



## **HARRISBURG, OREGON**

### **Audit Report**

**June 30, 2014**

**STEVE TUCHSCHERER**  
Certified Public Accountant  
A Professional Corporation

# **CITY OF HARRISBURG**

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

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## **CITY OFFICIALS**

ROBERT DUNCAN . . . . . Mayor  
P.O. Box 224, Harrisburg, Oregon 97446

DON SHIPLEY . . . . . Council President  
P.O. Box 185, Harrisburg, Oregon 97446

ROGER RAVEN . . . . . Council Member  
905 Priceboro Road, Harrisburg, Oregon 97446

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

MIKE CAUGHEY . . . . . Council Member  
1052 Whitledge Place, Harrisburg, Oregon 97446

ROBERT BOESE . . . . . Council Member  
460 North 7<sup>th</sup> Street, Harrisburg, Oregon 97446

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

## **CITY ADMINISTRATION**

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

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

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## **INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrisburg as of and for the year ended June 30, 2014 which collectively comprise the City's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Harrisburg as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 35 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the management's discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

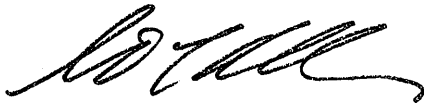
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisburg's basic financial statements. The combining and individual non-major fund financial statements and additional supporting schedules listed in the table of contents as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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of the City of Harrisburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Harrisburg's internal control over financial reporting and compliance.



Steve Tuchscherer, CPA  
October 30, 2014

**MANAGEMENT'S**  
**DISCUSSION**  
**AND ANALYSIS**



**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2014**  
**Unaudited**

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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, 2014. 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, 2014 are as follows:

- The City's net position decreased by \$397,050 which represents a 2.7 percent decrease from the previous year.
- Total revenue for the City was \$3,182,692. That is a 7.22 percent increase from the previous year. General revenues accounted for \$1,629,028 of revenue, or 51.18 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$1,441,033 or 45.28 percent of total revenues. Operating grants received a total \$66,031 or 2.07 percent of total revenues. Capital grants received a total \$46,600 or 1.46 percent of total revenues.
- The City had \$3,097,338 in program expenses. Of the program expenses, \$585,527 was for providing water service and \$733,467 was for providing sewer service.
- The City's long-term liabilities decreased \$146,239, a 4.3 percent decrease from the previous year.
- Among the governmental funds, the General Fund had \$1,102,337 in revenues, which primarily consisted of property taxes and franchise taxes. The Street Fund had \$263,968 in revenues, which primarily consisted of intergovernmental revenues. The Community & Economic Development Fund had \$16,439 in revenues. The System Development Reserve Fund had \$52,842 in revenues, which primarily consisted of development assessments. The Harrisburg Redevelopment Agency Fund had \$284,237 in revenues, which primarily consisted of property taxes.
- Among proprietary funds, the Water Fund had \$544,291 in operating revenues, which primarily consisted of user fees. The Sewer Fund had \$704,963 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, 2014**  
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The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions of the City that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues. The governmental activities of the City include general government activities, street construction and maintenance, police services, and providing resources for library, culture and recreation. The proprietary activities of the City include water and sewer utilities.

*Fund Financial Statements*

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

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

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

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

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

*Notes to the Financial Statements*

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

*Other Information*

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

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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 \$14,073,936 this is a decrease of \$397,050 or 2.74%.

A significant portion of the City's net position (63.4 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

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

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

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

**Summary of Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets</b>						
Current and Other Assets	\$ 4,050,584	\$ 3,714,017	\$ 1,377,685	\$ 1,249,296	\$ 5,428,269	\$ 4,963,313
Capital Assets	4,179,896	4,374,661	8,141,466	8,920,059	12,321,362	13,294,720
Total Assets	<u>8,230,480</u>	<u>8,088,678</u>	<u>9,519,151</u>	<u>10,169,355</u>	<u>17,749,631</u>	<u>18,258,033</u>
<b>Liabilities</b>						
Current Liabilities	251,497	208,350	170,094	178,351	421,591	386,701
Long-Term Liabilities	1,086,857	1,198,757	2,167,251	2,201,590	3,254,108	3,400,347
Total Liabilities	<u>1,338,354</u>	<u>1,407,107</u>	<u>2,337,345</u>	<u>2,379,941</u>	<u>3,675,699</u>	<u>3,787,048</u>
<b>Net Position</b>						
Invested in Capital Assets						
Net of Debt	2,981,695	3,067,861	5,939,876	6,685,490	8,921,571	9,753,351
Restricted	2,043,471	1,778,339	532,315	491,670	2,575,786	2,270,009
Unrestricted	1,866,963	1,835,371	709,616	612,254	2,576,579	2,447,625
Total Net Position	<u>\$ 6,892,129</u>	<u>\$ 6,681,572</u>	<u>\$ 7,181,807</u>	<u>\$ 7,789,414</u>	<u>\$ 14,073,936</u>	<u>\$ 14,470,986</u>

