



HARRISBURG, OREGON

Audit Report

June 30, 2013

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

CITY OF HARRISBURG

120 Smith Street
P.O. Box 378
Harrisburg, Oregon 97446
(541) 995-6655

CITY OFFICIALS

- ROBERT DUNCAN Mayor
P.O. Box 224, Harrisburg, Oregon 97446
- BEVERLY ROBERTS (*Resigned December 31, 2012*) Council President
775 North 8th Street, Harrisburg, Oregon 97446
- DON SHIPLEY (*Appointed January 1, 2013*) Council President
P.O. Box 185, Harrisburg, Oregon 97446
- ROGER RAVEN Council Member
905 Priceboro Road, Harrisburg, Oregon 97446
- KIM DOWNEY Council Member
P.O. Box 651, Harrisburg, Oregon 97446
- MATT RIOPELLE (*Resigned December 31, 2012*) Council Member
345 South 9th Street, Harrisburg, Oregon 97446
- ROBERT BOESE Council Member
460 North 7th Street, Harrisburg, Oregon 97446
- MIKE CAUGHEY (*Elected January 1, 2013*) Council Member
1052 Whitledge Place, Harrisburg, OR 97446
- SARAH PULS (*Elected January 1, 2013*) Council Member
P.O. Box 214, Junction City, OR 97448

CITY ADMINISTRATION

- BRIAN LATTA City Administrator
P.O. Box 378, Harrisburg, OR 97446
- TIM GAINES Financial Officer
P.O. Box 378, Harrisburg, OR 97446

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Harrisburg, Oregon

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrisburg as of and for the year ended June 30, 2013 which collectively comprise the City'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 standards 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Harrisburg as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 budgetary comparison information on pages 2 through 8 and 35 through 39 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. I have applied certain limited procedures to the management's discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

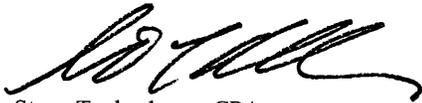
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisburg's basic financial statements. The combining and individual non-major fund financial statements and additional supporting schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Harrisburg.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other schedules listed in the table of contents as Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2013, on our consideration of the City 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 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 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 City of Harrisburg's internal control over financial reporting and compliance.



Steve Tuhscherer, CPA
October 23, 2013

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2013
Unaudited

The management discussion and analysis of the City of Harrisburg, Oregon (the City) financial performance provides an overview of the City's financial activities for the fiscal year that ended June 30, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2013 are as follows:

- The City's net position decreased by \$28,307 which represents a 0.2 percent decrease from the previous year.
- Total revenue for the City was \$2,968,366. That is a 12.08 percent decrease from the previous year. General revenues accounted for \$1,496,527 of revenue, or 50.42 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$1,427,229 or 48.08 percent of total revenues. Operating grants received total \$44,397 or 1.5 percent of total revenues.
- The City had \$2,995,932 in program expenses. Of the program expenses, \$589,158 was for providing water service and \$747,007 was for providing sewer service.
- The City's long-term liabilities decreased \$141,579, a 4 percent decrease from the previous year.
- Among the governmental funds, the General Fund had \$1,028,612 in revenues, which primarily consisted of property taxes and franchise fees. The Street Fund had \$204,059 in revenues, which primarily consisted of intergovernmental revenues. The Community & Economic Development Fund had \$15,955 in revenues. The System Development Reserve Fund had \$31,606 in revenues, which primarily consisted of development assessments. The Harrisburg Redevelopment Agency Fund had \$263,452 in revenues, which primarily consisted of property taxes.
- Among proprietary funds, the Water Fund had \$544,352 in revenues, which primarily consisted of user fees. The Sewer Fund had \$708,757 in revenues, which primarily consisted of user fees.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2013
Unaudited

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions of the City that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues. The governmental activities of the City include general government activities, street construction and maintenance, police services, and providing resources for library, culture and recreation. The proprietary activities of the City include water and sewer utilities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The City reports two types of funds:

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund, the Community and Economic Development Fund, the System Development Reserve Fund, and the Harrisburg Redevelopment Agency Fund. Budgetary comparison schedules for the other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund - enterprise funds. The City uses enterprise funds to account for water and sewer operations. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund. Included in the Water Fund for the Proprietary Statements on pages 15, 16, and 17 is the Water System Reserve Fund. Included in the Sewer Fund is the Sewer System Reserve Fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Notes to the Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the Community and Economic Development Fund, the System Development Reserve Fund, and the Harrisburg Redevelopment Agency Fund. The required supplementary information immediately follows the notes to the financial statements. Other supplementary

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Unaudited

information includes combining statements, individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the City as a whole. Net position may serve over time as a useful indicator of a government's financial position.

- The City's net position at fiscal year-end is \$14,470,986 this is a decrease of \$28,307 or 0.2%.

A significant portion of the City's net position (67.4 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the City's net position for the current and prior year.

Summary of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current and Other Assets	\$ 3,714,017	\$ 3,541,125	\$ 1,249,296	\$ 1,090,615	\$ 4,963,313	\$ 4,631,740
Capital Assets	4,374,661	4,517,478	8,920,059	9,289,968	13,294,720	13,807,446
Total Assets	<u>8,088,678</u>	<u>8,058,603</u>	<u>10,169,355</u>	<u>10,380,583</u>	<u>18,258,033</u>	<u>18,439,186</u>
Liabilities						
Current Liabilities	208,350	225,068	178,351	172,900	386,701	397,968
Long-Term Liabilities	1,198,757	1,307,356	2,201,590	2,234,570	3,400,347	3,541,926
Total Liabilities	<u>1,407,107</u>	<u>1,532,424</u>	<u>2,379,941</u>	<u>2,407,470</u>	<u>3,787,048</u>	<u>3,939,894</u>
Net Position						
Invested in Capital Assets						
Net of Debt	3,067,861	3,107,199	6,685,490	7,023,726	9,753,351	10,130,925
Restricted	1,778,339	1,711,454	491,670	450,631	2,270,009	2,162,085
Unrestricted	1,835,371	1,707,526	612,254	498,756	2,447,625	2,206,282
Total Net Position	<u>\$ 6,681,572</u>	<u>\$ 6,526,180</u>	<u>\$ 7,789,414</u>	<u>\$ 7,973,113</u>	<u>\$ 14,470,986</u>	<u>\$ 14,499,293</u>

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
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Changes in net position - The City's total revenues for the fiscal year ended June 30, 2013 were \$2,968,366. The total cost of all programs and services was \$2,995,932. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

Summary of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>
Revenues						
Program Revenues						
Charges for Services	\$ 174,120	\$ 359,160	\$ 1,253,109	\$ 1,101,978	\$1,427,229	\$1,461,138
Operating Grants and Contributions	44,610	37,397	-	-	44,610	37,397
Capital Grants and Contributions	-	146,520	-	249,480	-	396,000
Total Program Revenues	<u>218,730</u>	<u>543,077</u>	<u>1,253,109</u>	<u>1,351,458</u>	<u>1,471,839</u>	<u>1,894,535</u>
General Revenues						
Local Sources						
Property Taxes, Franchise Fees, & Public Service Taxes	1,461,978	1,469,256	-	-	1,461,978	1,469,256
Interest & Investment Earnings	19,822	9,688	14,727	2,841	34,549	12,529
Other Revenues	-	-	-	-	-	-
Total General Revenues	<u>1,481,800</u>	<u>1,478,944</u>	<u>14,727</u>	<u>2,841</u>	<u>1,496,527</u>	<u>1,481,785</u>
Total Revenues	<u>1,700,530</u>	<u>2,022,021</u>	<u>1,267,836</u>	<u>1,354,299</u>	<u>2,968,366</u>	<u>3,376,320</u>
Program Expenses						
General Government	967,179	879,334	-	-	967,179	879,334
Public Safety	245,962	243,204	-	-	245,962	243,204
Public Works	205,107	171,512	-	-	205,107	171,512
Culture and Recreation	68,848	68,509	-	-	68,848	68,509
Interest on Long-Term Debt	80,433	76,579	92,238	94,044	172,671	170,623
Utility Services						
Water Utilities	-	-	589,158	555,168	589,158	555,168
Sewer Utilities	-	-	747,007	721,450	747,007	721,450
Total Program Expenses	<u>1,567,529</u>	<u>1,439,138</u>	<u>1,428,403</u>	<u>1,370,662</u>	<u>2,995,932</u>	<u>2,809,800</u>
Transfers	29,000	21,000	(29,000)	(21,000)	-	-
Special Items	<u>(6,609)</u>	<u>(71,869)</u>	<u>5,867</u>	<u>71,869</u>	<u>(742)</u>	<u>-</u>
Change in Net Position	<u>\$ 155,392</u>	<u>\$ 532,014</u>	<u>\$ (183,700)</u>	<u>\$ 34,506</u>	<u>\$ (28,308)</u>	<u>\$ 566,520</u>

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the City. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
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Governmental Activities

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>
General Government	\$ 967,179	\$ 879,334	\$ (898,354)	\$ (824,296)
Public Safety	245,962	243,204	(219,246)	(214,035)
Public Works	205,107	171,512	(133,298)	244,596
Culture and Recreation	68,848	68,509	(17,468)	(25,747)
Interest Expense	80,433	76,579	(80,433)	(76,579)
Total Program Expenses	<u>\$1,567,529</u>	<u>\$1,439,138</u>	<u>\$(1,348,799)</u>	<u>\$ (896,061)</u>

The dependence on general revenues for general government activities is apparent. For 2012-13, 86.05 percent of general government activities are supported through general revenues

Business-Type Activities

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>
Utility Services	\$1,336,165	\$1,276,618	\$ (83,056)	\$ 74,840
Interest on Long-Term Debt	92,238	94,044	(92,238)	(94,044)
Total Program Expenses	<u>\$1,428,403</u>	<u>\$1,370,662</u>	<u>\$(175,294)</u>	<u>\$ (19,204)</u>

Business type activities decreased the City's net position by approximately \$183,700. Of the business-type activities, the Water and Sewer funds accounted for approximately 43.44% and 56.56% of revenues, respectively.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$3,433,730, an increase of \$184,880. The fund balance constitutes restricted, committed, and unassigned amounts. Of the current fund balances, \$1,693,224 is restricted for public works projects, \$85,115 is restricted for debt service, \$1,087,435 is committed for various programs and \$567,956 is unassigned and available for spending at the City's discretion.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$567,956, an increase of \$16,155.

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Management's Discussion and Analysis (MD&A)
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Proprietary Funds

The City's enterprise funds reported unrestricted net position of \$612,254, an increase of \$113,498. The enterprise funds also report \$153,706 in restricted net position for debt service, \$337,964 in restricted net position for public works projects, and \$6,685,490 in net position invested in capital assets, net of related debt.

Budgetary Highlights

General Fund revenues were budgeted and anticipated to be collected in the amount of \$1,218,700 during the fiscal year. Actual revenues of \$1,028,612 were available, \$190,088 less than budgeted. General Fund expenditures budget was under-spent by \$631,243. The ending fund balance was greater than what was budgeted by \$567,956 and greater than the prior year by \$16,155.

