



HARRISBURG, OREGON

Annual Financial Report

June 30, 2018

UMPQUA VALLEY FINANCIAL, LLC

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

MIKE CAUGHEY Council President
1052 Whitledge Place, Harrisburg, Oregon 97446

ADAM KEATON Council Member
550 N 6th Place, Harrisburg, Oregon 97446

KIM DOWNEY Council Member
P.O. Box 651, Harrisburg, Oregon 97446

ROBERT BOESE Council Member
460 North 7th Street, Harrisburg, Oregon 97446

SARAH PULS Council Member
P.O. Box 214, Junction City, OR 97448

JOHN LOSHBAUGH. Ex-Council Member
340 North 7th Street, Harrisburg, OR 97446

CITY ADMINISTRATION

BRIAN LATTA City Administrator
P.O. Box 378, Harrisburg, OR 97446

TIM GAINES Financial Officer
P.O. Box 378, Harrisburg, OR 97446

CITY OF HARRISBURG

AUDIT REPORT

JUNE 30, 2018

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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, 2018 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 principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 my 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-13, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 54-56, and pension schedules on pages 57-60 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 and the pension schedules 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 54-56 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. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

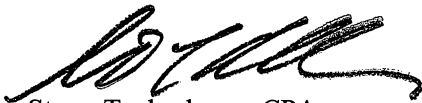
Other Information

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 other supplementary information on pages 61-90 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Harrisburg.

The other supplementary information on pages 61-90 is the responsibility of management and was 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 other supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated February 6, 2019, on my consideration of the City of Harrisburg's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on the City's compliance.



Steve Tuchscherer, CPA
February 6, 2019

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
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, 2018. 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, 2018 are as follows:

- The City's net position decreased by \$89,803 which represents a 0.6 percent decrease from the previous year.
- Total revenue for the City was \$3,636,018. That is a 2.5 percent increase from the previous year. General revenues accounted for \$1,799,875 of revenue, or 49.5 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$1,819,080 or 50 percent of total revenues. Operating grants received a total \$17,063 or 0.5 percent of total revenues. There were no capital grants received this year.
- The City had \$3,598,483 in program expenses. Of the program expenses, \$716,462 was for providing water service and \$1,061,259 was for providing sewer service.
- The City's long-term liabilities increased \$3,153,031, an 80 percent increase from the previous year due to an increase in bonds and notes payable of \$3,072,024. This amount includes a new issuance of a bond and note for the Harrisburg Redevelopment Agency.
- Among the governmental funds, the General Fund had \$1,195,103 in revenues, which primarily consisted of property taxes and franchise taxes. The Street Fund had \$301,225 in revenues, which primarily consisted of intergovernmental revenues. The Harrisburg Redevelopment Agency Fund had \$366,875 in revenues, which primarily consisted of property taxes. The HRA also had \$3,192,996 in loan proceeds for the current year.
- Among proprietary funds, the Water Fund had \$624,340 in operating revenues, which primarily consisted of user fees. The Sewer Fund had \$884,399 in operating 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, 2018
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 schedules 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 20-22 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.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

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 Street Fund, and the Harrisburg Redevelopment Agency Fund. The required supplementary information immediately follows the notes to the financial statements.

Other supplementary 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 \$14,536,569 this is a decrease of \$89,803 or 0.6%.

A portion of the City's net position (38.8 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.

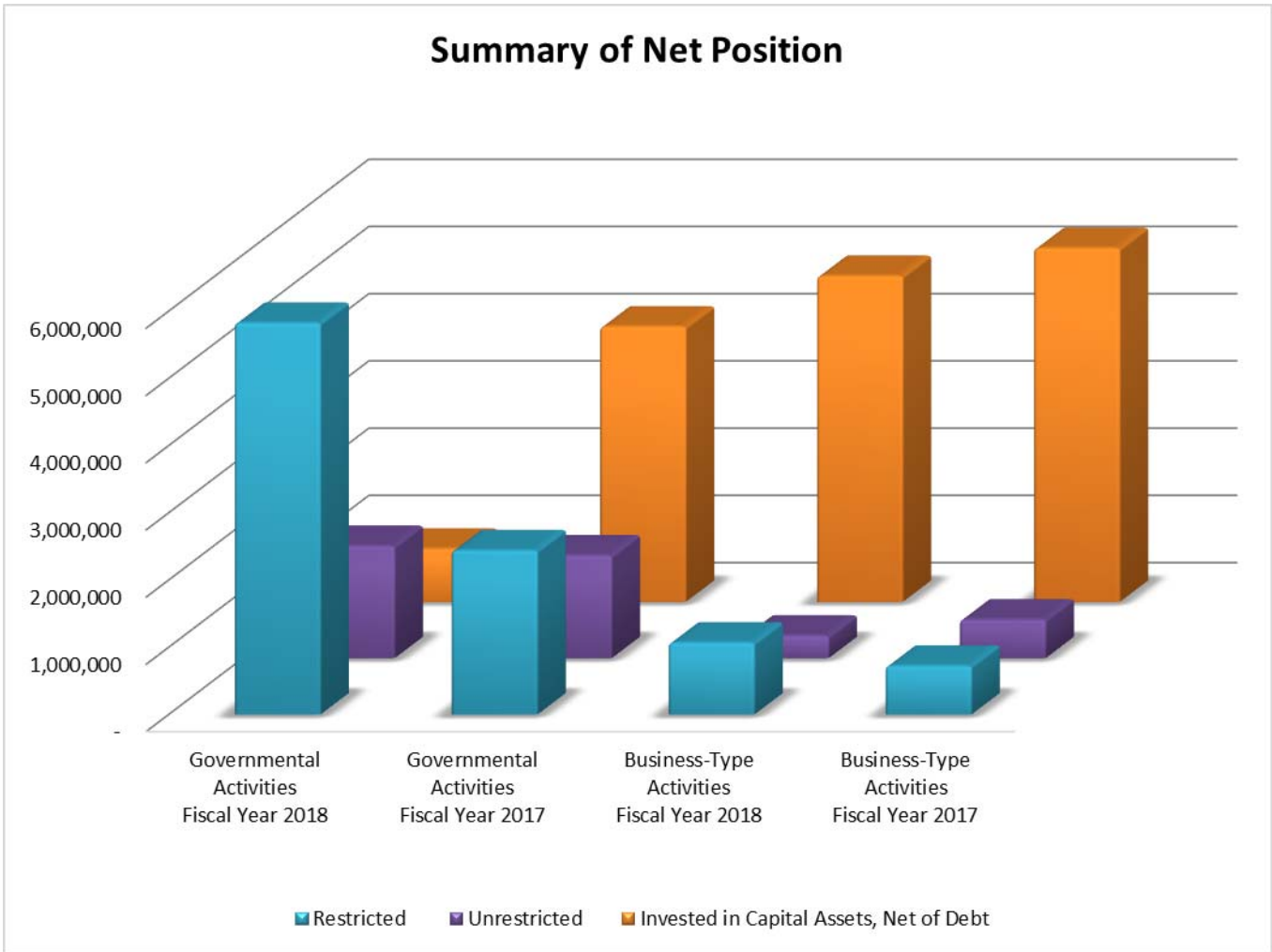
CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
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The following table provides a summary of the City's net position for the current and prior year.

	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 7,966,397	\$ 4,447,085	\$ 1,828,359	\$ 1,749,184	\$ 9,794,756	\$ 6,196,269
Capital Assets	4,817,214	5,029,476	7,036,481	7,356,411	11,853,695	12,385,887
Total Assets	<u>12,783,611</u>	<u>9,476,561</u>	<u>8,864,840</u>	<u>9,105,595</u>	<u>21,648,451</u>	<u>18,582,156</u>
Deferred Outflow of Resources	<u>245,387</u>	<u>272,791</u>	<u>275,667</u>	<u>295,982</u>	<u>521,054</u>	<u>568,773</u>
Liabilities						
Current Liabilities	297,072	224,942	115,186	192,543	412,258	417,485
Long-Term Liabilities	4,387,250	1,379,156	2,706,469	2,561,532	7,093,719	3,940,688
Total Liabilities	<u>4,684,322</u>	<u>1,604,098</u>	<u>2,821,655</u>	<u>2,754,075</u>	<u>7,505,977</u>	<u>4,358,173</u>
Deferred Inflow of Resources	<u>59,791</u>	<u>79,800</u>	<u>67,167</u>	<u>86,584</u>	<u>126,958</u>	<u>166,384</u>
Net Position						
Net Investment in Capital Assets	790,439	4,094,996	4,848,567	5,262,147	5,639,006	9,357,143
Restricted	5,583,484	2,442,512	1,068,616	723,894	6,652,100	3,166,406
Unrestricted	1,910,961	1,527,945	334,501	574,877	2,245,462	2,102,822
Total Net Position	<u>\$ 8,284,885</u>	<u>\$ 8,065,453</u>	<u>\$ 6,251,684</u>	<u>\$ 6,560,918</u>	<u>\$ 14,536,569</u>	<u>\$ 14,626,371</u>

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
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See the chart below to gain an understanding of the City's actual financial position and how each component relates to the activities performed.



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, 2018 were \$3,636,018. The total cost of all programs and services was \$3,598,483. 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>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>
Revenues						
Program Revenues						
Charges for Services	\$ 310,341	\$ 204,347	\$ 1,508,739	\$ 1,422,449	\$1,819,080	\$1,626,796
Operating Grants and Contributions	17,063	20,688	-	-	17,063	20,688
Total Program Revenues	327,404	225,035	1,508,739	1,422,449	1,836,143	1,647,484
General Revenues						
Local Sources						
Property Taxes, Franchise Fees, & Public Service Taxes	1,654,348	1,838,075	-	-	1,654,348	1,838,075
Interest & Investment Earnings	114,501	42,329	31,026	18,957	145,527	61,286
Total General Revenues	1,768,849	1,880,404	31,026	18,957	1,799,875	1,899,361
Total Revenues	2,096,253	2,105,439	1,539,765	1,441,406	3,636,018	3,546,845
Program Expenses						
General Government	764,140	904,324	-	-	764,140	904,324
Public Safety	249,857	280,448	-	-	249,857	280,448
Public Works	394,518	174,939	-	-	394,518	174,939
Culture and Recreation	138,332	83,690	-	-	138,332	83,690
Urban Renewal Projects	80,004	10,570	-	-	80,004	10,570
Interest and Fees on Long-Term Debt	193,912	44,598	-	-	193,912	44,598
Utility Services						
Water Utilities	-	-	716,462	639,562	716,462	639,562
Sewer Utilities	-	-	1,061,259	883,181	1,061,259	883,181
Total Program Expenses	1,820,762	1,498,569	1,777,721	1,522,743	3,598,483	3,021,312
Transfers	102,000	76,000	(102,000)	(76,000)	-	-
Special Items	(158,059)	-	30,722	88,000	(127,337)	88,000
Change in Net Position	<u>\$ 219,431</u>	<u>\$ 682,870</u>	<u>\$ (309,234)</u>	<u>\$ (69,337)</u>	<u>\$ (89,803)</u>	<u>\$ 613,533</u>

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Management's Discussion and Analysis (MD&A)
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Unaudited

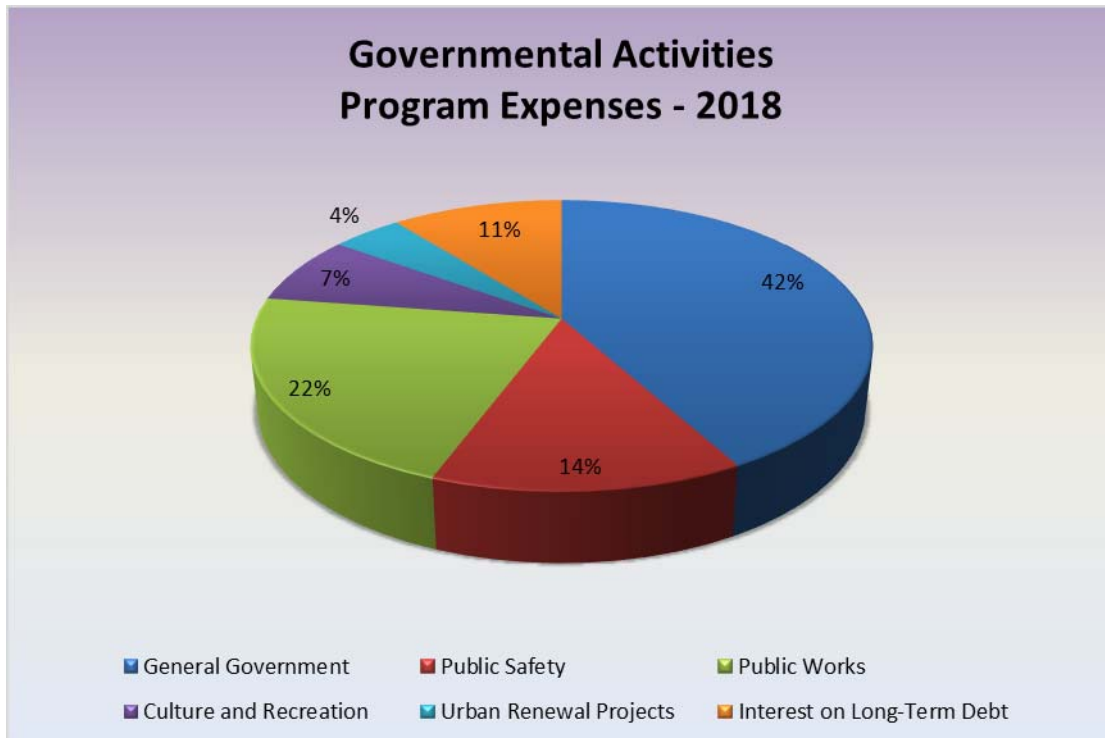
The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the City. The table also shows each function's 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.