**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
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**Changes in net position** - The City's total revenues for the fiscal year ended June 30, 2014 were \$3,182,692. The total cost of all programs and services was \$3,097,338. 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>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 191,779	\$ 174,120	\$ 1,249,254	\$ 1,253,109	\$1,441,033	\$1,427,229
Operating Grants and Contributions	66,031	44,610	-	-	66,031	44,610
Capital Grants and Contributions	17,242	-	29,358	-	46,600	-
Total Program Revenues	275,052	218,730	1,278,612	1,253,109	1,553,664	1,471,839
General Revenues						
Local Sources						
Property Taxes, Franchise Fees, & Public Service Taxes	1,610,560	1,461,978	-	-	1,610,560	1,461,978
Interest & Investment Earnings	13,902	19,822	4,566	14,727	18,468	34,549
Total General Revenues	1,624,462	1,481,800	4,566	14,727	1,629,028	1,496,527
Total Revenues	1,899,514	1,700,530	1,283,178	1,267,836	3,182,692	2,968,366
<b>Program Expenses</b>						
General Government	1,049,287	967,179	-	-	1,049,287	967,179
Public Safety	249,375	245,962	-	-	249,375	245,962
Public Works	247,702	205,107	-	-	247,702	205,107
Culture and Recreation	78,581	68,848	-	-	78,581	68,848
Interest on Long-Term Debt	62,251	80,433	91,148	92,238	153,399	172,671
<b>Utility Services</b>						
Water Utilities	-	-	585,527	589,158	585,527	589,158
Sewer Utilities	-	-	733,467	747,007	733,467	747,007
Total Program Expenses	1,687,196	1,567,529	1,410,142	1,428,403	3,097,338	2,995,932
<b>Transfers</b>	53,000	29,000	(53,000)	(29,000)	-	-
<b>Special Items</b>	(54,761)	(6,609)	20,554	5,867	(34,207)	(742)
<b>Change in Net Position</b>	<u>\$ 210,557</u>	<u>\$ 155,392</u>	<u>\$ (159,410)</u>	<u>\$ (183,700)</u>	<u>\$ 51,148</u>	<u>\$ (28,308)</u>

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

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**Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>
General Government	\$1,049,287	\$ 967,179	\$ (989,586)	\$ (898,354)
Public Safety	249,375	245,962	(215,861)	(219,246)
Public Works	247,702	205,107	(135,987)	(133,298)
Culture and Recreation	78,581	68,848	(8,459)	(17,468)
Interest Expense	62,251	80,433	(62,251)	(80,433)
Total Program Expenses	<u>\$1,687,196</u>	<u>\$1,567,529</u>	<u>\$(1,412,144)</u>	<u>\$(1,348,799)</u>

The dependence on general revenues for general government activities is apparent. For 2013-14, 83.7 percent of general government activities are supported through general revenues

**Business-Type Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>
Utility Services	\$1,318,994	\$1,336,165	\$ (40,382)	\$ (83,056)
Interest on Long-Term Debt	91,148	92,238	(91,148)	(92,238)
Total Program Expenses	<u>\$1,410,142</u>	<u>\$1,428,403</u>	<u>\$(131,530)</u>	<u>\$(175,294)</u>

Business type activities decreased the City's net position by approximately \$159,410. Of the business-type activities, the Water and Sewer funds accounted for approximately 43.57% and 56.43% of revenues, respectively.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

***Governmental Funds***

As the City completed the year, its governmental funds reported a combined fund balance of \$3,744,319, an increase of \$310,592. The fund balance constitutes restricted, committed, and unassigned amounts. Of the current fund balances, \$1,961,586 is restricted for public works projects, \$81,885 is restricted for debt service, \$1,069,055 is committed for various programs and \$631,793 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 \$631,793, an increase of \$63,839.

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**Unaudited**

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*Proprietary Funds*

The City's enterprise funds reported unrestricted net position of \$709,616, an increase of \$97,362. The enterprise funds also report \$100,125 in restricted net position for debt service, \$432,190 in restricted net position for public works projects, and \$5,939,876 in net position invested in capital assets, net of related debt.

**Budgetary Highlights**

General Fund resources were budgeted and anticipated to be collected in the amount of \$1,610,562 during the fiscal year. Actual resources of \$1,670,291 were available, \$59,729 more than budgeted. General Fund expenditures budget was under-spent by \$572,064. The ending fund balance was greater than what was budgeted by \$631,793 and greater than the prior year by \$63,839.

The Water Fund balance and the Sewer Fund balance increased during the fiscal year. Both funds remained within the expenditure budgets in all appropriation areas. The Water Fund's actual resources were more than budgeted by \$39,864. The Sewer Fund's actual resources were more than budgeted by \$64,751.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2014, the City had invested, before net reduction for accumulated depreciation, \$20,281,001 in capital assets, including buildings, land, vehicles, water and sewer utility systems, and other equipment. This amount represents an increase of \$7,009 from the prior year due to additions in the governmental funds of \$25,522 and in the enterprise funds of \$49,912. This amount was reduced by deletions in the governmental funds by \$68,425.

Total depreciation expense for the year was \$566,388; of which \$186,080 is associated with general government activities, \$119,954 from water utilities, and \$260,354 from sewer utilities. Additional information on the City's capital assets can be found in Note 3 of the Notes to the Basic Financial Statements section of this report.

**Long-Term Debt**

At June 30, 2014 the City had total long-term debt outstanding of \$3,399,791. The long-term debt obligations include a General Obligation Bond for water system improvements, a Revenue Bond for sewer system improvements, and two general loans. Existing debt was reduced by \$141,578. Interest paid on the debt amounted to \$158,619. Additional information on the City's long-term debt can be found in Note 4 of the Notes to the Basic Financial Statements.

**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2014**  
**Unaudited**

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**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 2014-2015 budget. The City's budget for the fiscal year ending June 30, 2015 represents an overall decrease of 2.5 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.

Amounts available for appropriation in the General Fund are \$1,358,926 for the fiscal year 2014-15, a decrease of \$251,636 or 15.6 percent. No new programs were added to the 2014-2015 budget.