The Water Fund balance and the Sewer Fund balance increased during the fiscal year. Both funds remained within the expenditure budgets in all appropriation areas. The Water Fund's actual revenues were more than budgeted by \$26,646. The Sewer Fund's actual revenues were more than budgeted by \$33,681.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the City had invested, before net reduction for accumulated depreciation, \$20,722,189 in capital assets, including buildings, land, vehicles, water and sewer utility systems, and other equipment. This amount represents a decrease of \$79,801 from the prior year, due to deletions in the governmental funds of \$91,784 and in the water fund of \$45,000.

Total depreciation expense for the year was \$511,984; of which \$189,446 is associated with general government activities, \$118,755 from water utilities, and \$260,766 from sewer utilities. Additional information on the City's capital assets can be found in Note 3 of the Notes to the Basic Financial Statements section of this report.

Long-Term Debt

At June 30, 2013 the City had total long-term debt outstanding of \$3,541,369. The long-term debt obligations include a General Obligation Bond for water system improvements, a Revenue Bond for sewer system improvements, and two general loans. Existing debt was reduced by \$135,152. Interest paid on the debt amounted to \$165,557. Additional information on the City's long-term debt can be found in Note 4 of the Notes to the Basic Financial Statements.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2013
Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the City's officials during the process of developing the fiscal year 2013-2014 budget. The City's budget for the fiscal year ending June 30, 2013 is fairly consistent with the current fiscal year. The City considered the current economic environment, a decrease in property tax revenues as a result of a decrease in assessed property values, limited growth in other revenues, and expected inflationary increases in expenditures when establishing the budget.

Amounts available for appropriation in the General Fund are \$1,610,562 for the fiscal year 2013-14, a decrease of \$33,138 or 2 percent. No new programs were added to the 2013-2014 budget.

The City is budgeting a \$32,571 or 4.74 percent increase in Water Fund revenues. The City is budgeting a \$96,328 or 13.1 percent increase in Sewer Fund Revenue.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2012-13 period.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the City of Harrisburg at (541) 995-6655. The office is located inside City Hall at 120 Smith Street, Harrisburg, Oregon 97446.

BASIC FINANCIAL
STATEMENTS

Government -Wide
Financial Statements

CITY OF HARRISBURG
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 3,247,777	\$ 935,120	\$ 4,182,897
Receivables	319,899	122,332	442,231
Inventory	-	38,138	38,138
Deposits	146,341	-	146,341
Total Current Assets	3,714,017	1,095,590	4,809,607
Restricted Assets:			
Sinking Funds for Debt Service	-	153,706	153,706
Total Restricted Assets	-	153,706	153,706
Capital Assets:			
Land	582,361	533,872	1,116,233
Capital Assets, Net of Depreciation	3,792,300	8,386,187	12,178,487
Total Capital Assets, Net of Depreciation	4,374,661	8,920,059	13,294,720
Total Assets	\$ 8,088,678	\$ 10,169,355	\$ 18,258,033
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 25,543	\$ 17,608	\$ 43,151
Payroll Payable	2,370	-	2,370
Accrued Compensated Absences	26,180	28,274	54,454
Interest Payable	43,041	69,700	112,741
Deposits	3,173	29,790	32,963
Current Portion of Long-Term Liabilities:			
Notes Payable	90,012	-	90,012
Bonds Payable	18,031	32,979	51,010
Total Current Liabilities	208,350	178,351	386,701
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	204,880	-	204,880
Bonds Payable	993,877	2,201,590	3,195,467
Total Long-Term Liabilities	1,198,757	2,201,590	3,400,347
Total Liabilities	\$ 1,407,107	\$ 2,379,941	\$ 3,787,048
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	\$ 3,067,861	\$ 6,685,490	\$ 9,753,351
Restricted for:			
Debt Service	85,115	153,706	238,821
Public Works	1,693,224	337,964	2,031,188
Unrestricted	1,835,371	612,254	2,447,625
Total Net Position	\$ 6,681,572	\$ 7,789,414	\$ 14,470,986

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

CITY OF HARRISBURG
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

	(Expenses)	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 967,179	\$ 68,825	\$ -	\$ -	\$ (898,354)
Public Safety	245,962	26,716	-	-	(219,246)
Public Works	205,107	71,809	-	-	(133,298)
Culture and Recreation	68,848	6,770	44,610	-	(17,468)
Interest Expense	80,433	-	-	-	(80,433)
Total Governmental Activities	\$ 1,567,529	\$ 174,120	\$ 44,610	\$ -	\$ (1,348,799)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	\$ 589,158	\$ 544,352	\$ -	\$ -	\$ (44,806)
Sewer Utilities	747,007	708,757	-	-	(38,250)
Interest on Long-Term Debt	92,238	-	-	-	(92,238)
Total Business-type Activities	\$ 1,428,403	\$ 1,253,109	\$ -	\$ -	\$ (175,294)
Total Primary Government	\$ 2,995,932	\$ 1,427,229	\$ 44,610	\$ -	\$ (1,524,093)

	Governmental Activities	Business-type Activities	Total
<u>CHANGES IN NET POSITION:</u>			
Net (expense) revenue	\$ (1,348,799)	\$ (175,294)	\$ (1,524,093)
General Revenues:			
Property Taxes, levied for general purposes	489,740	-	489,740
Property Taxes, levied for debt service	48,144	-	48,144
Property Taxes, levied for urban renewal programs	267,904	-	267,904
Intergovernmental Tax Turnovers	323,814	-	323,814
Franchise Taxes	270,619	-	270,619
Other Taxes and Assessments	61,758	-	61,758
Interest and Investment Earnings	19,822	14,727	34,549
Subtotal - General Revenues	1,481,800	14,727	1,496,527
<i>Special Item</i> - Gain (Loss) on Disposition of Assets	(742)	-	(742)
Interfund Transfers	29,000	(29,000)	-
Equity Transfers	(5,867)	5,867	-
Total general revenues, special items, and transfers	1,504,191	(8,406)	1,495,785
Change in Net Position	155,392	(183,700)	(28,308)
Net Position, July 1, 2012	6,526,180	7,973,114	14,499,294
Net Position, June 30, 2013	\$ 6,681,572	\$ 7,789,414	\$14,470,986

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

Governmental Fund

Financial Statements

CITY OF HARRISBURG

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

	<u>Component Unit</u>							<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Street Fund</u>	<u>Community & Economic Development Fund</u>	<u>System Development Reserve Fund</u>	<u>Harrisburg Redevelopment Agency Fund</u>	<u>Other Governmental Funds</u>		
ASSETS:								
Cash and Investments	\$ 524,062	\$ 216,236	\$ 571,634	\$ 1,237,825	\$ 105,918	\$ 592,102	\$ 3,247,777	
Receivables:								
Accounts, net	60,759	-	(3,600)	138,036	-	7,565	202,760	
Property Tax	50,099	30,478	-	-	28,082	8,480	117,139	
Deposits	-	-	7,425	138,916	-	-	146,341	
Total Assets	\$ 634,920	\$ 246,714	\$ 575,459	\$ 1,514,777	\$ 134,000	\$ 608,147	\$ 3,714,017	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
Liabilities:								
Accounts Payable	\$ 14,875	\$ 6,370	\$ 1,462	\$ 1,177	\$ -	\$ 1,659	\$ 25,543	
Payroll Payable	2,370	-	-	-	-	-	2,370	
Deposits	3,173	-	-	-	-	-	3,173	
Total Liabilities	20,418	6,370	1,462	1,177	-	1,659	31,086	
Deferred Inflows of Resources:								
Deferred Property Tax Revenue	46,546	-	-	-	26,206	7,935	80,687	
Uncollected Assessments	-	30,478	-	138,036	-	-	168,514	
Total Deferred Inflows of Resources	46,546	30,478	-	138,036	26,206	7,935	249,201	
Fund Balances:								
Restricted for:								
Debt Service	-	-	-	-	-	85,115	85,115	
Public Works	-	209,866	-	1,375,564	107,794	-	1,693,224	
Committed for:								
Parks and Recreation Programs	-	-	-	-	-	19,034	19,034	
Community Development Projects	-	-	573,997	-	-	42,926	616,923	
Equipment Acquisition	-	-	-	-	-	274,139	274,139	
Public Works	-	-	-	-	-	177,339	177,339	
Unassigned	567,956	-	-	-	-	-	567,956	
Total Fund Balances	567,956	209,866	573,997	1,375,564	107,794	598,553	3,433,730	
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 634,920	\$ 246,714	\$ 575,459	\$ 1,514,777	\$ 134,000	\$ 608,147	\$ 3,714,017	

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

CITY OF HARRISBURG

RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2013

Total Fund Balances - Governmental Funds \$ 3,433,730

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

The cost of the assets is -	\$ 6,025,864	
The accumulated depreciation is -	<u>(1,651,203)</u>	
Net Value of Assets		4,374,661

Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:

Property Taxes	80,687	
Assessments	<u>168,514</u>	
		249,201

Interest Payable is not recorded in the governmental funds: (43,041)

Accrued Compensated Absences are not recorded in the governmental funds: (26,180)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. (1,306,800)

Net Position of Governmental Activities \$ 6,681,572

CITY OF HARRISBURG
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES**
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2013

	<u>Component Unit</u>						
	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>	<u>Community & Economic Development</u> <u>Fund</u>	<u>System Development Reserve</u> <u>Fund</u>	<u>Harrisburg Redevelopment Agency</u> <u>Fund</u>	<u>Other Governmental</u> <u>Funds</u>	<u>Total Governmental</u> <u>Funds</u>
<u>REVENUES:</u>							
Taxes and Assessments	\$ 488,079	\$ 4,423	\$ -	\$ -	\$ 260,534	\$ 110,235	\$ 863,271
Intergovernmental	125,647	196,344	-	-	-	21,777	343,768
Franchise Taxes	270,619	-	-	-	-	-	270,619
Licenses & Permits	42,858	-	-	-	-	-	42,858
Charges for Service	-	-	-	26,401	-	-	26,401
Fines and Forfeitures	26,716	-	-	-	-	-	26,716
Investment Revenue	5,868	742	2,173	5,205	2,918	2,916	19,822
Other Revenue	68,825	2,550	13,782	-	-	17,644	102,801
Total Revenues	1,028,612	204,059	15,955	31,606	263,452	152,572	1,696,256
<u>EXPENDITURES:</u>							
Current Operating:							
General Government	492,327	-	104,859	27,797	-	95,058	720,041
Public Safety	245,962	-	-	-	-	-	245,962
Public Works	-	129,596	-	-	51,359	6,141	187,096
Culture and Recreation	-	-	-	-	-	67,327	67,327
Debt Service							
Principal	23,196	-	-	-	63,070	17,213	103,479
Interest	804	-	-	-	22,387	48,884	72,075
Capital Outlay	4,968	28,691	61,768	1,177	13,003	24,001	133,608
Total Expenditures	767,257	158,287	166,627	28,974	149,819	258,624	1,529,588
Excess (Deficiency) of Revenues							
Over Expenditures	261,355	45,772	(150,672)	2,632	113,633	(106,052)	166,668
<u>OTHER FINANCING SOURCES (USES):</u>							
Interfund Transfers In	-	4,500	154,992	-	-	199,700	359,192
Interfund Transfers (Out)	(245,200)	(20,000)	-	-	(64,992)	-	(330,192)
Interfund Loans (Out) - Interest	-	-	-	-	-	(10,788)	(10,788)
Total Other Financing Sources (Uses)	(245,200)	(15,500)	154,992	-	(64,992)	188,912	18,212
Net Change in Fund Balances	16,155	30,272	4,320	2,632	48,641	82,860	184,880
Fund Balances - July 1, 2012	551,801	179,594	569,677	1,372,932	59,153	515,693	3,248,850
Fund Balances - June 30, 2013	\$ 567,956	\$ 209,866	\$ 573,997	\$ 1,375,564	\$ 107,794	\$ 598,553	\$ 3,433,730