Governmental Activities

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>
General Government	\$ 764,140	\$ 904,324	\$ (740,656)	\$ (861,092)
Public Safety	249,857	280,448	(227,465)	(260,443)
Public Works	394,518	174,939	(130,053)	(33,829)
Culture and Recreation	138,332	83,690	(121,269)	(63,002)
Urban Renewal Projects	80,004	10,570	(80,004)	(10,570)
Interest Expense	<u>193,912</u>	<u>44,598</u>	<u>(193,912)</u>	<u>(44,598)</u>
Total Program Expenses	<u>\$1,820,762</u>	<u>\$1,498,569</u>	<u>\$(1,493,358)</u>	<u>\$(1,273,534)</u>

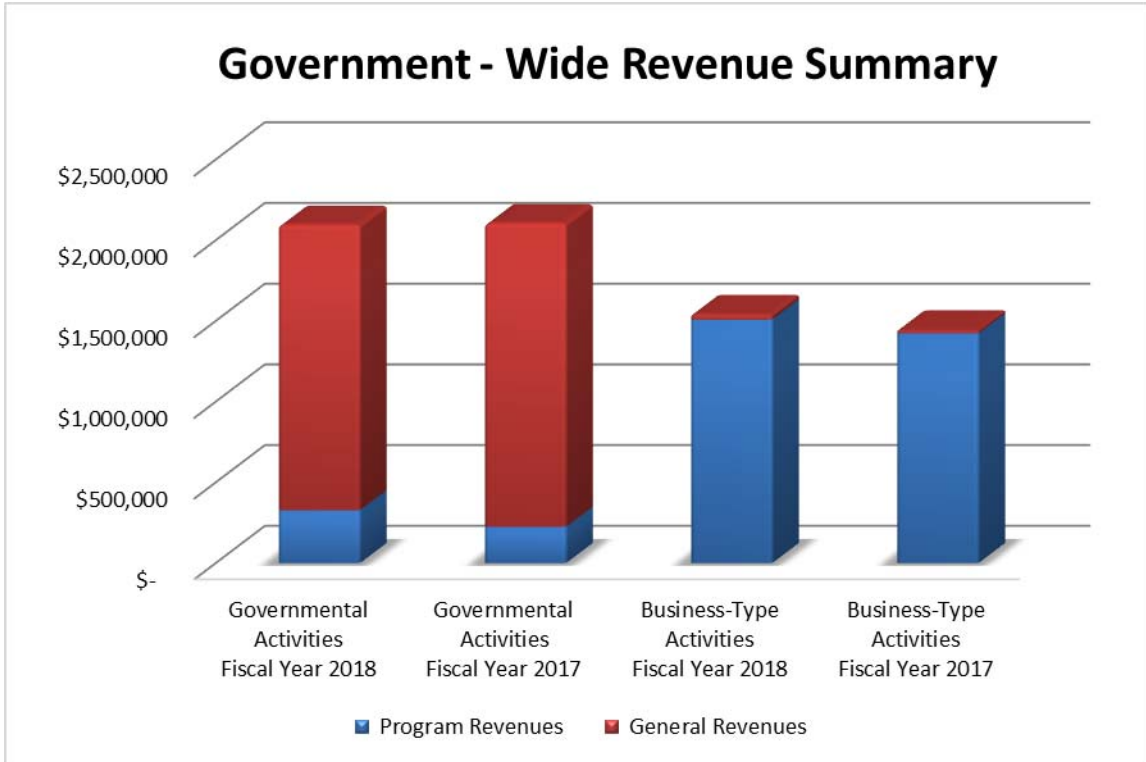
The dependence on general revenues for general government activities is apparent. For the current year, 82 percent of general government activities are supported through general revenues

This graph represents the cost of the City's Program expenses by governmental activities.



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Management's Discussion and Analysis (MD&A)
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The following chart analyzes the revenue between governmental activities and business-type activities from prior to current year.



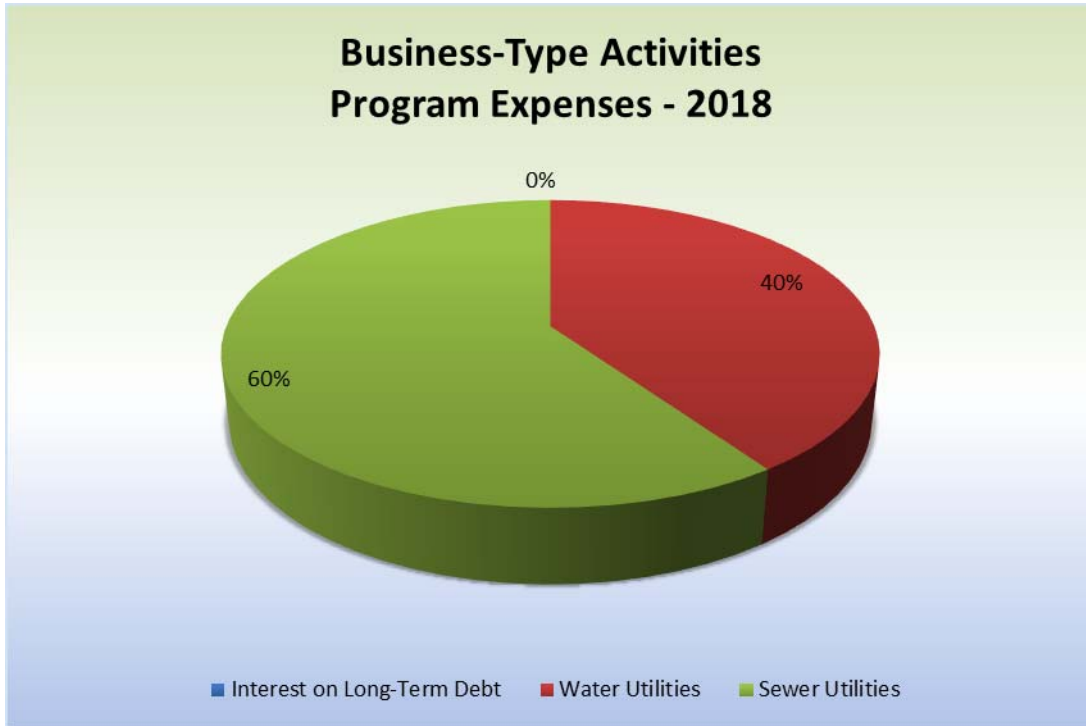
Business-Type Activities

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>
Utility Services	<u>\$1,777,721</u>	<u>\$1,522,743</u>	<u>\$ (268,982)</u>	<u>\$ (100,294)</u>
Total Program Expenses	<u>\$1,777,721</u>	<u>\$1,522,743</u>	<u>\$ (268,982)</u>	<u>\$ (100,294)</u>

Business type activities decreased the City's net position by approximately \$309,234. Of the business-type activities, the Water and Sewer funds accounted for approximately 41% and 59% of revenues, respectively.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

This graph represents the cost of the City's Program expenses by business-type activities



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.

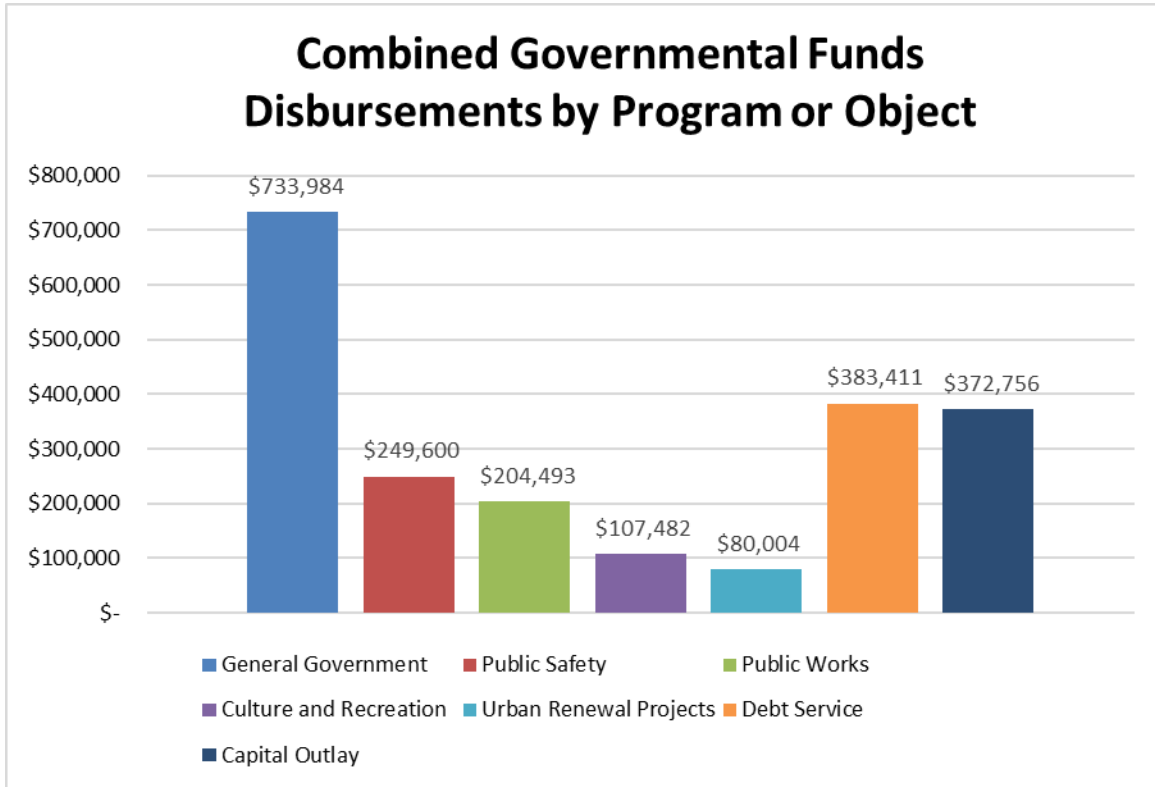
Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$7,649,711, an increase of \$3,688,505. This is due to loan proceeds for HRA development projects of \$3,192,996. The fund balance constitutes restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$494,291 is restricted for public works projects, \$73,344 is restricted for debt service, \$1,713,325 is restricted for capital projects, \$3,301,524 is restricted for urban renewal projects, \$1,033,891 is committed for various programs, and \$1,032,336 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 \$1,032,336, an increase of \$230,981.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Following is a comparison of current expenditures by program of the governmental funds.

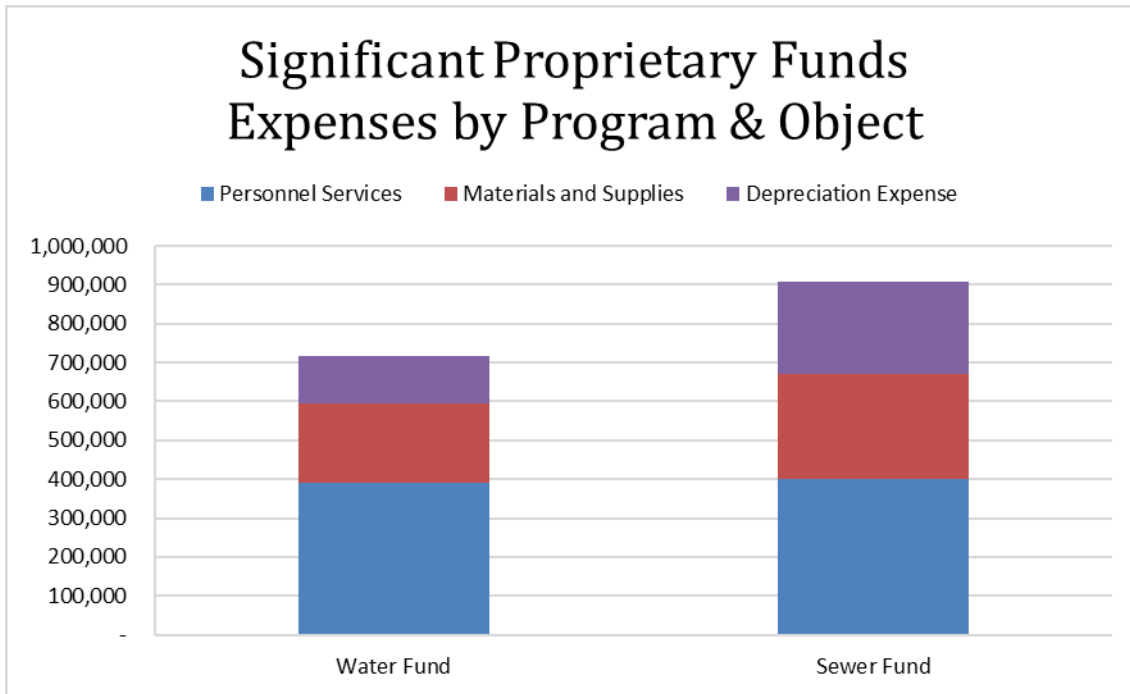


Proprietary Funds

The City's enterprise funds reported unrestricted net position of \$333,037, a decrease of \$241,840. The enterprise funds also report \$125,155 in restricted net position for debt service, \$943,461 in restricted net position for public works projects and \$4,848,567 in net position invested in capital assets, net of related debt.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Following is a comparison of current expenses by program of the proprietary funds.



Budgetary Highlights

General Fund resources were budgeted and anticipated to be available in the amount of \$1,872,509 during the fiscal year. Actual resources of \$2,196,458 were available, \$323,949 more than budgeted. General Fund expenditures budget was under-spent by \$708,387. The ending fund balance was greater than what was budgeted by \$1,032,336 and greater than the prior year by \$230,981.