The City is budgeting an \$11,300 or 1.6 percent decrease in total Water Fund revenues. This is largely the result of a 12 percent decrease in beginning fund balance. The City is budgeting a \$75,466 or 9.1 percent increase in Sewer Fund Revenue. The City is budgeting a \$16,448 or 20.6 percent decrease in H.A.R.T. Center revenues due in part to a reduction in the amount of General Fund transfers and the loss of some grant money.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2013-14 period.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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

**BASIC FINANCIAL**  
**STATEMENTS**



**Government -Wide**

**Financial Statements**

**CITY OF HARRISBURG**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 3,585,409	\$ 1,109,035	\$ 4,694,444
Receivables	318,834	129,046	447,880
Inventory	-	39,479	39,479
Deposits	146,341	-	146,341
Total Current Assets	4,050,584	1,277,560	5,328,144
Restricted Assets:			
Sinking Funds for Debt Service	-	100,125	100,125
Total Restricted Assets	-	100,125	100,125
Capital Assets:			
Land	582,361	533,872	1,116,233
Capital Assets, Net of Depreciation	3,597,535	7,607,594	11,205,129
Total Capital Assets, Net of Depreciation	4,179,896	8,141,466	12,321,362
<b>Total Assets</b>	<b>\$ 8,230,480</b>	<b>\$ 9,519,151</b>	<b>\$ 17,749,631</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 29,642	\$ 19,858	\$ 49,500
Payroll Payable	45,162	-	45,162
Accrued Compensated Absences	23,285	18,605	41,890
Interest Payable	38,849	68,672	107,521
Deposits	3,215	28,620	31,835
Current Portion of Long-Term Liabilities:			
Notes Payable	92,457	-	92,457
Bonds Payable	18,887	34,339	53,226
Total Current Liabilities	251,497	170,094	421,591
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	111,867	-	111,867
Bonds Payable	974,990	2,167,251	3,142,241
Total Long-Term Liabilities	1,086,857	2,167,251	3,254,108
<b>Total Liabilities</b>	<b>\$ 1,338,354</b>	<b>\$ 2,337,345</b>	<b>\$ 3,675,699</b>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	\$ 2,981,695	\$ 5,939,876	\$ 8,921,571
Restricted for:			
Debt Service	81,885	100,125	182,010
Public Works	1,961,586	432,190	2,393,776
Unrestricted	1,866,963	709,616	2,576,579
<b>Total Net Position</b>	<b>\$ 6,892,129</b>	<b>\$ 7,181,807</b>	<b>\$ 14,073,936</b>

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, 2014**

	(Expenses)	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
General Government	\$ 1,049,287	\$ 59,701	\$ -	\$ -	\$ (989,586)
Public Safety	249,375	33,514	-	-	(215,861)
Public Works	247,702	94,473	-	17,242	(135,987)
Culture and Recreation	78,581	4,091	66,031	-	(8,459)
Interest Expense	62,251	-	-	-	(62,251)
<b>Total Governmental Activities</b>	<b>\$ 1,687,196</b>	<b>\$ 191,779</b>	<b>\$ 66,031</b>	<b>\$ 17,242</b>	<b>\$ (1,412,144)</b>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Water Utilities	\$ 585,527	\$ 544,291	\$ -	\$ 19,106	\$ (22,130)
Sewer Utilities	733,467	704,963	-	10,252	(18,252)
Interest on Long-Term Debt	91,148	-	-	-	(91,148)
<b>Total Business-type Activities</b>	<b>\$ 1,410,142</b>	<b>\$ 1,249,254</b>	<b>\$ -</b>	<b>\$ 29,358</b>	<b>\$ (131,530)</b>
<b>Total Primary Government</b>	<b>\$ 3,097,338</b>	<b>\$ 1,441,033</b>	<b>\$ 66,031</b>	<b>\$ 46,600</b>	<b>\$ (1,543,674)</b>

	Governmental Activities	Business-type Activities	Total
<b><u>CHANGES IN NET POSITION:</u></b>			
<b>Net (expense) revenue</b>	<b>\$ (1,412,144)</b>	<b>\$ (131,530)</b>	<b>\$ (1,543,674)</b>
General Revenues:			
Property Taxes, levied for general purposes	511,679	-	511,679
Property Taxes, levied for debt service	50,128	-	50,128
Property Taxes, levied for urban renewal programs	269,780	-	269,780
Intergovernmental Tax Turnovers	343,779	-	343,779
Franchise Taxes	373,118	-	373,118
Other Taxes and Assessments	62,076	-	62,076
Interest and Investment Earnings	13,902	4,566	18,468
<b>Subtotal - General Revenues</b>	<b>1,624,462</b>	<b>4,566</b>	<b>1,629,028</b>
<i>Special Item</i> - Gain (Loss) on Disposition of Assets	(34,207)	-	(34,207)
Interfund Transfers	53,000	(53,000)	-
Equity Transfers	(20,554)	20,554	-
Total general revenues, special items, and transfers	1,622,701	(27,880)	1,594,821
Change in Net Position	210,557	(159,410)	51,148
Net Position, July 1, 2013	6,681,572	7,789,414	14,470,985
Prior Period Adjustment	-	(448,197)	(448,197)
<b>Net Position, June 30, 2014</b>	<b>\$ 6,892,129</b>	<b>\$ 7,181,807</b>	<b>\$14,073,936</b>