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

CITY OF HARRISBURG
RECONCILIATION OF THE STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Fiscal Year Ended June 30, 2013

Net Changes in Fund Balances - Total Governmental Funds		\$ 184,880
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	\$ 47,371	
Less current year depreciation	<u>(189,446)</u>	(142,075)
Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.		
The changes in amounts deferred are as follows:		
Property Taxes	(1,293)	
Assessments	<u>5,566</u>	4,273
Expense accruals in the governmental funds do not include all accrued interest expense payable. The change in payables from the prior year to the current year is reconciled here.		
		2,430
Additions to certain payroll liabilities are reported as an expense in the Statement of Activities.		
Vacation Payable		3,146
Long term debt proceeds are included as revenue in governmental funds, but the proceeds increase long-term debt balances in the Statement of Net Position		
Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.		
Retirement of debt principal is as follows:		
Notes Payable	86,266	
General Obligations Bonds	<u>17,213</u>	103,479
Disposition of assets is not reported on the governmental fund financial statements and is reconciled here for the gain (loss) on the disposition of assets for the Statement of Activities.		
		(742)
Changes in Net Position of Governmental Assets		<u>\$ 155,391</u>

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

Proprietary Fund
Financial Statements

CITY OF HARRISBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2013

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 384,150	\$ 550,970	\$ 935,120
Receivables	49,503	72,829	122,332
Inventory	23,271	14,867	38,138
Total Current Assets	<u>456,924</u>	<u>638,666</u>	<u>1,095,590</u>
Restricted Assets:			
Sinking Funds for Debt Service	66,097	87,609	153,706
Total Restricted Assets	<u>66,097</u>	<u>87,609</u>	<u>153,706</u>
Capital Assets:			
Land	85,675	448,197	533,872
Capital Assets, Net of Depreciation	2,777,414	5,608,773	8,386,187
Total Capital Assets	<u>2,863,089</u>	<u>6,056,970</u>	<u>8,920,059</u>
Total Assets	<u>3,386,110</u>	<u>6,783,245</u>	<u>10,169,355</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	7,082	10,526	17,608
Accrued Compensated Absences	14,137	14,137	28,274
Interest Payable	-	69,700	69,700
Customer Deposits	14,917	14,873	29,790
Current Portion of Long-Term Liabilities:			
Bond Payable	-	32,979	32,979
Total Current Liabilities	<u>36,136</u>	<u>142,215</u>	<u>178,351</u>
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bond Payable	-	2,201,590	2,201,590
Total Long-Term Liabilities	<u>-</u>	<u>2,201,590</u>	<u>2,201,590</u>
Total Liabilities	<u>36,136</u>	<u>2,343,805</u>	<u>2,379,941</u>
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	2,863,089	3,822,401	6,685,490
Restricted for Debt Service	66,097	87,609	153,706
Restricted for Public Works	58,208	279,756	337,964
Unrestricted	362,580	249,674	612,254
Total Net Position	<u>\$ 3,349,974</u>	<u>\$ 4,439,440</u>	<u>\$ 7,789,414</u>

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

CITY OF HARRISBURG

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For The Fiscal Year Ended June 30, 2013

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<u>OPERATING REVENUES:</u>			
Charges for Services & Fees	\$ 529,119	\$ 685,764	\$ 1,214,883
Other Revenue	15,233	22,993	38,226
Total Revenues	544,352	708,757	1,253,109
<u>OPERATING EXPENSES:</u>			
Personal Services	300,051	299,869	599,920
Materials and Supplies	170,352	186,372	356,724
Depreciation Expense	118,755	260,766	379,521
Total Operating Expenses	589,158	747,007	1,336,165
Operating Income (Loss)	(44,806)	(38,250)	(83,056)
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Investment Revenue	1,215	13,512	14,727
Interest Expense	-	(92,238)	(92,238)
Total Non-Operating Revenues (Expenses)	1,215	(78,726)	(77,511)
Income Before Other Revenues, Expenses, and Transfers	(43,591)	(116,976)	(160,567)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers to Other Funds	(67,971)	(22,500)	(90,471)
Transfers from Other Funds	41,471	20,000	61,471
Capital Asset Transfers In (Out)	2,934	2,933	5,867
Total Capital Contributions and Transfers	(23,566)	433	(23,133)
Changes in Net Position	(67,157)	(116,543)	(183,700)
TOTAL NET POSITION, June 30, 2012	3,417,131	4,555,983	7,973,114
TOTAL NET POSITION, June 30, 2013	\$ 3,349,974	\$ 4,439,440	\$ 7,789,414

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

CITY OF HARRISBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For The Fiscal Year Ended June 30, 2013

	Water Utility	Sewer Utility	Total Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash Received from User Charges	\$ 541,396	\$ 696,094	\$ 1,237,490
Cash Payments for Employee Services	(300,516)	(300,334)	(600,850)
Cash Payments to Suppliers	(159,812)	(182,666)	(342,478)
Net Cash Provided (Used) by Operating Activities	81,068	213,094	294,162
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>			
Transfer to Other Funds	(67,971)	(22,500)	(90,471)
Transfer from Other Funds	41,471	20,000	61,471
Interfund Loan Repayment	-	7,383	7,383
Net Cash Provided (Used) by Non-capital Financing Activities	(26,500)	4,883	(21,617)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of Capital Assets	(3,300)	(445)	(3,745)
Principal Paid on Long Term Debt	-	(31,673)	(31,673)
Interest Paid on Long Term Debt	-	(93,482)	(93,482)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,300)	(125,600)	(128,900)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment Income	1,215	13,512	14,727
Net Cash Provided (Used) by Investing Activities	1,215	13,512	14,727
Cash and Cash Equivalents at July 1, 2012	397,763	532,690	930,453
Cash and Cash Equivalents at June 30, 2013	\$ 450,246	\$ 638,579	\$ 1,088,825
<u>Reconciliation of income (loss) from operations</u>			
<u>to net cash provided (used) by operating activities:</u>			
Income (loss) from operations	\$ (44,806)	\$ (38,250)	\$ (83,056)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	118,755	260,766	379,521
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(2,457)	(11,938)	(14,395)
Decrease (increase) in inventory	9,176	(2,472)	6,704
Increase (decrease) in deposits	(499)	(725)	(1,224)
Increase (decrease) in payables	899	5,713	6,612
Net cash provided (used) by operating activities	\$ 81,068	\$ 213,094	\$ 294,162

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

Notes to the Basic
Financial Statements

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Harrisburg, Oregon (City) is a municipal corporation incorporated under the laws of the State of Oregon. The City is governed by an elected Mayor and an elected six member council. Administration officials are appointed by the council and are responsible for the day-to-day operations of the City.

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP Statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant policies of the City:

A. Reporting Entity

In determining the financial reporting entity, the City of Harrisburg complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the City's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the City holds the corporate powers of the organization; 3) the City appoints a voting majority of the organization's board; 4) the City is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the City; and 6) there is fiscal dependency by the organization on the City. Based on the aforementioned criteria, the City of Harrisburg has one component unit, the Urban Renewal Agency.

Blended Component Unit. The City has included the financial operations of its Redevelopment Agency as a blended component unit in the basic financial statements. The Agency is a legally separate entity, which is governed by a board comprised of the members of the City Council as stipulated in the Agency's bylaws. The City Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding for the Agency. The Agency is reported as a special revenue fund and a debt service fund. Complete financial statements for the Agency can be obtained from the Finance Department of the City.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. 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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Net position are reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

Fund Financial Statements: The fund financial statements provide information about the city's funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Street Fund - This fund accounts for activities related to the construction and maintenance of City streets. Revenues for this fund come from state highway taxes and grants.

Community & Economic Development Fund – This fund accounts for activities related to community and economic development, including parks. Revenues for this fund come from business license fees, donations, grants and transfers from other funds.

System Development Reserve Fund - This fund collects systems development fees on new building which is used to offset the cost of providing city services.

Harrisburg Redevelopment Agency Fund – This fund accounts for the General Fund revenues and expenditures of the Redevelopment Agency.

Additionally the City also reports non-major funds within the governmental fund type.

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Non-major special revenue funds include Equipment Reserve Fund, Office Equipment Fund, Library Fund, Bike Path Reserve Fund, H.A.R.T. Fund, and Storm Drain Reserve Fund.

Debt Service Funds account for the accumulation of resources and the payment of debt including principal, interest and other costs. Non-major debt service funds include the Debt Service Fund.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

B. Basis of Presentation (Cont.)

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Water Fund - The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities.

Sewer Fund - The Sewer Fund is used to account for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities.

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus/Basis of Accounting

Government-wide 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 city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement 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 city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

C. Measurement Focus/Basis of Accounting (Cont.)

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 city's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgeting

A budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, contingencies, and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at June 30. Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the city council. The city does not utilize encumbrance accounting for budgeted funds.

E. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The City has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the City to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The City's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the City's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer.

In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

F. Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

G. Accumulated Compensated Absences

Accumulated vested vacation and compensatory pay is accrued as it is earned. For governmental funds, compensation not expected to be liquidated with the current resources are reported as liabilities in the government-wide statements and represent a reconciling item between the fund level and government-wide presentations. In business-type funds both the current and long-term liabilities are recorded. Sick pay, which does not vest, is recognized in applicable funds when leave is taken.

H. Receivables & Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

An allowance for bad debts is not carried in the enterprise funds as the City has strong enforcement procedures including shut off of services and any uncollectible amounts would be immaterial. An allowance for bad debt is not carried in the governmental funds because the City has determined that any uncollectible amount would be immaterial to the financial statements.

I. Deferred Inflows of Resources:

In the governmental funds, property taxes which have not been collected within sixty days subsequent to year-end are not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

J. Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The costs of proprietary fund type inventories are recorded as expenditures when consumed rather than when purchased.

K. Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and the related liability; these resources are segregated in the statement of net position and are classified as restricted assets on the Statement of Net Position because their use is limited. For the fiscal year ended June 30, 2013 the City had sinking funds for debt service of \$153,706 in restricted assets.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

L. Long-Term Debt

All bonds and capital leases to be paid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

M. 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 in the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized, but rather are charged to expenditures in the funds.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

The estimated useful lives are as follows:

Buildings and Improvements	10-50 years
Machinery and Equipment	3-20 years
Vehicles	5-10 years
Water and Sewer Systems	20-50 years
Infrastructure	25-35 years

N. Use of 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 amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

O. Equity Classifications:

Government-wide Statements

Equity is classified as net position, which represents the difference between assets and liabilities. Net position are displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The City’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City did not have any nonspendable resources as of June 30, 2013.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for public works projects and debt service.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the City Council, and does not lapse at year-end. The City has committed resources as of June 30, 2013.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

P. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

2. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.E.

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.E.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2013, the reported amount of the City's deposits was \$1,159,094 and the bank balance was \$1,211,281. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

2. CASH AND INVESTMENTS (CONT.):

Investments - Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The City has no credit risk policy or investment policy that would further limit its investment choices

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2013, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2013, the City's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	<u>\$3,177,509</u>	N/A
Total Investments	<u><u>\$3,177,509</u></u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the City's total investments.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

3. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2013:

<u>Governmental Activities</u>	June 30, 2012	Additions	Deletions	June 30, 2013
Assets not being depreciated:				
Land	\$ 582,361	\$ -	\$ -	\$ 582,361
Assets being depreciated:				
Buildings	1,159,182	-	-	1,159,182
Park Improvements	598,786	24,170	-	622,956
Machinery & Equipment	358,269	-	57,461	300,808
Vehicles	128,250	2,933	34,323	96,860
Infrastructure*	3,243,429	20,268	-	3,263,697
Total Depreciable Assets	5,487,916	47,371	91,784	5,443,503
Less: Accumulated Depreciation				
Buildings	313,857	30,700	-	344,557
Park Improvements	143,667	22,039	-	165,706
Machinery & Equipment	293,663	12,260	56,719	249,204
Vehicles	97,076	6,396	34,323	69,149
Infrastructure*	704,536	118,051	-	822,587
Total Accumulated Depreciation	1,552,799	189,446	91,042	1,651,203
Net Value of Capital Assets Being Depreciated	3,935,117	(142,075)	742	3,792,300
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 4,517,478</u>	<u>\$ (142,075)</u>	<u>\$ 742</u>	<u>\$ 4,374,661</u>
Business-type Activities				
Assets not being depreciated:				
Land	\$ 533,872	\$ -	\$ -	\$ 533,872
Assets being depreciated:				
Utility Plant	13,817,827	3,745	45,000	13,776,572
Machinery & Equipment	380,014	5,867	-	385,881
Total Depreciable Assets	14,197,841	9,612	45,000	14,162,453
Less: Accumulated Depreciation				
Utility Plant	5,240,211	346,764	45,000	5,541,975
Machinery & Equipment	201,535	32,757	-	234,292
Total Accumulated Depreciation	5,441,746	379,521	45,000	5,776,267
Net Value of Capital Assets Being Depreciated	8,756,095	(369,909)	-	8,386,186
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 9,289,967</u>	<u>\$ (369,909)</u>	<u>\$ -</u>	<u>\$ 8,920,058</u>
Total Net Position of Primary Government	<u>\$ 13,807,445</u>	<u>\$ (511,984)</u>	<u>\$ 742</u>	<u>\$ 13,294,719</u>

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

Governmental Activities:		Business-Type Activities	
General Government	\$ 189,446	Water Utilities	\$ 118,755
		Sewer Utilities	260,766
Total depreciation expense - governmental activities	<u>\$ 189,446</u>		<u>\$ 379,521</u>

* With the implementation of GASB #34, the City elected the prospective reporting approach for infrastructure assets. Accordingly, only infrastructure assets acquired on July 1, 2003 and thereafter will be presented in the financial statements.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

4. LONG-TERM DEBT:

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

	Outstanding Balance July 1, 2012	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2013	Due within One Year
<u>GOVERNMENTAL ACTIVITIES:</u>					
Note Payable to Cedar Square Partnership for the acquisition of real property					
Original Balance - \$250,000					
Dated - February 2001					
Interest Rate - 5.25%					
Principal	\$ 36,743	\$ -	\$ 23,196	\$ 13,547	\$ 13,547
Interest	-	804	804	-	711
Totals	\$ 36,743	\$ 804	\$ 24,000	\$ 13,547	\$ 14,258
Note Payable to Oregon Economic Development Department for various Urban Renewal Projects					
Original Balance - \$432,000 plus \$93,049 in capitalized interest					
Dated - February 13, 1996					
Interest Rate - 6.5%					
Principal	\$ 344,415	\$ -	\$ 63,070	\$ 281,345	\$ 77,021
Interest	-	22,387	22,387	-	18,287
Totals	\$ 344,415	\$ 22,387	\$ 85,457	\$ 281,345	\$ 95,308
General Obligation Bonds held by USDA Rural Development for Water System Improvements					
Original Balance - \$ 1,174,000					
Dated - November 1, 2000					
Interest Rate - 4.75%					
Principal	\$ 1,029,121	\$ -	\$ 17,213	\$ 1,011,908	\$ 18,031
Interest	-	48,884	48,884	-	48,066
Totals	\$ 1,029,121	\$ 48,884	\$ 66,097	\$ 1,011,908	\$ 66,097
TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 1,410,279	\$ -	\$ 103,479	\$ 1,306,800	\$ 108,599
Interest	-	72,075	72,075	-	67,064
Totals	\$ 1,410,279	\$ 72,075	\$ 175,554	\$ 1,306,800	\$ 175,663

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

4. LONG-TERM DEBT (CONT.):

	Outstanding Balance July 1, 2012	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2013	Due within One Year
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Revenue Bonds held by USDA Rural Development for Sewer System Improvements					
Original Balance - \$2,431,600					
Dated - September 27, 2005					
Interest Rate - 4.125%					
Principal	\$ 2,266,242	\$ -	\$ 31,673	\$ 2,234,569	\$ 32,979
Interest	-	93,482	93,482	-	92,176
Totals	\$ 2,266,242	\$ 93,482	\$ 125,155	\$ 2,234,569	\$ 125,155
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 2,266,242	\$ -	\$ 31,673	\$ 2,234,569	\$ 32,979
Interest	-	93,482	93,482	-	92,176
Totals	\$ 2,266,242	\$ 93,482	\$ 125,155	\$ 2,234,569	\$ 125,155
TOTAL DEBT AGREEMENTS:					
Principal	\$ 3,676,521	\$ -	\$ 135,152	\$ 3,541,369	\$ 141,578
Interest	-	165,557	165,557	-	159,240
Totals	\$ 3,676,521	\$ 165,557	\$ 300,709	\$ 3,541,369	\$ 300,818

The debt service requirements on the above debt is as follows:

	Due Fiscal Year Ending June 30,	Principal	Interest	Total
<u>Governmental Activities:</u>				
Note Payable to Cedar Square Partnership	2014	13,547	711	14,258
	Total	\$ 13,547	\$ 711	\$ 14,258
Note Payable to Oregon Economic Development Department	2014	77,021	18,287	95,308
	2015	93,013	13,281	106,294
	2016	111,311	7,235	118,546
	Total	\$ 281,345	\$ 38,803	\$ 320,148

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

4. LONG-TERM DEBT (CONT.):

	<u>Due Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Governmental Activities:</u>				
Water Construction Bonds	2014	18,031	48,066	66,097
	2015	18,887	47,210	66,097
	2016	19,785	46,312	66,097
	2017	20,724	45,373	66,097
	2018	21,709	44,388	66,097
	2019-2023	125,027	205,458	330,485
	2024-2028	157,679	172,806	330,485
	2029-2033	198,857	131,628	330,485
	2034-2038	250,792	79,693	330,485
	2039-2041	180,417	17,383	197,800
	Total	1,011,908	838,317	1,850,225
 <u>Business-Type Activities:</u>				
Sewer Revenue Bonds	2014	32,979	92,176	125,155
	2015	34,339	90,816	125,155
	2016	35,756	89,399	125,155
	2017	37,231	87,924	125,155
	2018	38,767	86,388	125,155
	2019-2023	219,181	406,594	625,775
	2024-2028	268,273	357,502	625,775
	2029-2033	328,362	297,413	625,775
	2034-2038	401,908	223,867	625,775
	2039-2043	491,929	133,846	625,775
	2044-2046	345,844	69,892	415,736
	Total	<u>\$ 2,234,569</u>	<u>\$ 1,935,817</u>	<u>\$ 4,170,386</u>

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

5. PENSION PLAN:

Plan Description. The City contributes to the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees and the State Legislature.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (“OPSRP”) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the “Pension Program”) and a defined contribution portion (the Individual Account Program or “IAP”). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service.

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member’s IAP, not the member’s PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (“OPERB”). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at www.pers.state.or.us.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The City "picks up" employee contributions at a rate of 6% as allowed under ORS 237.075. The City is required to contribute at an actuarially determined rate for the qualifying employees under the OPSRP plan. The OPERB and the OPSRP rates in effect for the year ended June 30, 2013 were 12.12% and 13.00% respectively. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees.

Annual Pension Cost. The City’s contribution to PERS for the years ending June 30, 2013, 2012, and 2011 were \$119,316, \$114,457, and \$84,943 respectively. The contributions actually made are equivalent to the Annual Pension Cost.

Actuarial Methods. The actuarial valuation report done on December 31, 2010 used the following actuarial methods and assumptions.

Tier1/Tier2 UAL and Retiree Healthcare UAL amortization, as of December 31,2007 are amortized as a level percentage of combined valuation payroll over a closed period, which is 20 years for the Tier 1/Tier2 and 10 years for Retiree Healthcare. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years (10 for Retiree Healthcare) from the odd-year valuation in which they are first recognized.

OPSRP UAL Amortization amortizes gains and losses between odd-year valuations as a level percentage of combined valuation payroll over 16 years from the odd-year valuation in which they are first recognized.

Asset valuation method is the market value of assets.

Contribution rate stabilization method (rate collar) – Contribution rates for a rate pool (e.g. Tier 1/Tier2 SLGRP, Tier 1/Tier 2 School Districts, OPSRP) are confined to a collar based on the rate pool’s prior pension contribution rate (excluding side account rate offsets). The new contribution rate will not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the current rate. If the funded percentage excluding side accounts drops below 70% or increases above 130%, the size of the collar doubles. If the funding percentage excluding side accounts is between 70% and 80% or between 120% and 130%, the size of the rate collar is increased on a graded scale.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

5. PENSION PLAN (CONT.):

Economic Assumptions.

Investment return	8.00% compounded annually on system assets
Interest crediting	8.00% compounded annually on members' regular account balances. 8.25% compounded annually on members' variable account balances.
Consumer price inflation	2.75% per year.
Future general wage inflation	3.75% per year.
Healthcare cost inflation	Graded from 7% in 2011 to 4.5% in 2029.
OPSRP Expenses	\$6.6 million added to normal cost.

6. CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amount, if any, to be immaterial.

The City of Harrisburg has elected the "reimbursement" basis for unemployment claims to the State of Oregon Department of Human Resources Employment Division. If a terminated employee collects unemployment compensation based upon earnings from the City, the City will be required to reimburse the State of Oregon for the amount of unemployment compensation paid. Amounts billed by the State of Oregon are charged to expenditures, but amounts for which the City is potentially liable as a result of claims not yet filed are unknown.

The City is currently in a dispute over ownership of land that water well No. 5 is situated on. As a result of survey errors that occurred more than ten (10) years ago it has been determined that the City constructed water well No.5 on land it did not own. The City has offered to purchase this land for \$10,000 for which the property owner of record has declined. The City has filed a condemnation action in the Linn County, Oregon Circuit Court which is currently pending and is based upon the value of the real property as determined by the City's appraiser at \$7,425. It is anticipated that just compensation will be due to the property owner; however, amounts for which the City is potentially liable are unknown.

7. RISK MANAGEMENT:

The City 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 City is a member of City-County Insurance Services (CIS), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS for insurance coverage. Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances as of June 30, 2013 from the Sewer Reserve Fund to the Storm Water Assessment Fund were paid off in the current year.

Interfund transfers for the year ended June 30, 2013 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 245,200	-
Community & Economic Development Fund	-	154,992
H.A.R.T. Fund	-	36,200
Harrisburg Redevelopment Agency Fund	64,992	-
Library Fund	-	72,500
Office Equipment Fund	-	22,000
Equipment Reserve Fund	-	69,000
Sewer Fund	22,500	20,000
Street Fund	20,000	4,500
Water Fund	67,971	-
Water System Reserve Fund	-	41,471
Total	<u>\$ 420,663</u>	<u>\$ 420,663</u>

These transfers occur on a routine basis and are used by the recipient fund for the normal operations of that fund.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS:

The City maintains two Enterprise Funds which account for the municipal water and sewer activities. Key financial data for these operations for the year ended June 30, 2013 are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Total Assets	\$ 3,386,110	\$ 6,783,245	\$ 10,169,355
Current Assets	456,924	638,666	1,095,590
Restricted Assets	66,097	87,609	153,706
Capital Assets	2,863,089	6,056,970	8,920,059
Total Liabilities			
Current Liabilities	36,136	142,215	178,351
Non-Current Liabilities	-	2,201,590	2,201,590
Total Net Position			
Invested in Capital Assets, net of related debt	2,863,089	3,822,401	6,685,490
Restricted for Debt Service	66,097	87,609	153,706
Restricted for Capital Projects	58,208	279,756	337,964
Unrestricted	362,580	249,674	612,254
Operating Revenues	544,352	708,757	1,253,109
Operating Expenses			
Depreciation	118,755	260,766	379,521
Operating Income (Loss)	(44,806)	(38,250)	(83,056)
Non-Operating Revenues (Expenses)			
Investment Income	1,215	13,512	14,727
Interest Expense	-	(92,238)	(92,238)
Transfers To (From)	(26,500)	(2,500)	(29,000)
Change In Net Position	(67,157)	(116,543)	(183,700)
Beginning Net Position	3,417,131	4,555,983	7,973,114
Ending Net Position	3,349,974	4,439,440	7,789,414
Cash Provided (Used) by:			
Operating Activities	81,068	213,094	294,162
Non Capital Financing Activities	(26,500)	4,883	(21,617)
Capital & Related Financing	(3,300)	(125,600)	(128,900)
Investing Activities	1,215	13,512	14,727
Beginning Cash	397,763	532,690	930,453
Ending Cash	\$ 450,246	\$ 638,579	\$ 1,088,825

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

GENERAL FUND

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	464,000	464,000	488,079	24,079
Intergovernmental	96,600	96,600	125,647	29,047
Franchise Fees	241,300	241,300	270,619	29,319
Licenses and Permits	11,000	11,000	42,858	31,858
Fines and Forfeitures	35,000	35,000	26,716	(8,284)
Investment Revenue	500	500	5,868	5,368
Other Revenue	370,300	370,300	68,825	(301,475)
Total Revenues	1,218,700	1,218,700	1,028,612	(190,088)
<u>EXPENDITURES:</u>				
Personal Services	302,065	308,065	285,890	(22,175)
Materials and Services	579,800	573,800	452,399	(121,401)
Capital Outlay	308,000	308,000	4,968	(303,032)
Debt Service				
Principal	24,000	24,000	23,196	(804)
Interest	-	-	804	804
Contingency	184,635	184,635	-	(184,635)
Total Expenditures	1,398,500	1,398,500	767,257	(631,243)
Excess (Deficiency) of Revenues Over Expenditures	(179,800)	(179,800)	261,355	441,155
<u>Other Financing Sources / (Uses):</u>				
Operating Transfer (Out)	(245,200)	(245,200)	(245,200)	-
Total Other Financing Sources	(245,200)	(245,200)	(245,200)	-
Net Change in Fund Balance	(425,000)	(425,000)	16,155	441,155
Fund Balance - July 1, 2012	425,000	425,000	551,801	126,801
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 567,956	\$ 567,956

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

STREET FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 4,725	\$ 4,725	\$ 4,423	\$ (302)
Intergovernmental	431,170	431,170	196,344	(234,826)
Investment Revenue	100	100	742	642
Miscellaneous Revenue	200	200	2,550	2,350
Total Revenues	436,195	436,195	204,059	(232,136)
<u>EXPENDITURES:</u>				
Personal Services	85,189	85,189	76,120	(9,069)
Materials and Services	64,100	64,100	53,476	(10,624)
Capital Outlay	360,000	360,000	28,691	(331,309)
Contingency	25,490	25,490	-	(25,490)
Total Expenditures	534,779	534,779	158,287	(376,492)
Excess of Revenues Over (Under) Expenditures	(98,584)	(98,584)	45,772	144,356
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	4,500	4,500	4,500	-
Operating Transfer Out	(20,000)	(20,000)	(20,000)	-
Total Other Financing Sources	(15,500)	(15,500)	(15,500)	-
Net Change In Fund Balance	(114,084)	(114,084)	30,272	144,356
Fund Balance - July 1, 2012	114,084	114,084	179,594	65,510
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 209,866	\$ 209,866

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual COMMUNITY & ECONOMIC DEVELOPMENT FUND For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment Revenue	\$ 500	\$ 500	\$ 2,173	\$ 1,673
Other Revenue	9,700	9,700	13,782	4,082
Total Revenues	10,200	10,200	15,955	5,755
EXPENDITURES:				
Personal Services	85,848	85,848	73,189	(12,659)
Materials and Services	57,966	57,966	31,670	(26,296)
Capital Outlay	536,313	536,313	61,768	(474,545)
Contingency	47,065	47,065	-	(47,065)
Total Expenditures	727,192	727,192	166,627	(560,565)
Excess (Deficiency) of Revenues Over Expenditures	(716,992)	(716,992)	(150,672)	566,320
OTHER FINANCING SOURCES / (USES):				
Operating Transfer In	154,992	154,992	154,992	-
Total Other Financing Sources	154,992	154,992	154,992	-
Net Change in Fund Balance	(562,000)	(562,000)	4,320	566,320
Fund Balance - July 1, 2012	562,000	562,000	569,677	7,677
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 573,997	\$ 573,997

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SYSTEM DEVELOPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
System Development Charges	\$ 20,682	\$ 20,682	\$ 26,401	\$ 5,719
Investment Revenue	2,500	2,500	5,205	2,705
Total Revenues	23,182	23,182	31,606	8,424
<u>EXPENDITURES:</u>				
Materials and Services	27,797	27,797	27,797	-
Capital Outlay	1,533,156	1,533,156	1,177	(1,531,979)
Total Expenditures	1,560,953	1,560,953	28,974	(1,531,979)
Net Change in Fund Balance	(1,537,771)	(1,537,771)	2,632	1,540,403
Fund Balance - July 1, 2012	1,537,771	1,537,771	1,372,932	(164,839)
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 1,375,564	\$ 1,375,564

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

HARRISBURG REDEVELOPMENT AGENCY FUND - A COMPONENT UNIT

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 245,350	\$ 245,350	\$ 260,534	\$ 15,184
Investment Revenue	100	100	2,918	2,818
Total Revenues	245,450	245,450	263,452	18,002
<u>EXPENDITURES:</u>				
Materials and supplies	48,500	73,500	51,359	(22,141)
Capital Outlay	86,500	61,500	13,003	(48,497)
Debt Service				
Principal	63,071	63,071	63,070	(1)
Interest	22,387	22,387	22,387	-
Total Expenditures	220,458	220,458	149,819	(70,639)
Excess (Deficiency) of Revenues Over Expenditures	24,992	24,992	113,633	88,641
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(64,992)	(64,992)	(64,992)	-
Total Other Financing Sources	(64,992)	(64,992)	(64,992)	-
Net Change In Fund Balance	(40,000)	(40,000)	48,641	88,641
Fund Balance - July 1, 2011	40,000	40,000	59,153	19,153
Fund Balance - June 30, 2012	\$ -	\$ -	\$ 107,794	\$ 107,794

OTHER
SUPPLEMENTARY
INFORMATION

**Combining and Individual
Fund Financial Statements**

Additional Supporting Schedules

Proprietary Funds

Water Funds

CITY OF HARRISBURG

Combining Schedule of Net Position

WATER FUNDS

June 30, 2013

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 325,942	\$ 58,208	\$ 384,150
Accounts Receivable	49,503	-	49,503
Inventory	23,271	-	23,271
Total Current Assets	398,716	58,208	456,924
Non-Current Assets:			
Restricted Cash	-	66,097	66,097
Capital Assets:			
Land	85,675	-	85,675
Capital Assets, Net of Depreciation	2,777,414	-	2,777,414
Total Capital Assets	2,863,089	-	2,863,089
Total Assets	\$ 3,261,805	\$ 124,305	\$ 3,386,110
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 7,082	\$ -	\$ 7,082
Compensated Absences Payable	14,137	-	14,137
Customer Deposits	14,917	-	14,917
Total Current Liabilities	36,136	-	36,136
Total Liabilities	\$ 36,136	\$ -	\$ 36,136
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	\$ 2,863,089	\$ -	\$ 2,863,089
Restricted for:			
Debt Service	-	66,097	66,097
Capital Projects	-	58,208	58,208
Unrestricted	362,580	-	362,580
Total Net Position	\$ 3,225,669	\$ 124,305	\$ 3,349,974

CITY OF HARRISBURG

Combining Schedule of Revenues, Expenses, and Changes in Net Position

WATER FUNDS

For the Fiscal Year Ended June 30, 2013

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<u>OPERATING REVENUES:</u>			
Charges for Services			
Water Charges	\$ 529,119	\$ -	\$ 529,119
Other Revenue	15,233	-	15,233
Total Operating Revenues	544,352	-	544,352
<u>OPERATING EXPENSES:</u>			
Personal Services	300,051	-	300,051
Materials and Supplies	158,815	11,537	170,352
Depreciation	118,755	-	118,755
Total Operating Expenses	577,621	11,537	589,158
Operating Income (Loss)	(33,269)	(11,537)	(44,806)
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Interest Income	814	401	1,215
Total Non-Operating Revenues (Expenses)	814	401	1,215
Income Before Other Revenues, Expenses, and Transfers	(32,455)	(11,136)	(43,591)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers In	-	41,471	41,471
Transfers (Out)	(67,971)	-	(67,971)
Capital Asset Transfers In	2,934	-	2,934
Total Capital Contributions and Transfers	(65,037)	41,471	(23,566)
Change in Net Position	(97,492)	30,335	(67,157)
NET POSITION, July 1, 2012	<u>3,323,161</u>	<u>93,970</u>	<u>3,417,131</u>
NET POSITION, June 30, 2013	<u>\$3,225,669</u>	<u>\$ 124,305</u>	<u>\$3,349,974</u>

