
Property taxed at current year's rate	\$ 2,009,402,915	\$ 0.290	\$ 5,828,328	\$ 5,285,627	\$ 542,701
Penalties	-		10,814	10,814	-
<b>Total</b>	<b>2,009,402,915</b>		<b>5,839,142</b>	<b>5,296,441</b>	<b>542,701</b>
<b>Discoveries</b>					
Current year taxes	10,154,942	0.290	29,270	29,270	-
Prior years' rates	9,693,103	0.290	35,965	35,965	-
Abatements	(10,218,874)	0.290	(15,717)	(15,717)	-
<b>Total property valuation</b>	<b><u>\$ 2,019,032,086</u></b>				
<b>Net levy</b>			5,888,660	5,345,959	542,701
Uncollected taxes at June 30, 2017			(15,480)	(15,480)	-
<b>Current year's taxes collected</b>			<b><u>\$ 5,873,180</u></b>	<b><u>\$ 5,330,479</u></b>	<b><u>\$ 542,701</u></b>
<b>Current levy collection percentage</b>			<b><u>99.74%</u></b>	<b><u>99.71%</u></b>	<b><u>100.00%</u></b>

TOWN OF HARRISBURG, NORTH CAROLINA

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## COMPLIANCE SECTION

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

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

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

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

To the Honorable Mayor and  
Members of the 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 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, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Harrisburg's basic financial statements, and have issued our report thereon dated November 28, 2017. The financial statements of the Harrisburg Youth Association were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Harrisburg'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 of Harrisburg'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Harrisburg's financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002.

## **The Town of Harrisburg's Response to Findings**

The Town of Harrisburg's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 28, 2017

# MARTIN STARNES

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## & ASSOCIATES, CPAs, P.A.

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

### **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act**

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

To the Honorable Mayor and  
Members of the Town Council  
Town of Harrisburg, North Carolina

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

We have audited the compliance of the Town of Harrisburg, North Carolina, with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The Town of Harrisburg's major federal program is 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 federal programs.

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

Our responsibility is to express an opinion on compliance for each of the Town of Harrisburg's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Harrisburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Harrisburg's compliance.

# TOWN OF HARRISBURG, NORTH CAROLINA

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

### Opinion on Each Major Federal Program

In our opinion, the Town of Harrisburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### Report on Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 28, 2017

TOWN OF HARRISBURG, NORTH CAROLINA

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**TOWN OF HARRISBURG, NORTH CAROLINA**

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

**1. Summary of Auditor's Results**

**Financial Statements**

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

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major Federal Programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditor's report issued on compliance for major Federal Programs Unmodified

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

Identification of major Federal Programs:

<b><u>Program Name or Cluster</u></b>	<b><u>CFDA #</u></b>
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083

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

Auditee qualified as low-risk auditee? No

# TOWN OF HARRISBURG, NORTH CAROLINA

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

### 2. Financial Statement Findings

#### Finding 2017-001:

##### Significant Deficiency

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting and ensure the timeliness of financial reporting.

**Condition:** Internal controls in the fire department were reviewed during audit procedures and found to be inadequate. Internal controls in place were not operating as they were designed. A purchase order is required for all purchases over \$500. The Fire Department is the only department that does not routinely follow this procedure. It happens with some frequency and is usually for purchases that are from \$500 - \$1,000. The Finance Director and the Town Manager have made numerous attempts to correct this with the Fire Department.

**Effect:** Misstatements of the financial statements and misappropriation of assets could result.

**Cause:** There is a limited number of personnel for certain internal control functions

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit 2016-001.

**Recommendation:** Internal controls in the fire department should be closely monitored by Management and the Board. Employees in the fire department should be reminded of the internal controls in place and be required to adhere to them.

**Views of Responsible Officials and Corrective Action Plan:** Management concurs with this finding and will adhere to the corrective action plan in this audit report.

## TOWN OF HARRISBURG, NORTH CAROLINA

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

#### 2. Financial Statement Findings (continued)

##### Finding 2017-002:

##### Significant Deficiency

**Criteria:** Management should have a system in place to ensure the Town complies with State statutes. Per North Carolina State Statute [159-13](b)(3), a contingency appropriation shall not exceed five (5) percent of the total of all other appropriations in the same fund.

**Condition:** In the current year, there were violations of the N.C. General Statute with regards to contingency appropriation exceeding the aforementioned percentage in the General Fund and Stormwater Fund. The original budget included the contingency appropriation budgeted at 5.04% and 5.71%, respectively, of all other budgeted appropriations.

**Effect:** The Town was in violation of North Carolina General Statutes.

**Cause:** Insufficient monitoring controls during budget preparation by management.

**Recommendation:** Implement more stringent budgetary monitoring controls to prevent exceeding allowable contingency percentages.

**Views of Responsible Officials and Corrective Action Plan:** Management concurs with this finding and will adhere to the corrective action plan in this audit report.

#### 3. Federal Award Findings and Questioned Costs

None reported

**TOWN OF HARRISBURG, NORTH CAROLINA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2017**

**Financial Statement Findings**

**Significant Deficiency**

**Finding 2017-001**

**Name of Contact Person:** Lee Connor

**Corrective Action:** Management concurs and will continue to review the internal controls in the fire department. With more adequate reviews and procedures having been put in place by Management and additional Finance Department staffing available (Deputy Finance Director), better monitoring of all purchases is occurring. Also, while not a response to this finding, the purchase order threshold has been increased from \$500 to \$1,000, which will result in most of these types of findings being within the policy of not needing a purchase order going forward.

**Proposed Completion Date:** Immediately

**Significant Deficiency**

**Finding 2017-002**

**Name of Contact Person:** Lee Connor

**Corrective Action:** Management concurs and will implement stringent budgetary monitoring controls to prevent exceeding allowable contingency percentages. Some of this additional monitoring will be performed by a newly created position of Assistant Town Manager. It is also important to note that while the General Fund contingency exceeded the 5% threshold of budgeted appropriations by 0.04% with the original, by the end of the year, the contingency budget amounted to 1.71% of budgeted appropriations.

**Proposed Completion Date:** Immediately

**TOWN OF HARRISBURG, NORTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS FOR THE  
YEAR ENDED JUNE 30, 2017**

**Finding 2016-001:**

**Status:** Repeated as finding 2017-001

**Finding 2016-002:**

**Status:** Corrected

TOWN OF HARRISBURG, NORTH CAROLINA

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**Town of Harrisburg, North Carolina**

**Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2017**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>
<b>Federal grants:</b>					
Cash programs:					
<u>U.S. Department of Homeland Security</u>					
Staffing for Adequate Fire and Emergency					
Response (SAFER) Grant					
	97.083		\$ 799,248	\$ -	\$ -
Total assistance - federal programs			<u>799,248</u>	<u>-</u>	<u>-</u>
<b>State grants:</b>					
Cash assistance:					
<u>N.C. Department of Transportation</u>					
Powell Bill					
		38570	-	371,070	-
Total assistance - State programs			<u>-</u>	<u>371,070</u>	<u>-</u>
Total assistance			<u>\$ 799,248</u>	<u>\$ 371,070</u>	<u>\$ -</u>

Notes to the Schedule of Expenditures of Federal and State 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, 2017. 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 reimbursements.

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