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

**Governmental Fund**

**Financial Statements**

**CITY OF HARRISBURG**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**June 30, 2014**

	<u>Component Unit</u>							<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Street Fund</u>	<u>Community &amp; Economic Development Fund</u>	<u>System Development Reserve Fund</u>	<u>Harrisburg Redevelopment Agency Fund</u>	<u>Other Governmental Funds</u>		
<b>ASSETS:</b>								
Cash and Investments	\$ 612,498	\$ 305,502	\$ 428,983	\$ 1,280,624	\$ 247,401	\$ 710,401	\$ 3,585,409	
Receivables:								
Accounts, net	71,731	-	-	138,036	-	8,133	217,900	
Property Tax	54,064	23,871	-	-	16,237	6,762	100,934	
Deposits	-	-	7,425	138,916	-	-	146,341	
<b>Total Assets</b>	<b>\$ 738,293</b>	<b>\$ 329,373</b>	<b>\$ 436,408</b>	<b>\$ 1,557,576</b>	<b>\$ 263,638</b>	<b>\$ 725,296</b>	<b>\$ 4,050,584</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>								
Liabilities:								
Accounts Payable	\$ 10,869	\$ 11,397	\$ 529	\$ 2,944	\$ -	\$ 3,903	\$ 29,642	
Payroll Payable	45,162	-	-	-	-	-	45,162	
Deposits	3,215	-	-	-	-	-	3,215	
<b>Total Liabilities</b>	<b>59,246</b>	<b>11,397</b>	<b>529</b>	<b>2,944</b>	<b>-</b>	<b>3,903</b>	<b>78,019</b>	
Deferred Inflows of Resources:								
Deferred Property Tax Revenue	47,254	-	-	-	12,753	6,332	66,339	
Uncollected Assessments	-	23,871	-	138,036	-	-	161,907	
<b>Total Deferred Inflows of Resources</b>	<b>47,254</b>	<b>23,871</b>	<b>-</b>	<b>138,036</b>	<b>12,753</b>	<b>6,332</b>	<b>228,246</b>	
Fund Balances:								
Restricted for:								
Debt Service	-	-	-	-	-	81,885	81,885	
Public Works	-	294,105	-	1,416,596	250,885	-	1,961,586	
Committed for:								
Parks and Recreation Programs	-	-	-	-	-	21,198	21,198	
Community Development Projects	-	-	435,879	-	-	78,897	514,776	
Equipment Acquisition	-	-	-	-	-	322,167	322,167	
Public Works	-	-	-	-	-	210,914	210,914	
Unassigned	631,793	-	-	-	-	-	631,793	
<b>Total Fund Balances</b>	<b>631,793</b>	<b>294,105</b>	<b>435,879</b>	<b>1,416,596</b>	<b>250,885</b>	<b>715,061</b>	<b>3,744,319</b>	
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 738,293</b>	<b>\$ 329,373</b>	<b>\$ 436,408</b>	<b>\$ 1,557,576</b>	<b>\$ 263,638</b>	<b>\$ 725,296</b>	<b>\$ 4,050,584</b>	

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, 2014

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Total Fund Balances - Governmental Funds \$ 3,744,319

**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 -	\$ 5,982,961	
The accumulated depreciation is -	<u>(1,803,065)</u>	
Net Value of Assets		4,179,896

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

Property Taxes	66,339	
Assessments	<u>161,907</u>	
		228,246

Interest Payable is not recorded in the governmental funds: (38,849)

Accrued Compensated Absences are not recorded in the governmental funds: (23,285)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. (1,198,201)

**Net Position of Governmental Activities** \$ 6,892,127

**CITY OF HARRISBURG**  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Fiscal Year Ended June 30, 2014**

			<u>Component Unit</u>				
	<u>General</u>	<u>Street</u>	<u>Community &amp; Economic Development</u>	<u>System Development Reserve</u>	<u>Harrisburg Redevelopment Agency</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b><u>REVENUES:</u></b>							
Taxes and Assessments	\$ 500,153	\$ 7,918	\$ -	\$ -	\$ 283,233	\$ 123,315	\$ 914,619
Intergovernmental	94,072	247,622	-	-	-	21,888	363,582
Franchise Taxes	373,118	-	-	-	-	-	373,118
Licenses & Permits	39,510	-	-	-	-	-	39,510
Charges for Service	-	-	-	47,466	-	-	47,466
Fines and Forfeitures	33,514	-	-	-	-	-	33,514
Investment Revenue	2,269	1,016	1,785	5,376	1,004	2,452	13,902
Other Revenue	59,701	7,412	14,654	-	-	35,750	117,517
<b>Total Revenues</b>	<b>1,102,337</b>	<b>263,968</b>	<b>16,439</b>	<b>52,842</b>	<b>284,237</b>	<b>183,405</b>	<b>1,903,228</b>
<b><u>EXPENDITURES:</u></b>							
Current Operating:							
General Government	501,892	-	117,574	1,012	-	97,454	717,932
Public Safety	249,375	-	-	-	-	-	249,375
Public Works	-	140,189	-	-	44,656	4,007	188,852
Culture and Recreation	-	-	-	-	-	76,972	76,972
Debt Service							
Principal	13,547	-	-	-	77,021	18,031	108,599
Interest	89	-	-	-	18,288	48,066	66,443
Capital Outlay	2,647	24,040	146,983	10,798	1,180	51,815	237,463
<b>Total Expenditures</b>	<b>767,550</b>	<b>164,229</b>	<b>264,557</b>	<b>11,810</b>	<b>141,145</b>	<b>296,345</b>	<b>1,645,636</b>
Excess (Deficiency) of Revenues Over Expenditures	334,787	99,739	(248,118)	41,032	143,092	(112,940)	257,592
<b><u>OTHER FINANCING SOURCES (USES):</u></b>							
Interfund Transfers In	-	4,500	110,000	-	-	229,448	343,948
Interfund Transfers (Out)	(270,948)	(20,000)	-	-	-	-	(290,948)
<b>Total Other Financing Sources (Uses)</b>	<b>(270,948)</b>	<b>(15,500)</b>	<b>110,000</b>	<b>-</b>	<b>-</b>	<b>229,448</b>	<b>53,000</b>
<b>Net Change in Fund Balances</b>	<b>63,839</b>	<b>84,239</b>	<b>(138,118)</b>	<b>41,032</b>	<b>143,092</b>	<b>116,508</b>	<b>310,592</b>
Fund Balances - July 1, 2013	567,954	209,866	573,997	1,375,564	107,793	598,553	3,433,727
<b>Fund Balances - June 30, 2014</b>	<b>\$ 631,793</b>	<b>\$ 294,105</b>	<b>\$ 435,879</b>	<b>\$ 1,416,596</b>	<b>\$ 250,885</b>	<b>\$ 715,061</b>	<b>\$ 3,744,319</b>

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, 2014**

<b>Net Changes in Fund Balances - Total Governmental Funds</b>		<b>\$ 310,592</b>
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>		
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	\$ 25,522	
Less current year depreciation	<u>(186,080)</u>	(160,558)
Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.		
The changes in amounts deferred are as follows:		
Property Taxes	(1,293)	
Assessments	<u>(19,662)</u>	(20,955)
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.		
		4,192
Additions to certain payroll liabilities are reported as an expense in the Statement of Activities.		
Vacation Payable		2,895
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	90,568	
General Obligations Bonds	<u>18,031</u>	108,599
Revenue from the sale of assets on the governmental fund financial statements is adjusted to gain (loss) on sale of assets for the Statement of Activities.		
Disposition of assets is not reported on the governmental fund financial statements and is reconciled here for the gain (loss) on the disposition of assets for the Statement of Activities.		
		(34,207)
<b>Changes in Net Position of Governmental Assets</b>		<b><u>\$ 210,558</u></b>