CITY OF HARRISBURG

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual**

WATER FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive Negative
	Original	Final		
<u>REVENUES:</u>				
Charges for Services	\$ 511,920	\$ 511,920	\$ 529,119	\$ 17,199
Investment Revenue	250	250	814	564
Other Revenue	6,350	6,350	15,233	8,883
Total Revenues	518,520	518,520	545,166	26,646
<u>EXPENDITURES:</u>				
Personal services	302,979	302,979	300,516	(2,463)
Materials and supplies	158,605	158,605	131,631	(26,974)
Capital Outlay	42,250	42,250	30,484	(11,766)
Contingency	114,999	114,999	-	(114,999)
Total Expenditures	618,833	618,833	462,631	(156,202)
Excess (Deficiency) of Revenues over Expenditures	(100,313)	(100,313)	82,535	182,848
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(67,971)	(67,971)	(67,971)	-
Total Other Financing Sources	(67,971)	(67,971)	(67,971)	-
Net Change In Fund Balance	(168,284)	(168,284)	14,564	182,848
Fund Balance - July 1, 2012	168,284	168,284	199,493	31,209
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 214,057	\$ 214,057

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	14,564
Change in Compensated Absences	465
Capital outlay that is capitalized	3,300
Equity transfer of capital assets	2,934
Depreciation Expense	(118,755)
Change in Net Position as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ (97,492)</u>

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

WATER RESERVE FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Investment Revenue	\$ 350	\$ 350	\$ 401	\$ 51
Total Revenues	350	350	401	51
<u>EXPENDITURES:</u>				
Capital Outlay	129,039	129,039	11,537	(117,502)
Debt Service:				-
Principal	6,610	6,610	-	(6,610)
Total Expenditures	135,649	135,649	11,537	(124,112)
Excess (Deficiency) of Revenues over Expenditures	(135,299)	(135,299)	(11,136)	124,163
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	41,471	41,471	41,471	-
Total Other Financing Sources	41,471	41,471	41,471	-
Net Change In Fund Balance	(93,828)	(93,828)	30,335	124,163
Fund Balance - July 1, 2012	93,828	93,828	93,970	142
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 124,305	\$ 124,305

Proprietary Funds

Sewer Funds

CITY OF HARRISBURG

Combining Schedule of Net Position

SEWER FUNDS

June 30, 2013

	<u>Sewer Fund</u>	<u>Sewer Reserve Fund</u>	<u>Total Sewer Utility</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 271,214	\$ 279,756	\$ 550,970
Accounts Receivable	72,829	-	72,829
Inventory	14,867	-	14,867
Total Current Assets	<u>358,910</u>	<u>279,756</u>	<u>638,666</u>
Non-Current Assets:			
Restricted Cash	-	87,609	87,609
Total Non-Current Assets	<u>-</u>	<u>87,609</u>	<u>87,609</u>
Capital Assets:			
Land	448,197	-	448,197
Depreciable Assets, Net of Depreciation	5,608,773	-	5,608,773
Total Capital Assets	<u>6,056,970</u>	<u>-</u>	<u>6,056,970</u>
Total Assets	<u>\$ 6,415,880</u>	<u>\$ 367,365</u>	<u>\$ 6,783,245</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 10,526	\$ -	\$ 10,526
Compensated Absences Payable	14,137	-	14,137
Accrued Interest Payable	69,700	-	69,700
Customer Deposits	14,873	-	14,873
Current Portion of Long-Term Liabilities:			
Bond Payable	32,979	-	32,979
Total Current Liabilities	<u>142,215</u>	<u>-</u>	<u>142,215</u>
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bond Payable	2,201,590	-	2,201,590
Total Long-Term Liabilities	<u>2,201,590</u>	<u>-</u>	<u>2,201,590</u>
Total Liabilities	<u>\$ 2,343,805</u>	<u>\$ -</u>	<u>\$ 2,343,805</u>
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	\$ 3,822,401	\$ -	\$ 3,822,401
Restricted for:			
Debt Service	-	87,609	87,609
Capital Projects	-	279,756	279,756
Unrestricted	249,674	-	249,674
Total Net Position	<u>\$ 4,072,075</u>	<u>\$ 367,365</u>	<u>\$ 4,439,440</u>

CITY OF HARRISBURG

Combining Schedule of Revenues, Expenses, and Changes in Net Position

SEWER FUNDS

For the Fiscal Year Ended June 30, 2013

	<u>Sewer Fund</u>	<u>Sewer Reserve Fund</u>	<u>Total Sewer Utility</u>
<u>OPERATING REVENUES:</u>			
Charges for Services			
Sewer Charges	\$ 685,764	\$ -	\$ 685,764
Other Revenue	22,993	-	22,993
Total Operating Revenues	708,757	-	708,757
<u>OPERATING EXPENSES:</u>			
Personal Services	299,869	-	299,869
Materials and Supplies	184,954	1,418	186,372
Depreciation	260,766	-	260,766
Total Operating Expenses	745,589	1,418	747,007
Operating Income (Loss)	(36,832)	(1,418)	(38,250)
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Interest Income	1,390	12,122	13,512
Interest Expense	(92,238)	-	(92,238)
Total Non-Operating Revenues (Expenses)	(90,848)	12,122	(78,726)
Income Before Other Revenues, Expenses, and Transfers	(127,680)	10,704	(116,976)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers In	20,000	-	20,000
Transfers (Out)	(22,500)	-	(22,500)
Capital Asset Transfers In	2,933	-	2,933
Total Capital Contributions and Transfers	433	-	433
Change In Net Position	(127,247)	10,704	(116,543)
NET POSITION, July 1, 2012	4,199,322	356,661	4,555,983
NET POSITION, June 30, 2013	\$ 4,072,075	\$ 367,365	\$ 4,439,440

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

SEWER FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Charges for Services	\$ 657,057	\$ 657,057	\$ 685,764	\$ 28,707
Investment Revenue	500	500	1,390	890
Other Revenue	7,282	18,909	22,993	4,084
Total Revenues	664,839	676,466	710,147	33,681
<u>EXPENDITURES:</u>				
Personal services	302,979	302,979	300,334	(2,645)
Materials and supplies	209,805	209,805	154,083	(55,722)
Capital Outlay	35,250	46,877	31,316	(15,561)
Debt Service				
Principal	31,673	31,673	31,673	-
Interest	93,482	93,482	93,482	-
Contingency	39,969	39,969	-	(39,969)
Total Expenditures	713,158	724,785	610,888	(113,897)
Excess (Deficiency) of Revenues over Expenditures	(48,319)	(48,319)	99,259	147,578
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	20,000	20,000	20,000	-
Operating Transfer (Out)	(22,500)	(22,500)	(22,500)	-
Total Other Financing Sources	(2,500)	(2,500)	(2,500)	-
Net Change In Fund Balance	(50,819)	(50,819)	96,759	147,578
Fund Balance - July 1, 2012	50,819	50,819	93,356	42,537
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 190,115	\$ 190,115

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	96,759
Change in Compensated Absences	465
Change in Accrued Interest	1,244
Debt Principal Payments	31,673
Equity transfer of capital assets	2,933
Capital outlay that is capitalized	445
Depreciation Expense	(260,766)
Change in Net Position as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u><u>\$ (127,247)</u></u>

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

SEWER RESERVE FUND

For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Investment Revenue	\$ 550	\$ 550	\$ 1,334	\$ 784
Total Revenues	550	550	1,334	784
<u>EXPENDITURES:</u>				
Capital Outlay	242,250	242,250	1,418	(240,832)
Debt Service				
Principal	125,155	125,155	-	(125,155)
Total Expenditures	367,405	367,405	1,418	(365,987)
Excess (Deficiency) of Revenues over Expenditures	(366,855)	(366,855)	(84)	366,771
<u>OTHER FINANCING SOURCES / (USES):</u>				
Loan Repayment - Principal	18,170	18,170	7,382	(10,788)
Loan Repayment - Interest	-	-	10,788	10,788
Total Other Financing Sources	18,170	18,170	18,170	-
Net Change In Fund Balance	(348,685)	(348,685)	18,086	366,771
Fund Balance - July 1, 2012	348,685	348,685	349,279	594
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 367,365	\$ 367,365

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	18,086
Interfund Loan Repayment - Principal	(7,382)
Change in Net Position as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ 10,704</u>

Non-Major

Governmental Funds

CITY OF HARRISBURG

Combining Balance Sheet

NON-MAJOR GOVERNMENTAL FUNDS

(By Fund Type)

June 30, 2013

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Total
<u>ASSETS:</u>			
Cash & Investments	\$ 507,532	\$ 84,570	\$ 592,102
Accounts Receivable	7,565	-	7,565
Assessment Receivable	-	8,480	8,480
Total Assets	515,097	93,050	608,147
<u>LIABILITIES:</u>			
Accounts Payable	1,659	-	1,659
Deferred Revenue	-	7,935	7,935
Total Liabilities	1,659	7,935	9,594
<u>FUND BALANCES:</u>			
Restricted for:			
Debt Service	-	85,115	85,115
Committed for:			
Parks and Recreation Programs	19,034	-	19,034
Community Development Projects	42,926	-	42,926
Equipment Acquisition	274,139	-	274,139
Public Works	177,339	-	177,339
Total Fund Balances	513,438	85,115	598,553
Total Liabilities and Fund Balances	\$ 515,097	\$ 93,050	\$ 608,147

CITY OF HARRISBURG

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

NON-MAJOR GOVERNMENTAL FUNDS

(By Fund Type)

For the Fiscal Year Ended June 30, 2013

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Total
<u>REVENUES:</u>			
Taxes and Assessments	\$ 59,997	\$ 50,238	\$ 110,235
Intergovernmental	21,777	-	21,777
Investment Revenue	1,718	1,198	2,916
Other Revenue	17,644	-	17,644
Total Receipts	101,136	51,436	152,572
<u>EXPENDITURES:</u>			
General Government	95,058	-	95,058
Highways and Streets	6,141	-	6,141
Culture and Recreation	67,327	-	67,327
Debt Service:			
Principal	-	17,213	17,213
Interest	-	48,884	48,884
Capital Outlay	24,001	-	24,001
Total Expenditures	192,527	66,097	258,624
Excess of Revenues Over (Under) Expenditures	(91,391)	(14,661)	(106,052)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	199,700	-	199,700
Interfund Loans (Out)	(10,788)	-	(10,788)
Total Other Financing Sources (Uses):	188,912	-	188,912
Net Change in Fund Balances	97,521	(14,661)	82,860
Fund Balances - July 1, 2012	415,917	99,776	515,693
Fund Balances - June 30, 2013	\$ 513,438	\$ 85,115	\$ 598,553