The Water Fund balance decreased during the fiscal year and the Sewer Fund balance decreased. Both funds remained within the expenditure budgets in all appropriation areas. The Water Fund's actual resources were more than budgeted by \$91,538. The Sewer Fund's actual resources were more than budgeted by \$67,459.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the City had invested, before net reduction for accumulated depreciation, \$21,877,472 in capital assets, including buildings, land, vehicles, water and sewer utility systems, construction in progress and other equipment. This amount represents a decrease of \$17,259 from the prior year due to deletions being higher than additions. In the governmental funds there were \$362,867 of additions and \$417,853 of deletions in the current year and in the enterprise funds there were \$37,727 of additions.

Total depreciation expense for the year was \$605,449; of which \$247,792 is associated with general government activities, \$123,043 from water utilities, and \$234,615 from sewer utilities. Additional information on the City's capital assets can be found in the Capital Asset Note of the Notes to the Basic Financial Statements section of this report.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Long-Term Debt

At June 30, 2018 the City had total long-term debt outstanding of \$5,752,237. The City refunded two existing loans – the USDA general obligation bonds for water system improvements and USDA revenue bonds for sewer system improvements into a full faith and credit bond with US Bank. They also issued new debt for the URA in the amount of \$2,405,000 in bonds and \$531,000 in notes for HRA development projects. Principal paid on existing debt was \$3,207,507, which included the refunded debt of \$3,028,744. Interest paid on the debt amounted to \$290,041. Additional information on the City's long-term debt can be found in the Long-Term Debt Note of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

A number of factors were considered by the City's officials during the process of developing the fiscal year 2018-19 budget. The City's budget for the fiscal year ending June 30, 2019 represents an overall increase of 12 percent when compared with the current fiscal year. The City considered the current economic environment, an increase in property tax revenues as a result of an increase in assessed property values, limited growth in other revenues (i.e. building permits, land use application fees, systems development charges), and expected inflationary increases in expenditures when establishing the budget. Public Works projects for the next fiscal year are primarily limited to maintenance and projects for which outside funding has been obtained through grants.

Amounts available for appropriation in the General Fund are \$2,496,437 for the fiscal year 2018-19, an increase of \$551,754 or 28 percent. The increase is largely attributable to anticipated proceeds of \$400,000 from a Linn County housing grant for a low-income house repair program for residents in Linn County, an increase in beginning fund balance, as well as a property tax revenue increase from the prior fiscal year.

The City is budgeting a \$286,900 or 29 percent increase in total Water Fund revenues. This is largely the result of a budgeted \$350,000 inter-fund loan from the sewer reserve fund to finance the 1st year's surveying and engineering work on the Water Improvement Project. The City is budgeting a \$61,860 or 5 percent decrease in Sewer Fund Revenue. This is largely the result of a 21 percent decrease in budgeted beginning fund balance. The City is budgeting a \$226,750 or 29 percent increase in total Street Fund revenues. This is largely the result of an increase in budgeted intergovernmental revenue for a SCA grant.

The Redevelopment Agency secured additional financing to complete additional projects identified in the Plan. Surveying and engineering work is currently being completed and it is expected street and infrastructure work in the downtown will begin in the spring/summer of 2019.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2017-18 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 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, 2018

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 7,486,506	\$ 1,501,848	\$ 8,988,354
Receivables	339,672	125,543	465,215
Inventory	-	74,349	74,349
Deposits	138,916	-	138,916
Total Current Assets	7,965,094	1,701,740	9,666,834
Restricted Assets:			
Sinking Funds for Debt Service	-	125,155	125,155
Net OPEB Asset (RHIA)	1,303	1,464	2,767
Total Restricted Assets	1,303	126,619	127,922
Capital Assets:			
Land and Construction In Progress	449,054	795,323	1,244,377
Depreciable Assets, Net of Depreciation	4,368,160	6,241,158	10,609,318
Total Capital Assets, Net of Depreciation	4,817,214	7,036,481	11,853,695
Total Assets	12,783,611	8,864,840	21,648,451
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	243,783	273,865	517,648
OPEB Related Deferrals - RHIA	1,604	1,802	3,406
Total Deferred Outflows of Resources	245,387	275,667	521,054
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	78,352	21,232	99,584
Payroll Payable	48,812	-	48,812
Accrued Compensated Absences	22,528	14,135	36,663
Interest Payable	8,762	4,779	13,541
Deposits	2,989	36,273	39,262
Current Portion of Long-Term Liabilities:			
Notes Payable	105,629	-	105,629
Bonds Payable	30,000	38,767	68,767
Total Current Liabilities	297,072	115,186	412,258
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	346,608	-	346,608
Bonds Payable (Net of unamortized premium)	3,544,538	2,149,147	5,693,685
Net Pension Liability	496,104	557,322	1,053,426
Total Long-Term Liabilities	4,387,250	2,706,469	7,093,719
Total Liabilities	4,684,322	2,821,655	7,505,977
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Pension Related Deferrals	59,143	66,441	125,584
OPEB Related Deferrals - RHIA	648	726	1,374
Total Deferred Inflow of Resources	59,791	67,167	126,958
<u>NET POSITION:</u>			
Net Investment in Capital Assets	790,439	4,848,567	5,639,006
Restricted for:			
Debt Service	74,344	125,155	199,499
Public Works	494,291	943,461	1,437,752
Capital Projects	1,713,325	-	1,713,325
Urban Renewal Projects	3,301,524	-	3,301,524
Unrestricted	1,910,961	334,501	2,245,462
Total Net Position	\$ 8,284,885	\$ 6,251,684	\$ 14,536,569

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, 2018

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 764,140	\$ 23,484	\$ -	\$ -	\$ (740,656)
Public Safety	249,857	22,392	-	-	(227,465)
Public Works	394,518	264,465	-	-	(130,053)
Culture and Recreation	138,332	-	17,063	-	(121,269)
Urban Renewal Projects	80,004	-	-	-	(80,004)
Interest and Fees Expense	193,912	-	-	-	(193,912)
Total Governmental Activities	\$ 1,820,762	\$ 310,341	\$ 17,063	\$ -	\$ (1,493,358)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	\$ 716,462	\$ 624,340	\$ -	\$ -	\$ (92,122)
Sewer Utilities	1,061,259	884,399	-	-	(176,860)
Total Business-type Activities	\$ 1,777,721	\$ 1,508,739	\$ -	\$ -	\$ (268,982)
Total Primary Government	\$ 3,598,483	\$ 1,819,080	\$ 17,063	\$ -	\$ (1,762,340)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>CHANGES IN NET POSITION:</u>			
Net (expense) revenue	\$ (1,493,358)	\$ (268,982)	\$ (1,762,340)
General Revenues:			
Property Taxes, levied for general purposes	606,168	-	606,168
Property Taxes, levied for debt service	58,036	-	58,036
Property Taxes, levied for urban renewal programs	310,489	-	310,489
Intergovernmental Tax Turnovers	400,794	-	400,794
Franchise Taxes	334,890	-	334,890
Other Taxes and Assessments	(56,029)	-	(56,029)
Interest and Investment Earnings	114,501	31,026	145,527
Subtotal - General Revenues	1,768,849	31,026	1,799,875
<i>Special Item</i> - Gain (Loss) on Disposition of Assets	(127,337)	-	(127,337)
Interfund Transfers	102,000	(102,000)	-
Equity Transfers	(30,722)	30,722	-
Total general revenues, special items, and transfers	1,712,790	(40,252)	1,672,538
Change in Net Position	219,431	(309,234)	(89,803)
Net Position, July 1, 2017	8,065,453	6,560,918	14,626,371
Net Position, June 30, 2018	\$ 8,284,885	\$ 6,251,684	\$ 14,536,569

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

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

CITY OF HARRISBURG

BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2018

	<u>Component Unit</u>				
	<u>General</u>	<u>Street</u>	<u>Harrisburg</u> <u>Redevelopment</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Agency</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS:</u>					
Cash and Investments	\$ 1,015,332	\$ 495,270	\$ 3,250,077	\$ 2,725,827	\$ 7,486,506
Receivables:					
Accounts, net	74,029	-	-	6,134	80,163
Assessments	-	49,665	-	86,036	135,701
Property Tax	51,440	-	25,409	5,400	82,249
Loans	-	-	41,559	-	41,559
Deposits	-	-	-	138,916	138,916
Total Assets	\$ 1,140,801	\$ 544,935	\$ 3,317,045	\$ 2,962,313	\$ 7,965,094
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>					
LIABILITIES:					
Accounts Payable	\$ 25,338	\$ 979	\$ 674	\$ 51,361	\$ 78,352
Payroll Payable	48,812	-	-	-	48,812
Deposits	2,989	-	-	-	2,989
Total Liabilities	77,139	979	674	51,361	130,153
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Delinquent Property Tax Revenue Not Available	31,326	-	14,847	3,356	49,529
Uncollected Assessments	-	49,665	-	86,036	135,701
Total Deferred Inflows of Resources	31,326	49,665	14,847	89,392	185,230
FUND BALANCES:					
Restricted for:					
Debt Service	-	-	-	74,344	74,344
Public Works	-	494,291	-	-	494,291
Capital Projects	-	-	-	1,713,325	1,713,325
Urban Renewal Projects	-	-	3,301,524	-	3,301,524
Committed for:					
Parks and Recreation Programs	-	-	-	31,065	31,065
Community Development Projects	-	-	-	43,901	43,901
Public Works	-	-	-	241,465	241,465
Equipment Acquisition	-	-	-	717,460	717,460
Unassigned	1,032,336	-	-	-	1,032,336
Total Fund Balances	1,032,336	494,291	3,301,524	2,821,560	7,649,711
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 1,140,801	\$ 544,935	\$ 3,317,045	\$ 2,962,313	\$ 7,965,094

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, 2018

Total Fund Balances - Governmental Funds	\$ 7,649,711
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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 -	\$ 7,237,535	
The accumulated depreciation is -	<u>(2,420,321)</u>	
Net Value of Assets		4,817,214

Net OPEB and pension assets/liabilities reported in governmental activities are not financial resources and therefore are not reported in the governmental funds. (494,801)

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

Property Taxes	49,529	
Assessments	<u>135,701</u>	
		185,230

Deferred inflows and outflows of pension contributions and earnings are not reported in the governmental funds

Net Pension and OPEB Related Deferrals		185,596
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Interest Payable is not recorded in the governmental funds: (8,762)

Accrued Compensated Absences are not recorded in the governmental funds: (22,528)

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

	<u>(4,026,775)</u>
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Net Position of Governmental Activities

\$ 8,284,885

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

CITY OF HARRISBURG

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2018

	<u>Component Unit</u>				
	General Fund	Street Fund	Harrisburg Redevelopment Agency Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>					
Taxes and Assessments	\$ 621,229	\$ 4,873	\$ 322,239	\$ 131,057	\$ 1,079,398
Intergovernmental	117,790	280,685	-	2,319	400,794
Franchise Taxes	334,890	-	-	-	334,890
Licenses & Permits	63,392	-	-	-	63,392
Charges for Service	-	-	-	192,418	192,418
Fines and Forfeitures	22,392	-	-	-	22,392
Investment Revenue	11,926	7,012	44,636	50,927	114,501
Other Revenue	23,484	8,655	-	17,063	49,202
Total Revenues	1,195,103	301,225	366,875	393,784	2,256,987
<u>EXPENDITURES:</u>					
Current Operating:					
General Government	687,560	-	-	46,424	733,984
Public Safety	249,600	-	-	-	249,600
Public Works	-	191,248	-	13,245	204,493
Culture and Recreation	15,000	-	-	92,482	107,482
Urban Renewal Projects	-	-	80,004	-	80,004
Debt Service:					
Principal	-	-	78,763	40,000	118,763
Interest and Fees	-	-	170,504	94,144	264,648
Capital Outlay	39,962	22,241	22,771	287,782	372,756
Total Expenditures	992,122	213,489	352,042	574,077	2,131,730
Excess (Deficiency) of Revenues					
Over Expenditures	202,981	87,736	14,833	(180,293)	125,257
<u>OTHER FINANCING SOURCES (USES):</u>					
Interfund Transfers In	-	30,000	-	262,000	292,000
Interfund Transfers (Out)	(172,000)	(18,000)	-	-	(190,000)
Proceeds from Sale of Assets	200,000	-	-	-	200,000
Loan Proceeds In	-	-	3,192,996	68,252	3,261,248
Total Other Financing Sources (Uses)	28,000	12,000	3,192,996	330,252	3,563,248
Net Change in Fund Balances	230,981	99,736	3,207,829	149,959	3,688,505
Fund Balances - July 1, 2017	801,355	394,555	93,695	2,671,601	3,961,206
Fund Balances - June 30, 2018	\$ 1,032,336	\$ 494,291	\$ 3,301,524	\$ 2,821,560	\$ 7,649,711

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, 2018

Net Changes in Fund Balances - Total Governmental Funds \$ 3,688,505

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	\$ 362,867	
Less current year depreciation	<u>(247,792)</u>	
		115,076

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	(34,795)	
Assessments	<u>(125,936)</u>	
		(160,731)

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.	70,736
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Changes to vacation payable are reported as a change in expenses 11,481

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 (3,261,248)

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	78,763	
General Obligations Bonds	<u>40,000</u>	
		118,763

Gain (Loss) on disposition of capital assets is not reported in the fund financial statements. (127,337)

Proceeds from Disposition of Assets is not reported as income in the Statement of Activities (200,000)

Adjustment for pension costs on accrued basis (35,810)