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



**Proprietary Fund**  
**Financial Statements**

**CITY OF HARRISBURG**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

**June 30, 2014**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 505,967	\$ 603,068	\$ 1,109,035
Receivables	49,902	79,144	129,046
Inventory	24,124	15,355	39,479
Total Current Assets	<u>579,993</u>	<u>697,567</u>	<u>1,277,560</u>
Restricted Assets:			
Sinking Funds for Debt Service	-	100,125	100,125
Total Restricted Assets	<u>-</u>	<u>100,125</u>	<u>100,125</u>
Capital Assets:			
Land	85,675	448,197	533,872
Capital Assets, Net of Depreciation	2,686,843	4,920,751	7,607,594
Total Capital Assets	<u>2,772,518</u>	<u>5,368,948</u>	<u>8,141,466</u>
<b>Total Assets</b>	<b><u>3,352,511</u></b>	<b><u>6,166,640</u></b>	<b><u>9,519,151</u></b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	15,711	4,147	19,858
Accrued Compensated Absences	9,302	9,303	18,605
Interest Payable	-	68,672	68,672
Customer Deposits	14,422	14,198	28,620
Current Portion of Long-Term Liabilities:			
Bond Payable	-	34,339	34,339
Total Current Liabilities	<u>39,435</u>	<u>130,659</u>	<u>170,094</u>
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bond Payable	-	2,167,251	2,167,251
Total Long-Term Liabilities	<u>-</u>	<u>2,167,251</u>	<u>2,167,251</u>
<b>Total Liabilities</b>	<b><u>39,435</u></b>	<b><u>2,297,910</u></b>	<b><u>2,337,345</u></b>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	2,772,518	3,167,358	5,939,876
Restricted for Debt Service	-	100,125	100,125
Restricted for Public Works	162,914	269,276	432,190
Unrestricted	377,644	331,972	709,616
<b>Total Net Position</b>	<b><u>\$ 3,313,076</u></b>	<b><u>\$ 3,868,731</u></b>	<b><u>\$ 7,181,807</u></b>

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, 2014

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services & Fees	\$ 531,406	\$ 697,034	\$ 1,228,440
Other Revenue	12,885	7,929	20,814
<b>Total Revenues</b>	<b>544,291</b>	<b>704,963</b>	<b>1,249,254</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personal Services	279,044	278,322	557,366
Materials and Supplies	186,529	194,791	381,320
Depreciation Expense	119,954	260,354	380,308
<b>Total Operating Expenses</b>	<b>585,527</b>	<b>733,467</b>	<b>1,318,994</b>
<b>Operating Income (Loss)</b>	<b>(41,236)</b>	<b>(28,504)</b>	<b>(69,740)</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Investment Revenue	1,455	3,111	4,566
Interest Expense	-	(91,148)	(91,148)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,455</b>	<b>(88,037)</b>	<b>(86,582)</b>
Income Before Other Revenues, Expenses, and Transfers	(39,781)	(116,541)	(156,322)
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>			
Capital Contributions	19,106	10,252	29,358
Transfers to Other Funds	(76,500)	(51,500)	(128,000)
Transfers from Other Funds	50,000	25,000	75,000
Capital Asset Transfers In (Out)	10,277	10,277	20,554
<b>Total Capital Contributions and Transfers</b>	<b>2,883</b>	<b>(5,971)</b>	<b>(3,088)</b>
Changes in Net Position	(36,898)	(122,512)	(159,410)
TOTAL NET POSITION, June 30, 2013	3,349,974	4,439,440	7,789,414
Prior Period Adjustment	-	(448,197)	(448,197)
<b>TOTAL NET POSITION, June 30, 2014</b>	<b>\$ 3,313,076</b>	<b>\$ 3,868,731</b>	<b>\$ 7,181,807</b>

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, 2014**

	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Total Enterprise Funds</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash Received from User Charges	\$ 543,397	\$ 697,973	\$ 1,241,370
Cash Payments for Employee Services	(283,879)	(283,156)	(567,035)
Cash Payments to Suppliers	(178,753)	(201,658)	(380,411)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>80,765</b>	<b>213,159</b>	<b>293,924</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>			
Transfer to Other Funds	(76,500)	(51,500)	(128,000)
Transfer from Other Funds	50,000	25,000	75,000
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>(26,500)</b>	<b>(26,500)</b>	<b>(53,000)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Principal Paid on Long Term Debt	-	(32,979)	(32,979)
Interest Paid on Long Term Debt	-	(92,176)	(92,176)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(125,155)</b>	<b>(125,155)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Investment Income	1,455	3,111	4,566
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,455</b>	<b>3,111</b>	<b>4,566</b>
Cash and Cash Equivalents at July 1, 2013	450,247	638,579	1,088,826
<b>Cash and Cash Equivalents at June 30, 2014</b>	<b>\$ 505,967</b>	<b>\$ 703,194</b>	<b>\$ 1,209,161</b>
<b><u>Reconciliation of income (loss) from operations</u></b>			
<b><u>to net cash provided (used) by operating activities:</u></b>			
Income (loss) from operations	\$ (41,236)	\$ (28,504)	\$ (69,740)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	119,954	260,354	380,308
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(399)	(6,315)	(6,714)
Decrease (increase) in inventory	(853)	(488)	(1,341)
Increase (decrease) in deposits	(495)	(675)	(1,170)
Increase (decrease) in payables	3,794	(11,213)	(7,419)
Net cash provided (used) by operating activities	<b>\$ 80,765</b>	<b>\$ 213,159</b>	<b>\$ 293,924</b>

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

**Notes to the Basic**  
**Financial Statements**

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

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

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

**A. Reporting Entity**

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

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

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

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

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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

**B. Basis of Presentation (Cont.)**

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

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

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

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

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

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

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

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

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

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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

**B. Basis of Presentation (Cont.)**

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. Measurement Focus/Basis of Accounting**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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



**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgeting

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

E. Cash and Investments

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

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

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

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

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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

F. Property Taxes

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

G. Accumulated Compensated Absences

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

H. Receivables & Payables

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

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

I. Deferred Inflows of Resources:

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

J. Inventory

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

K. Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and the related liability; these resources are segregated in the statement of net position and are classified as restricted assets on the Statement of Net Position because their use is limited. For the fiscal year ended June 30, 2014 the City had sinking funds for debt service of \$100,125 in restricted assets.