Non – Major

Special Revenue Funds

CITY OF HARRISBURG
Combining Balance Sheet
NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2013

	Equipment Reserve Fund	Office Equipment Fund	Library Fund	Bike Path Reserve Fund	H.A.R.T. Fund	Storm Drain Reserve Fund	Total
<u>ASSETS:</u>							
Cash & Investments	\$ 259,135	\$ 15,994	\$ 31,398	\$ 19,034	\$ 11,787	\$ 170,184	\$ 507,532
Accounts Receivable	-	-	-	-	-	7,565	7,565
Total Assets	259,135	15,994	31,398	19,034	11,787	177,749	515,097
<u>LIABILITIES:</u>							
Accounts Payable	990	-	120	-	139	410	1,659
Total Liabilities	990	-	120	-	139	410	1,659
<u>FUND BALANCES:</u>							
Committed for:							
Parks and Recreation Programs	-	-	-	19,034	-	-	19,034
Community Development Projects	-	-	31,278	-	11,648	-	42,926
Equipment Acquisition	258,145	15,994	-	-	-	-	274,139
Public Works	-	-	-	-	-	177,339	177,339
Total Fund Balances	258,145	15,994	31,278	19,034	11,648	177,339	513,438
Total Liabilities and Fund Balances	\$ 259,135	\$ 15,994	\$ 31,398	\$ 19,034	\$ 11,787	\$ 177,749	\$ 515,097

CITY OF HARRISBURG

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

NON-MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2013

	<u>Equipment Reserve Fund</u>	<u>Office Equipment Fund</u>	<u>Library Fund</u>	<u>Bike Path Reserve Fund</u>	<u>H.A.R.T. Fund</u>	<u>Storm Drain Reserve Fund</u>	<u>Total</u>
<u>REVENUES:</u>							
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,997	\$ 59,997
Intergovernmental	-	-	-	1,823	19,954	-	21,777
Investment Revenue	861	37	83	70	43	624	1,718
Other Revenue	-	-	7,042	-	10,602	-	17,644
Total Receipts	861	37	7,125	1,893	30,599	60,621	101,136
<u>EXPENDITURES:</u>							
General Government	-	22,701	-	-	72,357	-	95,058
Highways and Street	-	-	-	-	-	6,141	6,141
Culture and Recreation	-	-	67,327	-	-	-	67,327
Capital Outlay	14,069	-	421	1,100	-	8,411	24,001
Total Expenditures	14,069	22,701	67,748	1,100	72,357	14,552	192,527
Excess of Revenues Over (Under) Expenditures	(13,208)	(22,664)	(60,623)	793	(41,758)	46,069	(91,391)
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	69,000	22,000	72,500	-	36,200	-	199,700
Interfund Loans - Interest	-	-	-	-	-	(10,788)	(10,788)
Total Total Other Financing Sources (Uses):	69,000	22,000	72,500	-	36,200	(10,788)	188,912
Net Change in Fund Balances	55,792	(664)	11,877	793	(5,558)	35,281	97,521
Fund Balances - July 1, 2012	202,353	16,658	19,401	18,241	17,206	142,058	415,917
Fund Balances - June 30, 2013	\$ 258,145	\$ 15,994	\$ 31,278	\$ 19,034	\$ 11,648	\$ 177,339	\$ 513,438

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

EQUIPMENT RESERVE FUND

For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Investment Revenue	\$ 250	\$ 250	\$ 861	\$ 611
Total Revenues	250	250	861	611
<u>EXPENDITURES:</u>				
Capital Outlay	299,512	299,512	14,069	(285,443)
Total Expenditures	299,512	299,512	14,069	(285,443)
Excess of Revenues Over (Under) Expenditures	(299,262)	(299,262)	(13,208)	286,054
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	69,000	69,000	69,000	-
Total Other Financing Sources	69,000	69,000	69,000	-
Net Change In Fund Balance	(230,262)	(230,262)	55,792	286,054
Fund Balance - July 1, 2012	230,262	230,262	202,353	(27,909)
Fund Balance - June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,145</u>	<u>\$ 258,145</u>

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

OFFICE EQUIPMENT FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Investment Revenue	\$ 100	\$ 100	\$ 37	\$ (63)
Total Revenues	100	100	37	(63)
<u>EXPENDITURES:</u>				
Materials and Services	34,690	34,690	22,701	(11,989)
Capital Outlay	8,000	8,000	-	(8,000)
Total Expenditures	42,690	42,690	22,701	(19,989)
Excess of Revenues Over (Under) Expenditures	(42,590)	(42,590)	(22,664)	19,926
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	22,000	22,000	22,000	-
Total Other Financing Sources	22,000	22,000	22,000	-
Net Change In Fund Balance	(20,590)	(20,590)	(664)	19,926
Fund Balance - July 1, 2012	20,590	20,590	16,658	(3,932)
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 15,994	\$ 15,994

CITY OF HARRISBURG
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
LIBRARY FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Investment Revenue	\$ 30	\$ 30	\$ 83	\$ 53
Miscellaneous Revenue	2,700	2,700	7,042	4,342
Total Revenues	2,730	2,730	7,125	4,395
<u>EXPENDITURES:</u>				
Personal Services	62,977	62,977	56,782	(6,195)
Materials and Services	13,200	13,200	10,545	(2,655)
Capital Outlay	10,500	10,500	421	(10,079)
Contingency	6,506	6,506	-	(6,506)
Total Expenditures	93,183	93,183	67,748	(25,435)
Excess of Revenues Over (Under) Expenditures	(90,453)	(90,453)	(60,623)	29,830
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	72,500	72,500	72,500	-
Total Other Financing Sources	72,500	72,500	72,500	-
Net Change In Fund Balance	(17,953)	(17,953)	11,877	29,830
Fund Balance - July 1, 2012	17,953	17,953	19,401	1,448
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 31,278	\$ 31,278

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

BIKE PATH RESERVE FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Intergovernmental	\$ 1,200	\$ 1,200	\$ 1,823	\$ 623
Investment Revenue	20	20	70	50
Total Revenues	1,220	1,220	1,893	673
<u>EXPENDITURES:</u>				
Capital Outlay	18,670	18,670	1,100	(17,570)
Total Expenditures	18,670	18,670	1,100	(17,570)
Net Change In Fund Balance	(17,450)	(17,450)	793	18,243
Fund Balance - July 1, 2012	17,450	17,450	18,241	791
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 19,034	\$ 19,034

CITY OF HARRISBURG
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
H.A.R.T. FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Intergovernmental	\$ 19,951	\$ 19,951	\$ 19,954	\$ 3
Investment Revenue	25	25	43	18
Miscellaneous	13,000	13,000	10,602	(2,398)
Total Revenues	32,976	32,976	30,599	(2,377)
<u>EXPENDITURES:</u>				
Personal Services	69,914	69,914	68,435	(1,479)
Materials and Services	7,475	7,475	3,922	(3,553)
Contingency	1,787	1,787	-	(1,787)
Total Expenditures	79,176	79,176	72,357	(6,819)
Excess of Revenues Over (Under) Expenditures	(46,200)	(46,200)	(41,758)	4,442
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	36,200	36,200	36,200	-
Total Other Financing Sources	36,200	36,200	36,200	-
Net Change In Fund Balance	(10,000)	(10,000)	(5,558)	4,442
Fund Balance - July 1, 2012	10,000	10,000	17,206	7,206
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 11,648	\$ 11,648

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

STORM DRAIN RESERVE FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
REVENUES:				
Taxes and Assessments	\$ 57,125	\$ 57,125	\$ 59,997	\$ 2,872
Investment Revenue	150	150	624	474
Total Revenues	57,275	57,275	60,621	3,346
EXPENDITURES:				
Materials and Services	17,900	17,900	6,141	(11,759)
Capital Outlay	157,210	157,210	8,411	(148,799)
Total Expenditures	175,110	175,110	14,552	(160,558)
Excess of Revenues Over (Under) Expenditures	(117,835)	(117,835)	46,069	163,904
OTHER FINANCING SOURCES / (USES):				
Interfund Loan Repayment - Principal	(18,170)	(18,170)	(7,382)	10,788
Interfund Loan Repayment - Interest	-	-	(10,788)	(10,788)
Total Other Financing Sources	(18,170)	(18,170)	(18,170)	-
Net Change In Fund Balance	(136,005)	(136,005)	27,899	163,904
Fund Balance - July 1, 2012	136,005	136,005	149,440	13,435
Fund Balance - June 30, 2013	\$ -	\$ -	\$ 177,339	\$ 177,339

Reconciliation to Generally Accepted Accounting Principal Basis (GAAP):

Net change in fund balance from above	27,899
Interfund Loan Repayment - Principal	7,382
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ 35,281</u>

Debt Service Funds

CITY OF HARRISBURG

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual**

**DEBT SERVICE FUND
(A Non-Major Fund)**

For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>Positive</u> <u>(Negative)</u>
<u>REVENUES:</u>				
Taxes and Assessments	\$ 47,717	\$ 47,717	\$ 50,238	\$ 2,521
Investment Revenue	150	150	1,198	1,048
Total Revenues	47,867	47,867	51,436	3,569
<u>EXPENDITURES:</u>				
Debt Service				
Principal	17,213	17,213	17,213	-
Interest	48,884	48,884	48,884	-
Total Expenditures	66,097	66,097	66,097	-
Net Change In Fund Balance	(18,230)	(18,230)	(14,661)	3,569
Fund Balance - July 1, 2012	84,327	84,327	99,776	15,449
Fund Balance - June 30, 2013	\$ 66,097	\$ 66,097	\$ 85,115	\$ 19,018

Additional
Supporting Schedules

CITY OF HARRISBURG

SCHEDULE OF PROPERTY TAXES

For the Fiscal Year Ended June 30, 2013

	General Fund Permanent Rate Tax, Subject to Measure 5	Bonds	Total
Assessed Valuation, 2012-13 Tax Roll	\$ 158,622,468	\$ 158,622,468	\$ 158,622,468
General Fund Permanent Rate Levy, Per \$1,000	0.0031875	-	-
General Obligation Bond Levy Rate, Per \$1,000	-	0.0003132	-
Amount Levy Rates Will Raise	505,609	49,681	555,290
Gain From UR Division of Tax Rate Truncation	10	10	20
Loss Due to District's Compression	(10)	-	(10)
Roll Corrections & Omitted Property	-	13	13
Net Tax Levy Imposed	<u>\$ 505,609</u>	<u>\$ 49,704</u>	<u>\$ 555,313</u>