Change in Net Position of Governmental Activities **\$ 219,434**

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

BASIC FINANCIAL
STATEMENTS

Proprietary Fund
Financial Statements

CITY OF HARRISBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 508,853	\$ 992,995	\$ 1,501,848
Receivables	58,316	67,227	125,543
Inventory	68,838	5,511	74,349
Total Current Assets	636,007	1,065,733	1,701,740
Restricted Assets:			
Sinking Funds for Debt Service	-	125,155	125,155
Net OPEB Asset (RHIA)	732	732	1,464
Total Restricted Assets	732	125,887	126,619
Capital Assets:			
Land and Construction In Progress	290,506	504,817	795,323
Depreciable Assets, Net of Depreciation	2,245,008	3,996,150	6,241,158
Total Capital Assets	2,535,514	4,500,967	7,036,481
Total Assets	3,172,253	5,692,587	8,864,840
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	136,931	136,934	273,865
OPEB Related Deferrals - RHIA	901	901	1,802
Total Deferred Outflow of Resources	\$ 137,832	\$ 137,835	\$ 275,667
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	15,137	6,095	21,232
Accrued Compensated Absences	7,067	7,068	14,135
Interest Payable	-	4,779	4,779
Customer Deposits	18,414	17,859	36,273
Current Portion of Long-Term Liabilities:			
Bond Payable	-	38,767	38,767
Total Current Liabilities	40,618	74,568	115,186
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bonds Payable (Net of unamortized premium)	-	2,149,147	2,149,147
Net Pension Liability	278,658	278,664	557,322
Total Long-Term Liabilities	278,658	2,427,811	2,706,469
Total Liabilities	319,276	2,502,379	2,821,655
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Pension Related Deferrals	33,220	33,221	66,441
OPEB Related Deferrals - RHIA	363	363	726
Total Deferred Inflow of Resources	\$ 33,583	\$ 33,584	\$ 67,167
<u>NET POSITION:</u>			
Net Investment in Capital Assets	2,535,514	2,313,053	4,848,567
Restricted for Debt Service	-	125,155	125,155
Restricted for Public Works	247,619	695,842	943,461
Restricted for Net Pension Asset	732	732	1,464
Unrestricted	173,361	159,676	333,037
Total Net Position	\$ 2,957,226	\$ 3,294,458	\$ 6,251,684

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, 2018

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<u>OPERATING REVENUES:</u>			
Charges for Services & Fees	\$ 599,777	\$ 732,564	\$ 1,332,341
Other Revenue	24,563	151,835	176,398
Total Operating Revenues	624,340	884,399	1,508,739
<u>OPERATING EXPENSES:</u>			
Personnel Services	391,536	399,097	790,633
Materials and Supplies	201,883	273,040	474,923
Depreciation Expense	123,043	234,615	357,658
Total Operating Expenses	716,462	906,752	1,623,214
Operating Income (Loss)	(92,122)	(22,353)	(114,475)
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Investment Revenue	9,163	21,863	31,026
Interest Expense	-	(72,891)	(72,891)
Bond Refunding Expense	-	(81,616)	(81,616)
Total Non-Operating Revenues (Expenses)	9,163	(132,644)	(123,481)
Income Before Other Revenues, Expenses, and Transfers	(82,959)	(154,997)	(237,956)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers to Other Funds	(161,000)	(201,000)	(362,000)
Transfers from Other Funds	110,000	150,000	260,000
Capital Asset Transfers In (Out)	15,361	15,361	30,722
Total Capital Contributions and Transfers	(35,639)	(35,639)	(71,278)
Changes in Net Position	(118,598)	(190,636)	(309,234)
Net Position, July 1, 2017	3,075,824	3,485,094	6,560,918
Net Position, June 30, 2018	\$ 2,957,226	\$ 3,294,458	\$ 6,251,684

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, 2018

	Water Utility	Sewer Utility	Total Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash Received from User Charges	\$ 622,392	\$ 892,913	\$ 1,515,305
Cash Payments for Employee Services	(368,014)	(375,565)	(743,579)
Cash Payments to Suppliers	(233,331)	(284,365)	(517,696)
Net Cash Provided (Used) by Operating Activities	21,047	232,983	254,030
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>			
Transfer to Other Funds	(161,000)	(201,000)	(362,000)
Transfer from Other Funds	110,000	150,000	260,000
Net Cash Provided (Used) by Non-capital Financing Activities	(51,000)	(51,000)	(102,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of Capital Assets	(7,005)	-	(7,005)
Principal Paid on Long Term Debt	-	93,650	93,650
Interest and Fees Paid on Long Term Debt	-	(215,052)	(215,052)
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,005)	(121,402)	(128,407)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment Income	9,163	21,863	31,026
Net Cash Provided (Used) by Investing Activities	9,163	21,863	31,026
Cash and Cash Equivalents at July 1, 2017	536,648	1,035,706	1,572,354
Cash and Cash Equivalents at June 30, 2018	\$ 508,853	\$ 1,118,150	\$ 1,627,003

Reconciliation of income (loss) from operations

<u>to net cash provided (used) by operating activities:</u>			
Income (loss) from operations	\$ (92,122)	\$ (22,353)	\$ (114,475)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	123,043	234,615	357,658
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(2,393)	8,274	5,881
Decrease (increase) in inventory	(29,363)	420	(28,943)
Increase (decrease) in deposits	445	240	685
Increase (decrease) in payables	(3,919)	(13,578)	(17,497)
Increase (decrease) in pension related accounts	25,356	25,365	50,721
Net cash provided (used) by operating activities	\$ 21,047	\$ 232,983	\$ 254,030

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

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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 is 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, 2018

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.

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 Community & Economic Development Fund, Office Equipment Fund, Equipment Reserve Fund, Library Fund, Bike Path Reserve Fund, Storm Drain Reserve Fund, Transportation SDC Fund, Parks SDC Fund, Storm SDC Fund, Water SDC Fund, and Sewer SDC 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, 2018

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, 2018

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, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

F. 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.

G. Receivables

Amounts due from individuals and organizations are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the City. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources. (See note 1.J.)

H. Deferred Inflows/Outflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has two items that qualifies for reporting in this category, deferred pension contributions and OPEB related deferrals.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualifies for reporting in this category, deferred earnings on pension assets and OPEB related deferrals.

In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

I. 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.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

J. 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, 2018 the City had sinking funds for debt service of \$100,125 in restricted assets.

K. 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.

L. 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

M. 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, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

N. Equity Classifications:

Government-wide Statements and Proprietary Fund Financial Statements

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

- a. Net investment in capital assets - 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.

Governmental 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, 2018.
- 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, capital 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, 2018.
- 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’s policy is to 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 the constrained fund balances.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

O. 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.

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.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP) and additions to/deductions from OPERF's and OPSRP's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). 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.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

CASH AND INVESTMENTS (CONT.):

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, 2018, the reported amount of the City's deposits was \$350,402 and the bank balance was \$432,905. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

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, 2018, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2018, 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>\$ 8,763,067</u>	N/A
Total Investments	<u>\$ 8,763,067</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.

RECEIVABLES:

The following is a summary of receivable balances reported on the statement of net position at June 30, 2018:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts, net	\$ 80,163	\$ 125,543
Assessments	135,701	-
Property Tax	82,249	-
Loans	41,559	-
Total	<u>\$ 339,672</u>	<u>\$ 125,543</u>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2018:

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
Assets not being depreciated:				
Land	\$ 582,361	\$ -	\$ 186,891	\$ 395,470
Construction in Progress	791,032	1,390	738,838	53,584
Total	1,373,393	1,390	925,729	449,054
Assets being depreciated:				
Land Improvement	622,956	-	9,742	613,214
Building and Building Improvement	1,090,757	32,565	207,580	915,742
Machinery and Equipment	548,986	44,832	12,702	581,116
Infrastructure	3,656,428	1,022,918	938	4,678,408
Total Depreciable Assets	5,919,127	1,100,315	230,962	6,788,480
Less: Accumulated Depreciation				
Land Improvement	260,996	22,762	-	283,758
Building and Building Improvement	405,983	24,735	77,814	352,904
Machinery and Equipment	282,773	33,891	12,702	303,962
Infrastructure	1,313,293	166,404	-	1,479,697
Total Accumulated Depreciation	2,263,045	247,792	90,516	2,420,321
Net Value of Capital Assets Being Depreciated	3,656,083	852,523	140,446	4,368,160
Total Governmental Activities -- Net Value of Capital Assets	<u>\$ 5,029,476</u>	<u>\$ 853,913</u>	<u>\$ 1,066,175</u>	<u>\$ 4,817,214</u>
Depreciation expense was charged to the functions of governmental activities as follows:				
General Government		\$ 31,625		
Public Safety		257		
Public Works		184,969		
Culture and Recreation		30,941		
Total Depreciation Expense		<u>\$ 247,792</u>		

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

CAPITAL ASSETS (CONT.):

Business-Type Activities	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets not being depreciated:				
Land	\$ 533,872	\$ -	\$ -	\$ 533,872
Construction in Progress	<u>261,451</u>	<u>-</u>	<u>-</u>	<u>261,451</u>
Total	795,323	-	-	795,323
Assets being depreciated:				
Utility Systems	13,357,733	7,005	-	13,364,738
Land Improvement	-	-	-	-
Building and Building Improvement	-	-	-	-
Machinery and Equipment	<u>449,154</u>	<u>30,722</u>	<u>-</u>	<u>479,876</u>
Total Depreciable Assets	13,806,887	37,727	-	13,844,614
Less: Accumulated Depreciation				
Utility Systems	6,897,683	330,908	-	7,228,591
Land Improvement	-	-	-	-
Building and Building Improvement	-	-	-	-
Machinery and Equipment	<u>348,116</u>	<u>26,749</u>	<u>-</u>	<u>374,866</u>
Total Accumulated Depreciation	7,245,800	357,657	-	7,603,457
Net Value of Capital Assets Being Depreciated	<u>6,561,088</u>	<u>(319,930)</u>	<u>-</u>	<u>6,241,157</u>
Total Business-Type Activities -- Net Value of Capital Assets	<u>\$ 7,356,410</u>	<u>\$ (319,930)</u>	<u>\$ -</u>	<u>\$ 7,036,480</u>
Total Net Value of Capital Assets of Primary Government	<u>\$ 12,385,886</u>	<u>\$ 533,983</u>	<u>\$ 1,066,175</u>	<u>\$ 11,853,694</u>

Depreciation expense was charged to the functions of business-type activities as follows:

Water	\$ 123,043
Sewer	<u>234,615</u>
Total Depreciation Expense	<u>\$ 357,657</u>

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.

GOVERNMENTAL ACTIVITIES:

On August 24, 2017, the City issued \$930,000 in General Obligation Refunding Bonds, Series 2017 held by US Bank with an interest rate of 3.00 to 4.00% annually and maturity in fiscal year 2039 to refinance the November 1, 2000 General Obligation Bonds held by USDA Rural Development for Water System Improvements that had an original balance of \$1,174,000 and an interest rate of 4.75.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

LONG-TERM DEBT (CONT.):

GOVERNMENTAL ACTIVITIES (Cont.):

On August 24, 2017, the City issued \$2,405,000 in Full Faith and Credit Obligations, Series 2017, entered into with US Bank for HRA development projects with an interest rate between 2% and 4%.

On September 29, 2017, the Harrisburg Redevelopment Agency issued a note with KS State Bank Government Finance Department in the amount of \$531,000 with an interest rate of 4.55%. Proceeds of the note are for private loans/grants for redevelopment projects on private property.

BUSINESS-TYPE ACTIVITIES:

On September 27, 2005, the City issued Revenue Bonds held by USDA Rural Development for Sewer System Improvements. The original balance was \$2,431,600 with an interest rate of 4.125%. This debt was re-financed with a Full Faith and Credit Refunding Obligation, Series 2017 held by US Bank.

On August 24, 2017, the City issued \$2,065,000 in Full Faith and Credit Refunding Obligations, Series 2017, entered into with US Bank for the refinancing of USDA Revenue Bonds for Sewer Projects with an interest rate between 2% and 4%.

<u>Governmental Long-Term Debt</u>	<u>Outstanding Balance July 1, 2017</u>	<u>New Issues</u>	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Outstanding Balance June 30, 2018</u>	<u>Due Within One Year</u>
Bonds Payable:						
General Obligation Bonds held by USDA Rural Dev. Dept.	\$ 934,480	\$ -	\$ 934,480	\$ 35,991	\$ -	\$ -
General Obligation Refunding Bond, Series 2017 Full Faith and Credit Project Bond, Series 2017 - HRA Development Projects	-	930,000	40,000	25,892	890,000	30,000
	-	2,405,000	-	72,174	2,405,000	-
Total Bonds Payable	<u>934,480</u>	<u>3,335,000</u>	<u>974,480</u>	<u>134,057</u>	<u>3,295,000</u>	<u>30,000</u>
Notes Payable:						
KS State Bank Government Finance Dept. - HRA Development Loan	-	531,000	78,763	16,241	452,237	105,629
Total Governmental Long-Term Debt	<u>\$ 934,480</u>	<u>\$ 3,866,000</u>	<u>\$ 1,053,243</u>	<u>\$ 150,298</u>	<u>\$ 3,747,237</u>	<u>\$ 135,629</u>

<u>Business-Type Long-Term Debt</u>	<u>Outstanding Balance July 1, 2017</u>	<u>New Issues</u>	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Outstanding Balance June 30, 2018</u>	<u>Due Within One Year</u>
Bonds Payable:						
Revenue Bonds held by USDA Rural Development Dept.	\$ 2,094,264	\$ -	2,094,264	\$ 78,341	\$ -	\$ -
Full Faith and Credit Project and Refunding Bond, Series 2017	-	2,065,000	60,000	61,402	2,005,000	40,000
Total Business-Type Long-Term Debt	<u>\$ 2,094,264</u>	<u>\$ 2,065,000</u>	<u>\$ 2,154,264</u>	<u>\$ 139,743</u>	<u>\$ 2,005,000</u>	<u>\$ 40,000</u>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

LONG-TERM DEBT (CONT.):

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

General Obligation and Full Faith and Credit Bonds:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 70,000	\$ 204,250	\$ 274,250
2020	75,000	202,150	277,150
2021	80,000	199,900	279,900
2022	80,000	197,500	277,500
2023	200,000	194,650	394,650
2024 - 2028	1,130,000	867,950	1,997,950
2029 - 2033	1,370,000	628,000	1,998,000
2034 - 2038	1,455,000	331,000	1,786,000
2039 - 2043	510,000	126,400	636,400
2044 - 2048	330,000	26,800	356,800
Total	<u>\$ 5,300,000</u>	<u>\$ 2,978,600</u>	<u>\$ 8,278,600</u>

Notes Payable:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 105,629	\$ 20,577	\$ 126,206
2020	110,435	15,771	126,206
2021	115,460	10,746	126,206
2022	120,713	5,492	126,205
Total	<u>\$ 452,237</u>	<u>\$ 52,586</u>	<u>\$ 504,823</u>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN:

Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a cost-sharing multiple-employer defined benefit pension plan.