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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

L. Long-Term Debt

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

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

M. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized, but rather are charged to expenditures in the funds.

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

The estimated useful lives are as follows:

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

N. Use of Estimates

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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

O. Equity Classifications:

*Government-wide Statements*

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

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

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

*Fund Financial Statements*

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

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City did not have any nonspendable resources as of June 30, 2014.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for public works projects and debt service.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the City Council, and does not lapse at year-end. The City has committed resources as of June 30, 2014.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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

**P. Inter-Fund Transactions**

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

**2. CASH AND INVESTMENTS:**

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

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

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

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

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

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

As of June 30, 2014, the reported amount of the City's deposits was \$1,116,658 and the bank balance was \$1,124,279. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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**2. CASH AND INVESTMENTS (CONT.):**

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

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2014, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2014, the City's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	<u>\$3,677,733</u>	N/A
Total Investments	<u><u>\$3,677,733</u></u>	

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

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

**3. CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2014:

<u>Governmental Activities</u>	June 30, 2013	Additions	Deletions	June 30, 2014
<b>Assets not being depreciated:</b>				
Land	\$ 582,361	\$ -	\$ -	\$ 582,361
<b>Assets being depreciated:</b>				
Buildings	1,159,182	-	68,425	1,090,757
Park Improvements	622,956	-	-	622,956
Machinery & Equipment	300,808	5,996	-	306,804
Vehicles	96,860	2,284	-	99,144
Infrastructure*	3,263,697	17,242	-	3,280,939
Total Depreciable Assets	5,443,503	25,522	68,425	5,400,600
<b>Less: Accumulated Depreciation</b>				
Buildings	344,557	24,227	34,218	334,566
Park Improvements	165,706	27,004	-	192,710
Machinery & Equipment	249,204	11,682	-	260,886
Vehicles	69,149	4,732	-	73,881
Infrastructure*	822,587	118,435	-	941,022
Total Accumulated Depreciation	1,651,203	186,080	34,218	1,803,065
Net Value of Capital Assets Being Depreciated	3,792,300	(160,558)	34,207	3,597,535
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 4,374,661</u>	<u>\$ (160,558)</u>	<u>\$ 34,207</u>	<u>\$ 4,179,896</u>
<b>Business-type Activities</b>				
<b>Assets not being depreciated:</b>				
Land	\$ 533,872	\$ -	\$ -	\$ 533,872
<b>Assets being depreciated:</b>				
Utility Plant	13,328,375	29,358	-	13,357,733
Machinery & Equipment	385,881	20,554	-	406,435
Total Depreciable Assets	13,714,256	49,912	-	13,764,168
<b>Less: Accumulated Depreciation</b>				
Utility Plant	5,541,975	345,573	-	5,887,548
Machinery & Equipment	234,292	34,735	-	269,027
Total Accumulated Depreciation	5,776,267	380,308	-	6,156,575
Net Value of Capital Assets Being Depreciated	7,937,989	(330,396)	-	7,607,593
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 8,471,861</u>	<u>\$ (330,396)</u>	<u>\$ -</u>	<u>\$ 8,141,465</u>
Total Net Position of Primary Government	<u>\$ 12,846,522</u>	<u>\$ (490,954)</u>	<u>\$ 34,207</u>	<u>\$ 12,321,361</u>

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

Governmental Activities:		Business-Type Activities	
General Government	\$ 186,080	Water Utilities	\$ 119,954
		Sewer Utilities	260,354
Total depreciation expense - governmental activities	<u>\$ 186,080</u>		<u>\$ 380,308</u>

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

**4. LONG-TERM DEBT:**

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

	Outstanding Balance July 1, 2013	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2014	Due within One Year
Note Payable to Cedar Square Partnership for the acquisition of real property					
Original Balance - \$250,000					
Dated - February 2001					
Interest Rate - 5.25%					
Principal	\$ 13,547	\$ -	\$ 13,547	\$ -	\$ -
Interest	-	89	89	-	-
Totals	\$ 13,547	\$ 89	\$ 13,636	\$ -	\$ -
Note Payable to Oregon Economic Development Department for various Urban Renewal Projects					
Original Balance - \$432,000 plus \$93,049 in capitalized interest					
Dated - February 13, 1996					
Interest Rate - 6.5%					
Principal	\$ 281,345	\$ -	\$ 77,021	\$ 204,324	\$ 93,013
Interest	-	18,288	18,288	-	13,281
Totals	\$ 281,345	\$ 18,288	\$ 95,309	\$ 204,324	\$ 106,294
General Obligation Bonds held by USDA Rural Development for Water System Improvements					
Original Balance - \$ 1,174,000					
Dated - November 1, 2000					
Interest Rate - 4.75%					
Principal	\$ 1,011,908	\$ -	\$ 18,031	\$ 993,877	\$ 18,887
Interest	-	48,066	48,066	-	47,210
Totals	\$ 1,011,908	\$ 48,066	\$ 66,097	\$ 993,877	\$ 66,097
<b>TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:</b>					
Principal	\$ 1,306,800	\$ -	\$ 108,599	\$ 1,198,201	\$ 111,900
Interest	-	66,443	66,443	-	60,491
Totals	\$ 1,306,800	\$ 66,443	\$ 175,042	\$ 1,198,201	\$ 172,391