	Uncollected Balance July 1, 2012	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2013
2012-13	\$ 555,313	\$ (20,496)	\$ 513,434	\$ 21,383
2011-12	27,550	(4,346)	11,134	12,069
2010-11	16,280	3,300	6,207	13,373
2009-10	8,365	3,114	4,057	7,421
2008-09	5,462	999	3,485	2,976
2007-08	752	149	297	604
2006-07 & Prior	1,093	(148)	193	752
Total Cash Collections	<u>\$ 614,815</u>	<u>\$ (17,430)</u>	<u>\$ 538,807</u>	<u>\$ 58,579</u>

Less Accrued Revenue - June 30, 2012	(4,587)
Add Accrued Revenue - June 30, 2013	4,098
Total Property Tax Revenue	<u>\$ 538,318</u>

Current Year Collections:	Current	Prior	Total	Property Taxes Receivable
General Fund	\$ 469,233	\$ 18,846	\$ 488,079	\$ 50,099
Debt Service Fund	46,114	4,123	50,237	8,480
TOTALS	<u>\$ 515,347</u>	<u>\$ 22,969</u>	<u>\$ 538,316</u>	<u>\$ 58,579</u>

CITY OF HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

SCHEDULE OF PROPERTY TAXES

For the Fiscal Year Ended June 30, 2013

	Uncollected Balance July 1, 2012	Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2013
2012-13	\$ 293,290	\$ (31,223)	\$ 249,845	\$ 12,222
2011-12	9,106	505	4,874	4,737
2010-11	5,416	2,215	2,300	5,332
2009-10	3,145	2,115	1,947	3,313
2008-09	2,347	803	1,416	1,734
2007-08	371	130	146	356
2006-07 & Prior	400	68	79	390
Total Property Taxes	\$ 314,076	\$ (25,386)	\$ 260,607	\$ 28,082
Less Accrued Revenue - June 30, 2012			(1,949)	
Add Accrued Revenue - June 30, 2013			1,876	
Total Property Tax Revenue			\$ 260,534	
Current Year Collections:	Current	Prior	Total	Property Taxes Receivable
Harrisburg Redevelopment Agency Fund	\$ 251,623	\$ 8,911	\$ 260,534	\$ 28,082
TOTALS	\$ 251,623	\$ 8,911	\$ 260,534	\$ 28,082

CITY OF HARRISBURG

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2013

	<u>Outstanding Balance July 1, 2012</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2013</u>	<u>Due within One Year</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					
Note Payable to Cedar Square Partnership for the acquisition of real property					
Original Balance - \$250,000					
Dated - February 2001					
Interest Rate - 5.25%					
Principal	\$ 36,743	\$ -	\$ 23,196	\$ 13,547	\$ 13,547
Interest	-	804	804	-	711
Totals	\$ 36,743	\$ 804	\$ 24,000	\$ 13,547	\$ 14,258
Note Payable to Oregon Economic Development Department for various Urban Renewal Projects					
Original Balance - \$432,000 plus \$93,049 in capitalized interest					
Dated - February 13, 1996					
Interest Rate - 6.5%					
Principal	\$ 344,415	\$ -	\$ 63,070	\$ 281,345	\$ 77,021
Interest	-	22,387	22,387	-	18,287
Totals	\$ 344,415	\$ 22,387	\$ 85,457	\$ 281,345	\$ 95,308
General Obligation Bonds held by USDA Rural Development for Water System Improvements					
Original Balance - \$ 1,174,000					
Dated - November 1, 2000					
Interest Rate - 4.75%					
Principal	\$ 1,029,121	\$ -	\$ 17,213	\$ 1,011,908	\$ 18,031
Interest	-	48,884	48,884	-	48,066
Totals	\$ 1,029,121	\$ 48,884	\$ 66,097	\$ 1,011,908	\$ 66,097
TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 1,410,279	\$ -	\$ 103,479	\$ 1,306,800	\$ 108,599
Interest	-	72,075	72,075	-	67,064
Totals	\$ 1,410,279	\$ 72,075	\$ 175,554	\$ 1,306,800	\$ 175,663

Continued

CITY OF HARRISBURG

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (Continued)

For the Fiscal Year Ended June 30, 2013

	Outstanding Balance July 1, 2012	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2013	Due within One Year
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Revenue Bonds held by USDA Rural Development for Sewer System Improvements					
Original Balance - \$2,431,600					
Dated - September 27, 2005					
Interest Rate - 4.125%					
Principal	\$ 2,266,242	\$ -	\$ 31,673	\$ 2,234,569	\$ 32,979
Interest	-	93,482	93,482	-	92,176
Totals	\$ 2,266,242	\$ 93,482	\$ 125,155	\$ 2,234,569	\$ 125,155
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 2,266,242	\$ -	\$ 31,673	\$ 2,234,569	\$ 32,979
Interest	-	93,482	93,482	-	92,176
Totals	\$ 2,266,242	\$ 93,482	\$ 125,155	\$ 2,234,569	\$ 125,155
TOTAL DEBT AGREEMENTS:					
Principal	\$ 3,676,521	\$ -	\$ 135,152	\$ 3,541,369	\$ 141,578
Interest	-	165,557	165,557	-	159,240
Totals	\$ 3,676,521	\$ 165,557	\$ 300,709	\$ 3,541,369	\$ 300,818

CITY OF HARRISBURG

**SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT**

For the Fiscal Year Ended June 30, 2012

	<u>Fiscal Year Ended June 30,</u>	<u>Sinking Fund Require- ment</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Fiscal Year- end Balance</u>
<u>GOVERNMENTAL ACTIVITIES:</u>						
Note Payable to Cedar Square Partnership for the acquisition of real property						
Original Balance - \$250,000	2014	-	14,258	13,547	711	-
Totals		-	\$ 14,258	\$ 13,547	\$ 711	
Note Payable to Oregon Economic Development Department for various Urban Renewal Projects						
Original Balance - \$432,000 plus	2014	-	95,308	77,021	18,287	204,324
\$93,049 in capitalized interest	2015	-	106,294	93,013	13,281	111,311
	2016	-	118,546	111,311	7,235	-
Totals		-	\$ 320,148	\$ 281,345	\$ 38,803	
Development for Water System Improvements	2014	66,097	66,097	18,031	48,066	993,877
Original Balance - \$ 1,174,000	2015	66,097	66,097	18,887	47,210	974,990
	2016	66,097	66,097	19,785	46,312	955,205
	2017	66,097	66,097	20,724	45,373	934,481
	2018	66,097	66,097	21,709	44,388	912,772
	2019	66,097	66,097	22,740	43,357	890,032
	2020	66,097	66,097	23,820	42,277	866,212
	2021	66,097	66,097	24,952	41,145	841,260
	2022	66,097	66,097	26,137	39,960	815,123
	2023	66,097	66,097	27,378	38,719	787,745
	2024	66,097	66,097	28,679	37,418	759,066
	2025	66,097	66,097	30,041	36,056	729,025
	2026	66,097	66,097	31,468	34,629	697,557
	2027	66,097	66,097	32,963	33,134	664,594
	2028	66,097	66,097	34,528	31,569	630,066
	2029	66,097	66,097	36,168	29,929	593,898
	2030	66,097	66,097	37,886	28,211	556,012
	2031	66,097	66,097	39,686	26,411	516,326
	2032	66,097	66,097	41,571	24,526	474,755
	2033	66,097	66,097	43,546	22,551	431,209
	2034	66,097	66,097	45,614	20,483	385,595
	2035	66,097	66,097	47,781	18,316	337,814
	2036	66,097	66,097	50,051	16,046	287,763
	2037	66,097	66,097	52,428	13,669	235,335
	2038	66,097	66,097	54,918	11,179	180,417
	2039	66,097	66,097	57,527	8,570	122,890
	2040	66,097	66,097	60,259	5,838	62,631
	2041	66,097	65,607	62,631	2,975	-
Totals			\$ 1,850,226	\$ 1,011,908	\$ 838,317	

Continued

CITY OF HARRISBURG

**SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT (Continued)**

For the Fiscal Year Ended June 30, 2012

	<u>Fiscal Year Ended June 30,</u>	<u>Sinking Fund Require- ment</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Fiscal Year- end Balance</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>						
Revenue Bonds held by USDA Rural Development for Sewer System Improvements	2014	50,064	125,155	32,979	92,176	2,201,590
Original Balance - \$2,431,600	2015	50,064	125,155	34,339	90,816	2,167,251
	2016	50,064	125,155	35,756	89,399	2,131,495
	2017	50,064	125,155	37,231	87,924	2,094,264
	2018	50,064	125,155	38,767	86,388	2,055,497
	2019	50,064	125,155	40,366	84,789	2,015,131
	2020	50,064	125,155	42,031	83,124	1,973,100
	2021	50,064	125,155	43,764	81,391	1,929,336
	2022	50,064	125,155	45,570	79,585	1,883,766
	2023	50,064	125,155	47,450	77,705	1,836,316
	2024	50,064	125,155	49,407	75,748	1,786,909
	2025	50,064	125,155	51,445	73,710	1,735,464
	2026	50,064	125,155	53,567	71,588	1,681,897
	2027	50,064	125,155	55,777	69,378	1,626,120
	2028	50,064	125,155	58,077	67,078	1,568,043
	2029	50,064	125,155	60,473	64,682	1,507,570
	2030	50,064	125,155	62,968	62,187	1,444,602
	2031	50,064	125,155	65,565	59,590	1,379,037
	2032	50,064	125,155	68,270	56,885	1,310,767
	2033	50,064	125,155	71,086	54,069	1,239,681
	2034	50,064	125,155	74,018	51,137	1,165,663
	2035	50,064	125,155	77,071	48,084	1,088,592
	2036	50,064	125,155	80,250	44,905	1,008,342
	2037	50,064	125,155	83,561	41,594	924,781
	2038	50,064	125,155	87,008	38,147	837,773
	2039	50,064	125,155	90,597	34,558	747,176
	2040	50,064	125,155	94,334	30,821	652,842
	2041	50,064	125,155	98,225	26,930	554,617
	2042	50,064	125,155	102,277	22,878	452,340
	2043	50,064	125,155	106,496	18,659	345,844
	2044	50,064	125,155	110,889	14,266	234,955
	2045	50,064	125,155	115,463	9,692	119,492
	2046	50,064	165,426	119,492	45,934	-
Totals			<u>\$ 4,170,386</u>	<u>\$ 2,234,569</u>	<u>\$ 1,935,817</u>	

ACCOMPANYING
INFORMATION

CITY OF HARRISBURG
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION

As of June 30, 2013

To the Governing Body of the City of Harrisburg
Harrisburg, Oregon

We have audited the basic financial statements of the City of Harrisburg as of and for the year ended June 30, 2013, and have issued our report thereon dated October 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Harrisburg' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways and roads (ORS Chapters 294, 368 & 373).**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City internal control over financial reporting.

This report is intended solely for the information and use of the Board of Directors and management of City of Harrisburg and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA, PC
Roseburg, Oregon
October 23, 2013



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council
City of Harrisburg, Oregon

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Harrisburg as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Harrisburg's basic financial statements and have issued my report thereon dated October 23, 2013.

Internal Control over Financial Reporting

In planning and performing my audit, I considered City of Harrisburg's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Harrisburg's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Harrisburg's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Harrisburg's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steve Tuchscherer, CPA
October 23, 2013