Description of Benefit Terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

1. Tier One/Tier Two Retirement Benefit (Chapter 238). Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN (Cont.):

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2017 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Defined Benefit Pension Program (OPSRP DB). The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

Pension Benefits

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2017 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. IAP Plan Description:

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP)

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN (Cont.):

may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2018 were \$162,457, excluding amounts to fund employer specific liabilities.

Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:
http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN (Cont.):

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is our independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation</u>
Cash	0.0% - 3.0%	0.0%	Cash	3.9%
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	20.7%
Public Equity	32.5% - 42.5%	37.5%	Public Equity	37.9%
Real estate	9.5% - 15.5%	12.5%	Real estate	12.0%
Private Equity	13.5% - 21.5%	17.5%	Private Equity	19.5%
Alternative Equity	0.0% - 12.5%	12.5%	Alternative Equity	4.1%
Opportunity Portfolio	0.0% - 3.0%	0.0%	Opportunity Portfolio	1.9%
Total		<u>100%</u>	Total	<u>100%</u>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Mean</u>	<u>20-Year Annualized Geometric Mean</u>	<u>Annual Standard Deviation</u>
Core Fixed Income	8.00%	3.59%	3.49%	4.55%
Short-Term Bonds	8.00%	3.42%	3.38%	2.70%
Bank/Leveraged Loans	3.00%	5.34%	5.09%	7.50%
High Yield Bonds	1.00%	6.90%	6.45%	10.00%
Large/Mid Cap US Equities	15.75%	7.45%	6.30%	16.25%
Small Cap US Equities	1.31%	8.49%	6.69%	20.55%
Micro Cap US Equities	1.31%	9.01%	6.80%	22.90%
Developed Foreign Equities	13.13%	8.21%	6.71%	18.70%
Emerging Foreign Equities	4.13%	10.53%	7.45%	27.35%
Non-US Small Cap Equities	1.88%	8.67%	7.01%	19.75%
Private Equity	17.50%	11.45%	7.82%	30.00%
Real Estate (Property)	10.00%	6.15%	5.51%	12.00%
Real Estate (REITS)	2.50%	8.26%	6.37%	21.00%
Hedge Fund of Funds - Diversified	2.50%	4.36%	4.09%	7.80%
Hedge Fund - Event-driven	0.63%	6.21%	5.86%	8.90%
Timber	1.88%	6.37%	5.62%	13.00%
Farmland	1.88%	6.90%	6.15%	13.00%
Infrastructure	3.75%	7.54%	6.60%	14.65%
Commodities	1.88%	5.43%	3.84%	18.95%
Portfolio - Net of Investment Expenses	100%	7.48%	6.74%	12.97%

* The models's 20-year annualized giometric median is 6.7%

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN (Cont.):

Sensitivity Analysis

The following presents the employer’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Employer's proportionate share of the net pension liability	\$ 1,795,230	\$ 1,053,426	\$ 433,140

Changes in Assumptions

A summary of key changes implemented since the December 31, 2015 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September, 2017, and can be found at:

<https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

Changes in Actuarial Methods and Allocation Procedures

Allocation of Liability for Service Segments

For purposes of allocating Tier1/Tier 2 members’ actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier2 population. For the December 31,2014 and December 31,2015 valuations, the Money Match was weighted 25 percent for General Service members and 0 percent for Police & Fire members. For the December 31, 2016 and December 31, 2017 valuations, this weighting has been adjusted to 15 percent for General Service members and 0 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Investment Return and Interest Crediting – The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.20%. Previously, the assumed investment return and interest crediting was 7.5%.

Administrative Expenses – The administrative expense assumptions were updated to \$37.5 million per year for Tier 1/Tier 2 and \$6.5 million per year for OPSRP. Previously these were assumed to \$33.0 million per year and \$5.5 million per year, respectively.

Healthcare Cost Inflation – The healthcare cost inflation assumption for the maximum RHIPA subsidy was updated based on analysis performed by Milliman’s healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2020 by the Affordable Care Act.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN (Cont.):

Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	December 31, 2015 Valuation	Recommended December 31, 2016 and 2017 Valuations
Healthy Annuitant Mortality	RP-2000 Generational with Scale BB, Combined Active/Healthy Annuitant, Sex Distinct	RP-2014 Healthy Annuitant, Sex Distinct, Generational Projection Unisex Social Security Data Scale
School District male	No collar, set back 24 months	White collar, set back 12 months
Other General Service male (and male beneficiary)	Blended 25% blue collar/75% white collar, set back 12 months	Blended 50% blue collar/50% white collar, set back 12 months
Police & Fire male	Blended 25% blue collar/75% white collar, set back 12 months	Blended 50% blue collar/50% white collar, set back 12 months
School District female	No collar, set back 24 months	White collar, set back 12 months
Other female (and female beneficiary)	Blended 25% blue collar/75% white collar, no set back	Blended 50% blue collar/50% white collar, no set back
Disabled Retiree Mortality	RP-2000 Generational with Scale BB, Disabled, No Collar, Sex distinct	RP-2014 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
Male	70% of Disabled table, but not less than corresponding healthy annuitant rates	No collar adjustment, no set back
Female	95% of Disabled table, but not less than corresponding healthy annuitant rates	No collar adjustment, no set back
Non-Annuitant Mortality	Fixed Percentage of Healthy Annuitant Mortality	RP-2014 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	60%	Same collar and set back as Healthy Annuitant assumption
Other General Service male	75%	Same collar and set back as Healthy Annuitant assumption
Police & Fire male	75%	Same collar and set back as Healthy Annuitant assumption
School District female	55%	Same collar and set back as Healthy Annuitant assumption
Other female	60%	Same collar and set back as Healthy Annuitant assumption

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2%. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5% and has been in effect for member transactions since January 1, 2016.

Employer Contributions

PERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position. These are normally included in the employer statements cut off as of the fifth of the following month. PERS does not try to accrue contributions based on pay-date.

Beginning with fiscal year 2016, PERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the PERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Net Pension Liability

Net pension liabilities are calculated at the system-wide level and are allocated to employers based on their proportionate share. UAL Side Accounts are included as assets in this calculation. The rate setting actuarial valuation will continue to allocate the UAL Side Account, transitional or pre-SLGRP liabilities or surpluses as adjustments to the respective employers.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 71, of the June 30, 2017 PERS CAFR.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2018, the employer reported a liability of \$1,053,426 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

PENSION PLAN (Cont.):

At June 30, 2018, the employer's proportion was 0.00781471 percent.

For the year ended June 30, 2018, the employer recognized pension expense of \$210,626. At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 50,944	\$ -
Changes of assumptions	192,021	-
Net difference between projected and actual earnings on investments	10,853	-
Changes in proportionate share	90,571	108,104
Differences between employer contributions and employer's proportionate share of system contributions	<u>10,803</u>	<u>17,481</u>
Total Deferred Outflows/Inflows	\$ 355,192	\$ 125,585
Post-measurement date contributions	-	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 355,192</u>	<u>\$ 125,585</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>229,607</u>

\$229,607 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 33,539
2nd Fiscal Year	119,141
3rd Fiscal Year	81,102
4th Fiscal Year	(12,072)
5th Fiscal Year	7,897
Thereafter	-
Total	<u>\$ 229,607</u>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA)

Plan Description

The City contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

A 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 <http://oregon.gov/PERS/>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.50% of annual covered PERS payroll and 0.43% for OPSRP payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Contributions

The City's contributions to PERS' RHIA for the years ended June 30, 2018, 2017, and 2016 were \$3,406, \$3,324, and \$3,282, respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2018. That independently audited report was dated April 11, 2018 and can be found at:

http://www.oregon.gov/pers/EMP/Documents/GASB/2018/GASB_75_06.30.2017.pdf

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	June 30, 2017
Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long term expected rate of return assumption, in July 2015 the PERS Board reviewed long term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Milliman's assumptions for each of the asset classes in which the plan was invested at that time are based on the OIC long term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

http://www.oregon.gov/pers/docs/financial_reports/2017_cafir.pdf

Sensitivity Analysis

The following presents the employer's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the employer's proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Employer's proportionate share of the net OPEB liability	\$ 386	\$ (2,767)	\$ (5,448)

OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The City did not report any OPEB asset, deferred inflows/outflows or OPEB expense for the current fiscal year due to the amount being immaterial. The following are the amounts that would have been reported.

At June 30, 2018, the City had a net OPEB liability/(asset) of \$(2,767) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2018, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2015. Consistent with GASB Statement No. 75, paragraph 59(a), The City's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2018, the City's proportion was 0.00662924 percent. OPEB expense/(income) for the year ended June 30, 2018 was \$(19).

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

At June 30, 2018, the employer had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on	-	1,281
Changes in proportionate share	-	93
Differences between employer contributions and	-	-
Total Deferred Outflows/Inflows	<u>\$ -</u>	<u>\$ 1,374</u>
Post-measurement date contributions	3,406	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 3,406</u>	<u>\$ 1,374</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(1,374)</u>

\$1,374 reported as deferred inflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (354)
2nd Fiscal Year	(354)
3rd Fiscal Year	(345)
4th Fiscal Year	(320)
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ (1,374)</u>

Changes Subsequent to the Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS:

Retiree Healthcare Insurance Premiums Subsidy

The Citycounty Insurance Services net OPEB liability is not reported for the current year financial reporting. No actuarial report was obtained for the current fiscal year. Therefore, no liability, deferred items, sensitivity analysis or OPEB expense is reported for the current fiscal year.

Plan Description

The City operates a single employer retiree benefit plan through the Citycounty Insurance Services that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The City is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. GASB Statement 75 is applicable to the City due only to this implicit rate subsidy. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy

When the City has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The City will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (Cont.):

Actuarial Methods and Assumptions - The City engaged an actuary to perform an evaluation as of July 1, 2016 using entry age normal Actuarial Cost Method. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

Discount Rate	2.85%	3.58%
Other Key Actuarial Assumptions and Methods		
Valuation date	July 1, 2016	July 1, 2016
Measurement date	June 30, 2016	June 30, 2017
Inflation	2.50%	2.50%
Salary increases	3.50%	3.50%
Healthy Mortality	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.
Actuarial cost method	Entry Age Normal	Entry Age Normal

Discount Rate

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index. The discount rate in effect for the June 30, 2018 reporting date is 2.85%, and the discount rate in effect for the June 30, 2017 reporting date is 3.58%.

Health Care Cost Trend

The assumed medical and vision costs will increase 7.00% in the first year (July 1, 2017 premiums compared with July 1, 2016 premiums). In future years, the medical and vision cost trend varies between 7.50% and 5.00% due to the timing of the excise tax scheduled to affect health care benefits. The trend then settles to an ultimate rate of 5.00%. They have also assumed dental costs will increase 4.50% in all future years.

Withdrawal, Retirement and Mortality Rates

They are generally using the rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2015 actuarial valuation of retirement benefits.

Election and Lapse Rates

They have assumed that a portion of future retirees and their spouses elect benefits, and that some of those later lapse (drop) from those benefits. The assumptions are based on historical data for similar benefits for other public employers in Oregon. For larger employers, they also consider specific historical experience; and for unique arrangements they consider the incentives provided by those arrangements.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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.

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, 2018

COMMITMENTS:

The City negotiated an agreement in 2007 with Morse Bros. Inc. (dba Knife River Corporation – Northwest) to purchase 100 acres of property in the amount of \$190,916. \$138,916 of payments made to conclude this transaction are recorded as deposits (an asset) for the City in the Parks SDC Fund. The balance remaining, \$52,000, originally due October 1, 2014, was modified in an addendum to the original agreement, signed on October 1, 2014. Based on the addendum, the final payment date necessary to fully conclude the purchase is now October 1, 2019.

INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2018 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 172,000	-
Library Fund	-	97,000
Office Equipment Fund	-	45,000
Equipment Reserve Fund	-	120,000
Sewer Fund	201,000	-
Sewer System Reserve Fund	-	150,000
Street Fund	18,000	30,000
Water Fund	161,000	-
Water System Reserve Fund	-	110,000
Total	<u>\$ 552,000</u>	<u>\$ 552,000</u>

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

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF HARRISBURG

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

GENERAL FUND

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes and Assessments	\$ 552,859	\$ 552,859	\$ 621,229	\$ 68,370
Intergovernmental	94,100	94,100	117,790	23,690
Franchise Fees	317,900	317,900	334,890	16,990
Licenses and Permits	55,500	55,500	63,392	7,892
Fines and Forfeitures	10,000	10,000	22,392	12,392
Investment Revenue	4,000	4,000	11,926	7,926
Other Revenue	210,650	210,650	23,484	(187,166)
Total Revenues	1,245,009	1,245,009	1,195,103	(49,906)
EXPENDITURES:				
Personnel Services	454,077	454,077	434,435	(19,642)
Materials and Services	588,271	588,271	502,725	(85,546)
Capital Outlay	225,000	225,000	39,962	(185,038)
Contingency	418,161	418,161	-	(418,161)
Total Expenditures	1,685,509	1,685,509	977,122	(708,387)
Excess (Deficiency) of Revenues Over Expenditures	(440,500)	(440,500)	217,981	658,481
OTHER FINANCING SOURCES / (USES):				
Operating Transfer (Out)	(172,000)	(172,000)	(172,000)	-
Special Payments	(15,000)	(15,000)	(15,000)	-
Proceeds from Sale of Assets	-	-	200,000	200,000
Total Other Financing Sources (Uses)	(187,000)	(187,000)	13,000	200,000
Net Change in Fund Balance	(627,500)	(627,500)	230,981	858,481
Fund Balance - July 1, 2017	627,500	627,500	801,355	173,855
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 1,032,336	\$ 1,032,336

CITY OF HARRISBURG

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

STREET FUND

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
Taxes and Assessments	\$ 1,250	\$ 1,250	\$ 4,873	\$ 3,623
Intergovernmental	361,170	361,170	280,685	(80,485)
Investment Revenue	1,500	1,500	7,012	5,512
Miscellaneous Revenue	200	200	8,655	8,455
Total Revenues	364,120	364,120	301,225	(62,895)
EXPENDITURES:				
Personnel Services	117,357	117,357	108,452	(8,905)
Materials and Services	88,700	88,700	82,796	(5,904)
Capital Outlay	497,285	497,285	22,241	(475,044)
Contingency	70,778	70,778	-	(70,778)
Total Expenditures	774,120	774,120	213,489	(560,631)
Excess (Deficiency) of Revenues Over Expenditures	(410,000)	(410,000)	87,736	497,736
OTHER FINANCING SOURCES / (USES):				
Operating Transfer In	30,000	30,000	30,000	-
Operating Transfer Out	(18,000)	(18,000)	(18,000)	-
Total Other Financing Sources (Uses)	12,000	12,000	12,000	-
Net Change In Fund Balance	(398,000)	(398,000)	99,736	497,736
Fund Balance - July 1, 2017	398,000	398,000	394,555	(3,445)
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 494,291	\$ 494,291

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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 235,500	\$ 235,500	\$ 322,239	\$ 86,739
Investment Revenue	800	800	44,636	43,836
Total Revenues	236,300	236,300	366,875	130,575
<u>EXPENDITURES:</u>				
Materials and Supplies	17,000	17,000	10,739	(6,261)
Capital Outlay	267,800	2,625,000	64,330	(2,560,670)
Debt Service				
Principal	-	152,086	78,763	(73,323)
Interest and Fees	-	170,726	170,504	(222)
Total Expenditures	284,800	2,964,812	324,336	(2,640,476)
Excess (Deficiency) of Revenues Over Expenditures	(48,500)	(2,728,512)	42,539	2,771,051
<u>OTHER FINANCING SOURCES / (USES):</u>				
Special Payments	-	(475,000)	(69,265)	405,735
Loan Proceeds	-	3,155,012	3,192,996	37,984
Total Other Financing Sources	-	2,680,012	3,123,731	443,719
Net Change In Fund Balance	(48,500)	(48,500)	3,166,270	3,214,770
Fund Balance - July 1, 2017	48,500	48,500	93,695	45,195
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 3,259,965	\$ 3,259,965

CITY OF HARRISBURG

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.00781471%	0.00647747%	0.00896029%	0.00955061%	0.00955061%
Employer's proportionate share of the net pension liability (asset)	\$ 1,053,426	\$ 972,419	\$ 514,452	\$ (216,485)	\$ 487,382
Employer's covered - employee payroll	\$ 875,307	\$ 805,323	\$ 800,417	\$ 833,570	\$ 833,570
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	120.35%	120.75%	64.27%	-25.97%	58.47%
Plan fiduciary net position as a percentage of the total pension liability	83.1%	80.5%	91.9%	103.6%	103.6%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

CITY OF HARRISBURG
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 162,457	\$ 123,456	\$ 122,704	\$ 102,279	\$ 143,030	\$ 119,316	\$ 114,457	\$ 84,943	\$ 91,372	\$ 105,827
Contributions in relation to the contractually required contribution	<u>162,457</u>	<u>123,456</u>	<u>122,704</u>	<u>102,279</u>	<u>143,030</u>	<u>119,316</u>	<u>114,457</u>	<u>84,943</u>	<u>91,372</u>	<u>105,827</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Employer's covered - employee payroll	\$ 875,307	\$ 805,323	\$ 800,417	\$ 833,570	\$1,165,689	\$ 984,455	\$ 944,365	\$791,640	\$851,556	\$ 986,272
Contributions as a percentage of covered - employee payroll	18.56%	15.33%	15.33%	12.27%	12.27%	12.12%	12.12%	10.73%	10.73%	10.73%

CITY OF HARRISBURG
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
OPEB RHIA
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>
Employer's proportion of the net OPEB liability (asset)	0.00662924%	0.00709781%
Employer's proportionate share of the net OPEB liability (asset)	\$ (2,767)	\$ 1,927
Employer's covered - employee payroll	\$ 875,307	\$ 805,323
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered - employee payroll	-0.32%	0.24%
Plan fiduciary net position as a percentage of the total OPEB liability	108.9%	94.2%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

CITY OF HARRISBURG
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB RHIA

Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,406	\$ 3,324	\$ 3,282	\$ 2,736
Contributions in relation to the contractually required contribution	3,406	3,324	3,282	2,736
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered - employee payroll	\$ 875,307	\$ 805,323	\$ 800,417	\$ 833,570
Contributions as a percentage of covered - employee payroll	0.39%	0.41%	0.41%	0.33%

OTHER
SUPPLEMENTARY
INFORMATION

Proprietary Funds

Water Funds

CITY OF HARRISBURG

COMBINING STATEMENT OF NET POSITION

WATER FUNDS

June 30, 2018

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 261,234	\$ 247,619	\$ 508,853
Accounts Receivable	58,316	-	58,316
Inventory	68,838	-	68,838
Total Current Assets	388,388	247,619	636,007
Non-Current Assets:			
Net OPEB Asset (RHIA)	732	-	732
Capital Assets:			
Land and Construction In Progress	290,506	-	290,506
Capital Assets, Net of Depreciation	2,245,008	-	2,245,008
Total Capital Assets	2,535,514	-	2,535,514
Total Assets	\$ 2,924,634	\$ 247,619	\$ 3,172,253
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	136,931	-	136,931
OPEB Related Deferrals - RHIA	901	-	901
Total Deferred Outflow of Resources	\$ 137,832	\$ -	\$ 137,832
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 15,137	\$ -	\$ 15,137
Compensated Absences Payable	7,067	-	7,067
Customer Deposits	18,414	-	18,414
Total Current Liabilities	40,618	-	40,618
Long-Term Liabilities:			
Net Pension Liability	278,658	-	278,658
Total Long-Term Liabilities	278,658	-	278,658
Total Liabilities	\$ 319,276	\$ -	\$ 319,276
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Pension Related Deferrals	33,220	-	33,220
OPEB Related Deferrals - RHIA	363	-	363
Total Deferred Inflow of Resources	\$ 33,583	\$ -	\$ 33,583
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 2,535,514	\$ -	\$ 2,535,514
Restricted for:			
Capital Projects	-	247,619	247,619
Net Pension Asset	732	-	732
Unrestricted	173,361	-	173,361
Total Net Position	\$ 2,709,607	\$ 247,619	\$ 2,957,226

CITY OF HARRISBURG

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

WATER FUNDS

For the Fiscal Year Ended June 30, 2018

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<u>OPERATING REVENUES:</u>			
Charges for Services:			
Water Charges	\$ 599,777	\$ -	\$ 599,777
Other Revenue	24,563	-	24,563
Total Operating Revenues	624,340	-	624,340
<u>OPERATING EXPENSES:</u>			
Personnel Services	391,536	-	391,536
Materials and Supplies	185,732	16,151	201,883
Depreciation	123,043	-	123,043
Total Operating Expenses	700,311	16,151	716,462
Operating Income (Loss)	(75,971)	(16,151)	(92,122)
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Interest Income	5,080	4,083	9,163
Total Non-Operating Revenues (Expenses)	5,080	4,083	9,163
Income Before Other Revenues, Expenses, and Transfers	(70,891)	(12,068)	(82,959)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers In	-	110,000	110,000
Transfers (Out)	(161,000)	-	(161,000)
Capital Asset Transfers In	15,361	-	15,361
Total Capital Contributions and Transfers	(145,639)	110,000	(35,639)
Change in Net Position	(216,530)	97,932	(118,598)
Net Position, July 1, 2017	2,926,137	149,687	3,075,824
Net Position, June 30, 2018	\$ 2,709,607	\$ 247,619	\$ 2,957,226

CITY OF HARRISBURG

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

WATER FUND

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Over
			(See Note 1)	(Under)
<u>REVENUES:</u>				
Charges for Services	\$ 573,000	\$ 573,000	\$ 599,777	\$ 26,777
Investment Revenue	1,500	1,500	5,080	3,580
Other Revenue	8,850	8,850	24,563	15,713
Total Revenues	583,350	583,350	629,420	46,070
<u>EXPENDITURES:</u>				
Personnel Services	385,725	385,725	368,014	(17,711)
Materials and supplies	259,550	259,550	152,358	(107,192)
Capital Outlay	48,500	48,500	40,379	(8,121)
Contingency	130,275	130,275	-	(130,275)
Total Expenditures	824,050	824,050	560,751	(263,299)
Excess (Deficiency) of Revenues Over Expenditures	(240,700)	(240,700)	68,669	309,369
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(161,000)	(161,000)	(161,000)	-
Total Other Financing Sources (Uses)	(161,000)	(161,000)	(161,000)	-
Net Change In Fund Balance	(401,700)	(401,700)	(92,331)	309,369
Fund Balance - July 1, 2017	401,700	401,700	447,168	45,468
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 354,837	\$ 354,837

Reconciliation to generally accepted accounting principles basis

Net Change in Fund Balance - from above	(92,331)
Change in Compensated Absences	1,834
Change in Pension Expense	(25,356)
Capital outlay that is capitalized	7,005
Equity Transfer of Capital Assets	15,361
Depreciation Expense	(123,043)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (216,530)</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> (Budgetary Basis) (See Note 1)	<u>Final Budget</u> Over (Under)
<u>REVENUES:</u>				
Investment Revenue	\$ 500	\$ 500	\$ 4,083	\$ 3,583
Total Revenues	500	500	4,083	3,583
<u>EXPENDITURES:</u>				
Capital Outlay	251,500	251,500	16,151	(235,349)
Total Expenditures	251,500	251,500	16,151	(235,349)
Excess (Deficiency) of Revenues Over Expenditures	(251,000)	(251,000)	(12,068)	238,932
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	110,000	110,000	110,000	-
Total Other Financing Sources (Uses)	110,000	110,000	110,000	-
Net Change In Fund Balance	(141,000)	(141,000)	97,932	238,932
Fund Balance - July 1, 2017	141,000	141,000	149,687	8,687
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 247,619	\$ 247,619

OTHER
SUPPLEMENTARY
INFORMATION

Proprietary Funds

Sewer Funds

CITY OF HARRISBURG
COMBINING STATEMENT OF NET POSITION
SEWER FUNDS
June 30, 2018

	Sewer Fund	Sewer Reserve Fund	Total Sewer Utility
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 297,153	\$ 695,842	\$ 992,995
Accounts Receivable	67,227	-	67,227
Inventory	5,511	-	5,511
Total Current Assets	369,891	695,842	1,065,733
Non-Current Assets:			
Restricted Cash	-	125,155	125,155
Net OPEB Asset (RHIA)	732	-	732
Total Non-Current Assets	732	125,155	125,887
Capital Assets:			
Land and Construction In Progress	504,817	-	504,817
Depreciable Assets, Net of Depreciation	3,996,150	-	3,996,150
Total Capital Assets	4,500,967	-	4,500,967
Total Assets	\$ 4,871,590	\$ 820,997	\$ 5,692,587
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	136,934	-	136,934
OPEB Related Deferrals - RHIA	901	-	901
Total Deferred Outflow of Resources	\$ 137,835	\$ -	\$ 137,835
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 6,095	\$ -	\$ 6,095
Compensated Absences Payable	7,068	-	7,068
Accrued Interest Payable	4,779	-	4,779
Customer Deposits	17,859	-	17,859
Current Portion of Long-Term Liabilities:			
Bond Payable	38,767	-	38,767
Total Current Liabilities	74,568	-	74,568
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bonds Payable (Net of unamortized premium)	2,149,147	-	2,149,147
Net Pension Liability	278,664	-	278,664
Total Long-Term Liabilities	2,427,811	-	2,427,811
Total Liabilities	\$ 2,502,379	\$ -	\$ 2,502,379
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Pension Related Deferrals	33,221	-	33,221
OPEB Related Deferrals - RHIA	363	-	363
Total Deferred Inflow of Resources	\$ 33,584	\$ -	\$ 33,584
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 2,313,053	\$ -	\$ 2,313,053
Restricted for:			
Debt Service	-	125,155	125,155
Capital Projects	-	695,842	695,842
Net Pension Asset	732	-	732
Unrestricted	159,676	-	159,676
Total Net Position	\$ 2,473,461	\$ 820,997	\$ 3,294,458