**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

**4. LONG-TERM DEBT (CONT.):**

	Outstanding Balance July 1, 2013	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2014	Due within One Year
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Revenue Bonds held by USDA Rural Development for Sewer System Improvements					
Original Balance - \$2,431,600					
Dated - September 27, 2005					
Interest Rate - 4.125%					
Principal	\$ 2,234,569	\$ -	\$ 32,979	\$ 2,201,590	\$ 34,339
Interest	-	92,176	92,176	-	90,816
Totals	\$ 2,234,569	\$ 92,176	\$ 125,155	\$ 2,201,590	\$ 125,155
<b>TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:</b>					
Principal	\$ 2,234,569	\$ -	\$ 32,979	\$ 2,201,590	\$ 34,339
Interest	-	92,176	92,176	-	90,816
Totals	\$ 2,234,569	\$ 92,176	\$ 125,155	\$ 2,201,590	\$ 125,155
<b>TOTAL DEBT AGREEMENTS:</b>					
Principal	\$ 3,541,369	\$ -	\$ 141,578	\$ 3,399,791	\$ 146,239
Interest	-	158,619	158,619	-	151,307
Totals	\$ 3,541,369	\$ 158,619	\$ 300,197	\$ 3,399,791	\$ 297,546

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

	Due Fiscal Year Ending June 30,	Principal	Interest	Total
<b><u>Governmental Activities:</u></b>				
Note Payable to Oregon Economic Development	2015	93,013	13,281	106,294
Department	2016	111,311	7,235	118,546
	Total	\$ 204,324	\$ 20,516	\$ 224,840

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

**4. LONG-TERM DEBT (CONT.):**

	Due Fiscal Year Ending June 30,	Principal	Interest	Total
<b><u>Governmental Activities:</u></b>				
Water Construction Bonds	2015	18,887	47,210	66,097
	2016	19,785	46,312	66,097
	2017	20,724	45,373	66,097
	2018	21,709	44,388	66,097
	2019	22,740	43,357	66,097
	2020-2024	130,966	199,519	330,485
	2025-2029	165,168	165,317	330,485
	2030-2034	208,303	122,182	330,485
	2035-2039	262,705	67,780	330,485
	2040-2041	122,891	8,813	131,704
	Total	993,878	790,251	1,784,129
 <b><u>Business-Type Activities:</u></b>				
Sewer Revenue Bonds	2015	34,339	90,816	125,155
	2016	35,756	89,399	125,155
	2017	37,231	87,924	125,155
	2018	38,767	86,388	125,155
	2019	40,366	84,789	125,155
	2020-2024	228,222	397,553	625,775
	2025-2029	279,339	346,436	625,775
	2030-2034	341,907	283,868	625,775
	2035-2039	418,487	207,288	625,775
	2040-2044	512,221	113,554	625,775
	2045-2046	234,955	55,626	290,581
	Total	<u>\$2,201,590</u>	<u>\$1,843,641</u>	<u>\$4,045,231</u>

**5. PENSION PLAN:**

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (“OPSRP”) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the “Pension Program”) and a defined contribution portion (the Individual Ac

count Program or “IAP”). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service.

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

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

**Funding Policy.** Plan members are required to contribute 6% of their annual covered salary. The City "picks up" employee contributions at a rate of 6% as allowed under ORS 237.075. The City is required to contribute at an actuarially determined rate for the qualifying employees under the OPSRP plan. The OPERB and the OPSRP rates in effect for the year ended June 30, 2014 were 12.27% and 12.99% respectively. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees.

**Annual Pension Cost.** The City’s contribution to PERS for the years ending June 30, 2014, 2013, and 2012 were \$143,030, \$119,316, and \$114,457 respectively. The contributions actually made are equivalent to the Annual Pension Cost.

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

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

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

Asset valuation method is the market value of assets.

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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**5. PENSION PLAN (CONT.):**

*Economic Assumptions.*

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

**6. CONTINGENT LIABILITIES:**

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

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

**7. RISK MANAGEMENT:**

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

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**8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

Interfund balances as of June 30, 2014 from the Sewer Reserve Fund to the Storm Water Assessment Fund were paid off in the current year.

Interfund transfers for the year ended June 30, 2014 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 270,948	-
Community & Economic Development Fund	-	110,000
H.A.R.T. Fund	-	61,948
Library Fund	-	72,500
Office Equipment Fund	-	26,000
Equipment Reserve Fund	-	69,000
Sewer Fund	51,500	-
Sewer System Reserve Fund	-	25,000
Street Fund	20,000	4,500
Water Fund	76,500	-
Water System Reserve Fund	-	50,000
Total	<u>\$ 418,948</u>	<u>\$ 418,948</u>

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

**CITY OF HARRISBURG**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2014

**9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS:**

The City maintains two Enterprise Funds which account for the municipal water and sewer activities. Key financial data for these operations for the year ended June 30, 2014 are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Total Assets	\$ 3,352,511	\$ 6,166,640	\$ 9,519,151
Current Assets	579,993	697,567	1,277,560
Restricted Assets	-	100,125	100,125
Capital Assets	2,772,518	5,368,948	8,141,466
Total Liabilities			
Current Liabilities	39,435	130,659	170,094
Non-Current Liabilities	-	2,167,251	2,167,251
Total Net Position			
Invested in Capital Assets, net of related debt	2,772,518	3,167,358	5,939,876
Restricted for Debt Service	-	100,125	100,125
Restricted for Capital Projects	162,914	269,276	432,190
Unrestricted	377,644	331,972	709,616
Operating Revenues	544,291	704,963	1,249,254
Operating Expenses			
Depreciation	119,954	260,354	380,308
Operating Income (Loss)	(41,236)	(28,504)	(69,740)
Non-Operating Revenues (Expenses)			
Investment Income	1,455	3,111	4,566
Interest Expense	-	(91,148)	(91,148)
Capital Contributions	19,106	10,252	29,358
Transfers To (From)	(26,500)	(26,500)	(53,000)
Change In Net Position	(36,898)	(122,512)	(159,410)
Beginning Net Position	3,349,974	4,439,440	7,789,414
Ending Net Position	3,313,076	3,868,731	7,181,807
Cash Provided (Used) by:			
Operating Activities	80,765	213,159	293,924
Non Capital Financing Activities	(26,500)	(26,500)	(53,000)
Capital & Related Financing	-	(125,155)	(125,155)
Investing Activities	1,455	3,111	4,566
Beginning Cash	450,247	638,579	1,088,826
Ending Cash	\$ 505,967	\$ 703,194	\$ 1,209,161