CITY OF HARRISBURG

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

SEWER FUNDS

For the Fiscal Year Ended June 30, 2018

	<u>Sewer Fund</u>	<u>Sewer Reserve Fund</u>	<u>Total Sewer Utility</u>
<u>OPERATING REVENUES:</u>			
Charges for Services:			
Sewer Charges	\$ 732,564	\$ -	\$ 732,564
Other Revenue	6,659	145,176	151,835
Total Operating Revenues	739,223	145,176	884,399
<u>OPERATING EXPENSES:</u>			
Personnel Services	399,097	-	399,097
Materials and Supplies	211,601	61,439	273,040
Depreciation	234,615	-	234,615
Total Operating Expenses	845,313	61,439	906,752
Operating Income (Loss)	(106,090)	83,737	(22,353)
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Interest Income	8,810	13,053	21,863
Interest Expense	(72,891)	-	(72,891)
Bond Refunding Expense	(81,616)	-	(81,616)
Total Non-Operating Revenues (Expenses)	(145,697)	13,053	(132,644)
Income Before Other Revenues, Expenses, and Transfers	(251,787)	96,790	(154,997)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers In	-	150,000	150,000
Transfers (Out)	(201,000)	-	(201,000)
Capital Asset Transfers In	15,361	-	15,361
Total Capital Contributions and Transfers	(185,639)	150,000	(35,639)
Change In Net Position	(437,426)	246,790	(190,636)
Net Position, July 1, 2017	2,910,887	574,207	3,485,094
Net Position, June 30, 2018	\$ 2,473,461	\$ 820,997	\$ 3,294,458

CITY OF HARRISBURG

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

SEWER FUND

For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	(See Note 1)	(Under)
<u>REVENUES:</u>				
Charges for Services	\$ 700,450	\$ 700,450	\$ 732,564	\$ 32,114
Investment Revenue	2,500	2,500	8,810	6,310
Other Revenue	7,096	7,096	6,659	(437)
Total Revenues	710,046	710,046	748,033	37,987
<u>EXPENDITURES:</u>				
Personnel Services	401,725	401,725	375,565	(26,160)
Materials and supplies	231,800	231,800	174,503	(57,297)
Capital Outlay	100,000	100,000	37,098	(62,902)
Debt Service:				
Principal	38,767	38,767	60,000	21,233
Interest	86,389	86,389	61,402	(24,987)
Contingency	128,365	128,365	-	(128,365)
Total Expenditures	987,046	987,046	708,568	(278,478)
Excess (Deficiency) of Revenues Over Expenditures	(277,000)	(277,000)	39,465	316,465
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(201,000)	(201,000)	(201,000)	-
Total Other Financing Sources (Uses)	(201,000)	(201,000)	(201,000)	-
Net Change In Fund Balance	(478,000)	(478,000)	(161,535)	316,465
Fund Balance - July 1, 2017	478,000	478,000	507,472	29,472
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 345,937	\$ 345,937

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(161,535)
Change in Compensated Absences	1,833
Change in Accrued Interest	66,852
Change in Pension Expense	(25,365)
Debt Principal Payments	60,000
Bond Refunding and Interest Expense	(159,957)
Equity transfer of capital assets	15,361
Depreciation Expense	(234,615)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (437,426)</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Investment Revenue	\$ 1,500	\$ 1,500	\$ 13,053	\$ 11,553
Other Revenue	-	-	145,176	145,176
Total Revenues	1,500	1,500	158,229	156,729
<u>EXPENDITURES:</u>				
Capital Outlay	749,500	749,500	61,439	(688,061)
Total Expenditures	749,500	749,500	61,439	(688,061)
Excess (Deficiency) of Revenues Over Expenditures	(748,000)	(748,000)	96,790	844,790
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	150,000	150,000	150,000	-
Total Other Financing Sources (Uses)	150,000	150,000	150,000	-
Net Change In Fund Balance	(598,000)	(598,000)	246,790	844,790
Fund Balance - July 1, 2017	598,000	598,000	574,207	(23,793)
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 820,997	\$ 820,997

OTHER
SUPPLEMENTARY
INFORMATION

Non-Major
Governmental Funds

CITY OF HARRISBURG
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
(By Fund Type)
June 30, 2018

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Total
<u>ASSETS:</u>			
Cash & Investments	\$ 2,653,527	\$ 72,300	\$ 2,725,827
Accounts Receivable	6,134	-	6,134
Assessment Receivable	86,036	-	86,036
Property Tax Receivable	-	5,400	5,400
Deposits	138,916	-	138,916
Total Assets	\$ 2,884,613	\$ 77,700	\$ 2,962,313
<u>LIABILITIES:</u>			
Accounts Payable	51,361	-	51,361
Total Liabilities	51,361	-	51,361
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Delinquent Property Tax Revenue Not Available	-	3,356	3,356
Uncollected Assessments	86,036	-	86,036
Total Deferred Inflows of Resources	86,036	3,356	89,392
<u>FUND BALANCES:</u>			
Restricted for:			
Debt Service	-	74,344	74,344
Capital Projects	1,713,325	-	1,713,325
Committed for:			
Parks and Recreation Programs	31,065	-	31,065
Community Development Projects	43,901	-	43,901
Equipment Acquisition	717,460	-	717,460
Public Works	241,465	-	241,465
Total Fund Balances	2,747,216	74,344	2,821,560
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 2,884,613	\$ 77,700	\$ 2,962,313

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, 2018

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Total
<u>REVENUES:</u>			
Taxes and Assessments	\$ 65,034	\$ 66,023	\$ 131,057
Intergovernmental	2,319	-	2,319
Charges for Services	192,418	-	192,418
Investment Revenue	49,409	1,518	50,927
Other Revenue	17,063	-	17,063
Total Revenues	326,243	67,541	393,784
<u>EXPENDITURES:</u>			
General Government	46,424	-	46,424
Highways and Streets	13,245	-	13,245
Public Safety	-	-	-
Culture and Recreation	92,482	-	92,482
Debt Service:			
Principal	-	40,000	40,000
Interest	-	94,144	94,144
Capital Outlay	287,782	-	287,782
Total Expenditures	439,933	134,144	574,077
Excess (Deficiency) of Revenues Over Expenditures	(113,690)	(66,603)	(180,293)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	262,000	-	262,000
Loan Proceeds	-	68,252	68,252
Total Other Financing Sources (Uses)	262,000	68,252	330,252
Net Change in Fund Balances	148,310	1,649	149,959
Fund Balances - July 1, 2017	2,598,906	72,695	2,671,601
Fund Balances - June 30, 2018	\$ 2,747,216	\$ 74,344	\$ 2,821,560

OTHER
SUPPLEMENTARY
INFORMATION

Non – Major
Special Revenue Funds

CITY OF HARRISBURG
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	Community & Economic Development Fund	Office Equipment Fund	Equipment Reserve Fund	Library Fund	Bike Path Reserve Fund	Storm Drain Reserve Fund	Trans- portation SDC Fund	Parks SDC Fund	Storm SDC Fund	Water SDC Fund	Sewer SDC Fund	Total
ASSETS:												
Cash & Investments	\$ 471,625	\$ 10,796	\$ 236,624	\$ 44,055	\$ 31,065	\$235,771	\$538,528	\$109,161	\$ 71,749	\$206,760	\$697,393	\$ 2,653,527
Accounts Receivable	-	-	-	-	-	6,134	-	-	-	-	-	6,134
Assessment Receivable	-	-	-	-	-	-	-	-	-	-	86,036	86,036
Deposits	-	-	-	-	-	-	-	138,916	-	-	-	138,916
Total Assets	\$ 471,625	\$ 10,796	\$ 236,624	\$ 44,055	\$ 31,065	\$241,905	\$538,528	\$248,077	\$ 71,749	\$206,760	\$783,429	\$ 2,884,613
LIABILITIES:												
Accounts Payable	123	900	562	154	-	440	49,182	-	-	-	-	51,361
Total Liabilities	123	900	562	154	-	440	49,182	-	-	-	-	51,361
DEFERRED INFLOW OF RESOURCES:												
Deferred Property Tax Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Uncollected Assessments	-	-	-	-	-	-	-	-	-	-	86,036	86,036
Total Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	-	86,036	86,036
FUND BALANCES:												
Restricted for:												
Capital Projects	-	-	-	-	-	-	489,346	248,077	71,749	206,760	697,393	1,713,325
Committed for:												
Parks and Recreation Programs	-	-	-	-	31,065	-	-	-	-	-	-	31,065
Community Development Projects	-	-	-	43,901	-	-	-	-	-	-	-	43,901
Equipment Acquisition	471,502	9,896	236,062	-	-	-	-	-	-	-	-	717,460
Public Works	-	-	-	-	-	241,465	-	-	-	-	-	241,465
Total Fund Balances	471,502	9,896	236,062	43,901	31,065	241,465	489,346	248,077	71,749	206,760	697,393	2,747,216
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 471,625	\$ 10,796	\$ 236,624	\$ 44,055	\$ 31,065	\$241,905	\$538,528	\$248,077	\$ 71,749	\$206,760	\$783,429	\$ 2,884,613

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, 2018

	Community & Economic Development Fund	Office Equipment Fund	Equipment Reserve Fund	Library Fund	Bike Path Reserve Fund	Storm Drain Reserve Fund	Trans- portation SDC Fund	Parks SDC Fund	Storm SDC Fund	Water SDC Fund	Sewer SDC Fund	Total
REVENUES:												
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,034
Intergovernmental	-	-	-	-	2,319	-	-	-	-	-	-	2,319
Charges for Services	-	-	-	-	-	-	19,524	7,200	6,968	21,110	137,616	192,418
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Investment Revenue	7,299	326	3,943	1,189	489	3,443	9,803	3,824	1,085	3,093	14,915	49,409
Other Revenue	15,242	-	-	1,821	-	-	-	-	-	-	-	17,063
Total Revenues	22,541	326	3,943	3,010	2,808	68,477	29,327	11,024	8,053	24,203	152,531	326,243
EXPENDITURES:												
General Government	10,475	35,949	-	-	-	-	-	-	-	-	-	46,424
Highways and Street	-	-	-	-	-	13,245	-	-	-	-	-	13,245
Culture and Recreation	-	-	-	92,482	-	-	-	-	-	-	-	92,482
Capital Outlay	720	-	79,443	473	-	-	202,280	-	2,433	-	2,433	287,782
Total Expenditures	11,195	35,949	79,443	92,955	-	13,245	202,280	-	2,433	-	2,433	439,933
Excess (Deficiency) of Revenues Over Expenditures	11,346	(35,623)	(75,500)	(89,945)	2,808	55,232	(172,953)	11,024	5,620	24,203	150,098	(113,690)
OTHER FINANCING SOURCES (USES):												
Operating Transfers In	-	45,000	120,000	97,000	-	-	-	-	-	-	-	262,000
Total Other Financing Sources (Uses)	-	45,000	120,000	97,000	-	-	-	-	-	-	-	262,000
Net Change in Fund Balances	11,346	9,377	44,500	7,055	2,808	55,232	(172,953)	11,024	5,620	24,203	150,098	148,310
Fund Balances - July 1, 2017	460,156	519	191,562	36,846	28,257	186,233	662,299	237,053	66,129	182,557	547,295	2,598,906
Fund Balances - June 30, 2018	\$ 471,502	\$ 9,896	\$ 236,062	\$ 43,901	\$ 31,065	\$241,465	\$489,346	\$248,077	\$ 71,749	\$206,760	\$697,393	\$ 2,747,216

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual COMMUNITY & ECONOMIC DEVELOPMENT FUND For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>Over</u> <u>(Under)</u>
<u>REVENUES:</u>				
Investment Revenue	\$ 1,400	\$ 1,400	\$ 7,299	\$ 5,899
Other Revenue	16,000	16,000	15,242	(758)
Total Revenues	17,400	17,400	22,541	5,141
<u>EXPENDITURES:</u>				
Materials and Services	73,213	73,213	10,475	(62,738)
Capital Outlay	400,187	400,187	720	(399,467)
Total Expenditures	473,400	473,400	11,195	(462,205)
Net Change in Fund Balance	(456,000)	(456,000)	11,346	467,346
Fund Balance - July 1, 2017	456,000	456,000	460,156	4,156
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 471,502	\$ 471,502

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual OFFICE EQUIPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
Investment Revenue	\$ 100	\$ 100	\$ 326	\$ 226
Total Revenues	100	100	326	226
EXPENDITURES:				
Materials and Services	45,500	45,500	35,949	(9,551)
Capital Outlay	2,000	2,000	-	(2,000)
Total Expenditures	47,500	47,500	35,949	(11,551)
Excess (Deficiency) of Revenues Over Expenditures	(47,400)	(47,400)	(35,623)	11,777
OTHER FINANCING SOURCES / (USES):				
Total Other Financing Sources (Uses)	45,000	45,000	45,000	-
Net Change In Fund Balance	(2,400)	(2,400)	9,377	11,777
Fund Balance - July 1, 2017	2,400	2,400	519	(1,881)
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 9,896	\$ 9,896

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Investment Revenue	\$ 750	\$ 750	\$ 3,943	\$ 3,193
Total Revenues	750	750	3,943	3,193
<u>EXPENDITURES:</u>				
Capital Outlay	307,448	307,448	79,443	(228,005)
Total Expenditures	307,448	307,448	79,443	(228,005)
Excess (Deficiency) of Revenues Over Expenditures	(306,698)	(306,698)	(75,500)	231,198
<u>OTHER FINANCING SOURCES / (USES):</u>				
Total Other Financing Sources (Uses)	120,000	120,000	120,000	-
Net Change In Fund Balance	(186,698)	(186,698)	44,500	231,198
Fund Balance - July 1, 2017	186,698	186,698	191,562	4,864
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 236,062	\$ 236,062

CITY OF HARRISBURG

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

LIBRARY FUND

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Investment Revenue	\$ 150	\$ 150	\$ 1,189	\$ 1,039
Miscellaneous Revenue	1,950	1,950	1,821	(129)
Total Revenues	2,100	2,100	3,010	910
<u>EXPENDITURES:</u>				
Personnel Services	83,385	83,385	78,574	(4,811)
Materials and Services	16,700	16,700	13,908	(2,792)
Capital Outlay	8,900	8,900	473	(8,427)
Contingency	21,715	21,715	-	(21,715)
Total Expenditures	130,700	130,700	92,955	(37,745)
Excess (Deficiency) of Revenues Over Expenditures	(128,600)	(128,600)	(89,945)	38,655
<u>OTHER FINANCING SOURCES / (USES):</u>				
Total Other Financing Sources (Uses)	97,000	97,000	97,000	-
Net Change In Fund Balance	(31,600)	(31,600)	7,055	38,655
Fund Balance - July 1, 2017	31,600	31,600	36,846	5,246
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 43,901	\$ 43,901

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, 2018

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 2,319	\$ 319
Investment Revenue	150	150	489	339
Total Revenues	2,150	2,150	2,808	658
<u>EXPENDITURES:</u>				
Capital Outlay	29,650	29,650	-	(29,650)
Total Expenditures	29,650	29,650	-	(29,650)
Net Change In Fund Balance	(27,500)	(27,500)	2,808	30,308
Fund Balance - July 1, 2017	27,500	27,500	28,257	757
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 31,065	\$ 31,065

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 64,000	\$ 64,000	\$ 65,034	\$ 1,034
Investment Revenue	1,000	1,000	3,443	2,443
Total Revenues	65,000	65,000	68,477	3,477
<u>EXPENDITURES:</u>				
Materials and Services	14,500	14,500	13,245	(1,255)
Capital Outlay	220,000	220,000	-	(220,000)
Total Expenditures	234,500	234,500	13,245	(221,255)
Net Change In Fund Balance	(169,500)	(169,500)	55,232	224,732
Fund Balance - July 1, 2017	169,500	169,500	186,233	16,733
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 241,465	\$ 241,465

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual TRANSPORTATION SYSTEM DEVELOPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>Over</u> <u>(Under)</u>
<u>REVENUES:</u>				
System Development Charges	\$ 9,135	\$ 9,135	\$ 19,524	\$ 10,389
Investment Revenue	2,300	2,300	9,803	7,503
Total Revenues	11,435	11,435	29,327	17,892
<u>EXPENDITURES:</u>				
Capital Outlay	667,435	667,435	202,280	(465,155)
Total Expenditures	667,435	667,435	202,280	(465,155)
Net Change in Fund Balance	(656,000)	(656,000)	(172,953)	483,047
Fund Balance - July 1, 2017	656,000	656,000	662,299	6,299
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 489,346	\$ 489,346

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual PARKS SYSTEM DEVELOPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
System Development Charges	\$ 5,400	\$ 5,400	\$ 7,200	\$ 1,800
Investment Revenue	750	750	3,824	3,074
Total Revenues	6,150	6,150	11,024	4,874
<u>EXPENDITURES:</u>				
Capital Outlay	99,234	99,234	-	(99,234)
Total Expenditures	99,234	99,234	-	(99,234)
Net Change in Fund Balance	(93,084)	(93,084)	11,024	104,108
Fund Balance - July 1, 2017	232,000	232,000	237,053	5,053
Fund Balance - June 30, 2018	\$ 138,916	\$ 138,916	\$ 248,077	\$ 109,161

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual STORM SYSTEM DEVELOPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>Over</u> <u>(Under)</u>
<u>REVENUES:</u>				
System Development Charges	\$ 1,350	\$ 1,350	\$ 6,968	\$ 5,618
Investment Revenue	250	250	1,085	835
Total Revenues	1,600	1,600	8,053	6,453
<u>EXPENDITURES:</u>				
Capital Outlay	176,100	176,100	2,433	(173,667)
Total Expenditures	176,100	176,100	2,433	(173,667)
Net Change in Fund Balance	(174,500)	(174,500)	5,620	180,120
Fund Balance - July 1, 2017	174,500	174,500	66,129	(108,371)
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 71,749	\$ 71,749

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual WATER SYSTEM DEVELOPMENT RESERVE FUND

For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> (Budgetary Basis)	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	
<u>REVENUES:</u>				
System Development Charges	\$ 12,666	\$ 12,666	\$ 21,110	\$ 8,444
Investment Revenue	750	750	3,093	2,343
Total Revenues	13,416	13,416	24,203	10,787
<u>EXPENDITURES:</u>				
Capital Outlay	187,916	187,916	-	(187,916)
Total Expenditures	187,916	187,916	-	(187,916)
Net Change in Fund Balance	(174,500)	(174,500)	24,203	198,703
Fund Balance - July 1, 2017	174,500	174,500	182,557	8,057
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 206,760	\$ 206,760

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SEWER SYSTEM DEVELOPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
System Development Charges	\$ 10,770	\$ 10,770	\$ 137,616	\$ 126,846
Investment Revenue	2,000	2,000	14,915	12,915
Total Revenues	12,770	12,770	152,531	139,761
EXPENDITURES:				
Capital Outlay	551,270	551,270	2,433	(548,837)
Total Expenditures	551,270	551,270	2,433	(548,837)
Net Change in Fund Balance	(538,500)	(538,500)	150,098	688,598
Fund Balance - July 1, 2017	538,500	538,500	547,295	8,795
Fund Balance - June 30, 2018	\$ -	\$ -	\$ 697,393	\$ 697,393

OTHER
SUPPLEMENTARY
INFORMATION

Debt Service Fund

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 62,758	\$ 62,758	\$ 66,023	\$ 3,265
Investment Revenue	400	400	1,518	1,118
Total Revenues	63,158	63,158	67,541	4,383
<u>EXPENDITURES:</u>				
Debt Service				
Principal	21,710	21,710	40,000	18,290
Interest and Fees	44,389	44,389	94,144	49,755
Total Expenditures	66,099	66,099	134,144	68,045
Excess (Deficiency) of Revenues Over Expenditures	(2,941)	(2,941)	(66,603)	(63,662)
<u>Other Financing Sources / (Uses)</u>				
Loan Proceeds In	-	-	68,252	68,252
Total Other Financing Sources (Uses)	-	-	68,252	68,252
Net Change In Fund Balance	(2,941)	(2,941)	1,649	4,590
Fund Balance - July 1, 2017	69,038	69,038	72,695	3,657
Fund Balance - June 30, 2018	\$ 66,097	\$ 66,097	\$ 74,344	\$ 8,247

OTHER
SUPPLEMENTARY
INFORMATION

Additional
Supporting Schedules

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

General Obligation Bonds held by USDA Rural Dev. Dept.

General Obligation Bonds held by USDA Rural Development for Water System Improvements. Original balance is \$1,174,000 with an interest rate of 4.75%. Dated November 1, 2000. This loan was refinanced August, 2017.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 934,480	\$ -	\$ 934,480	\$ -	\$ -
Interest	-	35,991	35,991	-	-
Total	<u>\$ 934,480</u>	<u>\$ 35,991</u>	<u>\$ 970,471</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Revenue Bonds held by USDA Rural Development Dept.

Revenue Bonds held by USDA Rural Development for Sewer System Improvements - refinanced August, 2017.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 2,094,264	\$ -	\$ 2,094,264	\$ -	\$ -
Interest	-	78,341	78,341	-	-
Total	<u>\$ 2,094,264</u>	<u>\$ 78,341</u>	<u>\$ 2,172,605</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Full Faith and Credit Project and Refunding Bond, Series 2017

Full Faith and Credit Refunding Bond, Series 2017 entered into with US Bank for refinancing of USDA Revenue Bonds for Sewer Projects. Original amount \$4,470,000 with an interest rate between 2.00% and 4.00%.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ -	\$ 2,065,000	\$ 60,000	\$ 2,005,000	\$ 40,000
Interest	-	61,402	61,402	-	78,000
Total	<u>\$ -</u>	<u>\$ 2,126,402</u>	<u>\$ 121,402</u>	<u>\$ 2,005,000</u>	<u>\$ 118,000</u>

Future Requirements:

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2019	\$ 40,000	\$ 78,000	\$ 118,000	3.00%
2020	45,000	76,800	121,800	3.00%
2021	45,000	75,450	120,450	3.00%
2022	45,000	74,100	119,100	4.00%
2023	45,000	72,300	117,300	2.00%
2024	50,000	71,400	121,400	4.00%
2025	50,000	69,400	119,400	4.00%
2026	55,000	67,400	122,400	4.00%
2027	55,000	65,200	120,200	4.00%
2028	55,000	63,000	118,000	4.00%
2029	60,000	60,800	120,800	4.00%
2030	60,000	58,400	118,400	4.00%
2031	65,000	56,000	121,000	4.00%
2032	65,000	53,400	118,400	4.00%
2033	70,000	50,800	120,800	4.00%
2034	70,000	48,000	118,000	4.00%
2035	75,000	45,200	120,200	4.00%
2036	80,000	42,200	122,200	4.00%
2037	80,000	39,000	119,000	4.00%
2038	85,000	35,800	120,800	4.00%
2039	90,000	32,400	122,400	4.00%
2040	90,000	28,800	118,800	4.00%
2041	95,000	25,200	120,200	4.00%
2042	100,000	21,400	121,400	4.00%
2043	105,000	17,400	122,400	4.00%
2044	105,000	13,200	118,200	4.00%
2045	110,000	9,000	119,000	4.00%
2046	115,000	4,600	119,600	4.00%
Total	<u>\$ 2,005,000</u>	<u>\$ 1,354,650</u>	<u>\$ 3,359,650</u>	

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

General Obligation Refunding Bond, Series 2017

General Obligation Bonds held by US Bank for refinancing of USDA GO Bonds and Water projects. Original balance is \$930,000 with an interest rate between 3.00% and 4.00%. Dated August 24, 2017.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ -	\$ 930,000	\$ 40,000	\$ 890,000	\$ 30,000
Interest	-	25,892	25,892	-	32,450
Total	\$ -	\$ 955,892	\$ 65,892	\$ 890,000	\$ 62,450

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2019		\$ 30,000	\$ 32,450	\$ 62,450	3.00%
2020		30,000	31,550	61,550	3.00%
2021		35,000	30,650	65,650	3.00%
2022		35,000	29,600	64,600	3.00%
2023		35,000	28,550	63,550	3.00%
2024		35,000	27,500	62,500	3.00%
2025		35,000	26,450	61,450	3.00%
2026		40,000	25,400	65,400	3.00%
2027		40,000	24,200	64,200	3.00%
2028		40,000	23,000	63,000	4.00%
2029		40,000	21,400	61,400	4.00%
2030		45,000	19,800	64,800	4.00%
2031		45,000	18,000	63,000	4.00%
2032		45,000	16,200	61,200	4.00%
2033		50,000	14,400	64,400	4.00%
2034		50,000	12,400	62,400	4.00%
2035		55,000	10,400	65,400	4.00%
2036		55,000	8,200	63,200	4.00%
2037		60,000	6,000	66,000	4.00%
2038		60,000	3,600	63,600	4.00%
2039		30,000	1,200	31,200	4.00%
Total		\$ 890,000	\$ 410,950	\$ 1,300,950	

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

KS State Bank Government Finance Dept. - HRA Development Loan

HRA note with KS State Bank Government Finance Department in the amount of \$531,000 with an interest rate of 4.550% for purpose of funding private loans to urban renewal developers. Dated September 29, 2017.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ -	\$ 531,000	\$ 78,763	\$ 452,237	\$ 105,629
Interest	-	16,241	16,241	-	20,577
Total	<u>\$ -</u>	<u>\$ 547,241</u>	<u>\$ 95,004</u>	<u>\$ 452,237</u>	<u>\$ 126,206</u>

Future Requirements:

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2019	\$ 105,629	\$ 20,577	\$ 126,206	4.55%
2020	110,435	15,771	126,206	4.55%
2021	115,460	10,746	126,206	4.55%
2022	120,713	5,492	126,205	4.55%
Total	<u>\$ 452,237</u>	<u>\$ 52,586</u>	<u>\$ 504,823</u>	

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Full Faith and Credit Project Bond, Series 2017 - HRA Development Projects

*HRA Loan from the City of Harrisburg . Original amount \$2,405,000 with an interest rate of 2.00% to 4.00%.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ -	\$ 2,405,000	\$ -	\$ 2,405,000	\$ -
Interest	-	72,174	72,174	-	93,800
Total	\$ -	\$ 2,477,174	\$ 72,174	\$ 2,405,000	\$ 93,800

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ -	\$ 93,800	\$ 93,800	0.00%
	2020	-	93,800	93,800	0.00%
	2021	-	93,800	93,800	0.00%
	2022	-	93,800	93,800	0.00%
	2023	120,000	93,800	213,800	2.00%
	2024	125,000	91,400	216,400	4.00%
	2025	130,000	86,400	216,400	4.00%
	2026	135,000	81,200	216,200	4.00%
	2027	140,000	75,800	215,800	4.00%
	2028	145,000	70,200	215,200	4.00%
	2029	150,000	64,400	214,400	4.00%
	2030	160,000	58,400	218,400	4.00%
	2031	165,000	52,000	217,000	4.00%
	2032	170,000	45,400	215,400	4.00%
	2033	180,000	38,600	218,600	4.00%
	2034	185,000	31,400	216,400	4.00%
	2035	190,000	24,000	214,000	4.00%
	2036	200,000	16,400	216,400	4.00%
	2037	210,000	8,400	218,400	4.00%
Total		\$ 2,405,000	\$ 1,213,000	\$ 3,618,000	

ACCOMPANYING
INFORMATION

CITY OF HARRISBURG
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2018

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

I have audited the basic financial statements of the City of Harrisburg as of and for the year ended June 30, 2018, and have issued my report thereon dated February 6, 2019. I conducted my 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, I 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 my audit, and accordingly, I do not express such an opinion.

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

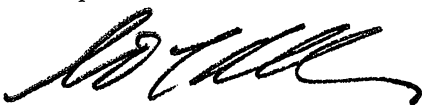
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway 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 my testing nothing came to my 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 my audit, I considered the City'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's internal control over financial reporting. Accordingly, I 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 City Council 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
Umpqua Valley Financial
Roseburg, Oregon
February 6, 2019