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**

# CITY OF HARRISBURG

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

### GENERAL FUND

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<b><u>REVENUES:</u></b>				
Taxes and Assessments	460,000	460,000	500,153	40,153
Intergovernmental	79,312	79,312	94,072	14,760
Franchise Fees	252,500	252,500	373,118	120,618
Licenses and Permits	11,700	11,700	39,510	27,810
Fines and Forfeitures	30,000	30,000	33,514	3,514
Investment Revenue	1,000	1,000	2,269	1,269
Other Revenue	357,050	357,050	59,701	(297,349)
<b>Total Revenues</b>	<b>1,191,562</b>	<b>1,191,562</b>	<b>1,102,337</b>	<b>(89,225)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	326,494	352,364	305,966	(46,398)
Materials and Services	537,585	537,585	445,301	(92,284)
Capital Outlay	311,000	311,000	2,647	(308,353)
Debt Service				
Principal	14,000	14,000	13,547	(453)
Interest	-	-	89	89
Contingency	150,535	124,665	-	(124,665)
<b>Total Expenditures</b>	<b>1,339,614</b>	<b>1,339,614</b>	<b>767,550</b>	<b>(572,064)</b>
Excess (Deficiency) of Revenues Over Expenditures	(148,052)	(148,052)	334,787	482,839
<b><u>Other Financing Sources / (Uses):</u></b>				
Operating Transfer (Out)	(270,948)	(270,948)	(270,948)	-
<b>Total Other Financing Sources</b>	<b>(270,948)</b>	<b>(270,948)</b>	<b>(270,948)</b>	<b>-</b>
Net Change in Fund Balance	(419,000)	(419,000)	63,839	482,839
Fund Balance - July 1, 2013	419,000	419,000	567,954	148,954
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 631,793</b>	<b>\$ 631,793</b>



# CITY OF HARRISBURG

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

### STREET FUND

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 4,300	\$ 4,300	\$ 7,918	\$ 3,618
Intergovernmental	296,170	296,170	247,622	(48,548)
Investment Revenue	300	300	1,016	716
Miscellaneous Revenue	200	200	7,412	7,212
<b>Total Revenues</b>	<b>300,970</b>	<b>300,970</b>	<b>263,968</b>	<b>(37,002)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	98,409	100,004	92,017	(7,987)
Materials and Services	64,200	64,200	48,172	(16,028)
Capital Outlay	215,000	215,000	24,040	(190,960)
Contingency	56,261	54,666	-	(54,666)
<b>Total Expenditures</b>	<b>433,870</b>	<b>433,870</b>	<b>164,229</b>	<b>(269,641)</b>
Excess of Revenues Over (Under) Expenditures	(132,900)	(132,900)	99,739	232,639
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	4,500	4,500	4,500	-
Operating Transfer Out	(20,000)	(20,000)	(20,000)	-
<b>Total Other Financing Sources</b>	<b>(15,500)</b>	<b>(15,500)</b>	<b>(15,500)</b>	<b>-</b>
Net Change In Fund Balance	(148,400)	(148,400)	84,239	232,639
Fund Balance - July 1, 2013	148,400	148,400	209,866	61,466
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 294,105</b>	<b>\$ 294,105</b>

# CITY OF HARRISBURG

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual COMMUNITY & ECONOMIC DEVELOPMENT FUND For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment Revenue	\$ 750	\$ 750	\$ 1,785	\$ 1,035
Other Revenue	11,100	11,100	14,654	3,554
<b>Total Revenues</b>	<b>11,850</b>	<b>11,850</b>	<b>16,439</b>	<b>4,589</b>
<b>EXPENDITURES:</b>				
Personnel Services	99,067	100,662	90,217	(10,445)
Materials and Services	70,166	70,166	27,357	(42,809)
Capital Outlay	547,170	547,170	146,983	(400,187)
Contingency	41,554	39,959	-	(39,959)
<b>Total Expenditures</b>	<b>757,957</b>	<b>757,957</b>	<b>264,557</b>	<b>(493,400)</b>
Excess (Deficiency) of Revenues Over Expenditures	(746,107)	(746,107)	(248,118)	497,989
<b>OTHER FINANCING SOURCES / (USES):</b>				
Operating Transfer In	180,857	180,857	110,000	(70,857)
<b>Total Other Financing Sources</b>	<b>180,857</b>	<b>180,857</b>	<b>110,000</b>	<b>(70,857)</b>
Net Change in Fund Balance	(565,250)	(565,250)	(138,118)	427,132
Fund Balance - July 1, 2013	565,250	565,250	573,997	8,747
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 435,879</b>	<b>\$ 435,879</b>

# CITY OF HARRISBURG

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

### SYSTEM DEVELOPMENT RESERVE FUND

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
System Development Charges	\$ 26,214	\$ 26,214	\$ 47,466	\$ 21,252
Investment Revenue	3,200	3,200	5,376	2,176
<b>Total Revenues</b>	<b>29,414</b>	<b>29,414</b>	<b>52,842</b>	<b>23,428</b>
<b>EXPENDITURES:</b>				
Materials and Services	1,012	1,012	1,012	-
Capital Outlay	1,402,407	1,402,407	10,798	(1,391,609)
<b>Total Expenditures</b>	<b>1,403,419</b>	<b>1,403,419</b>	<b>11,810</b>	<b>(1,391,609)</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,374,005)	(1,374,005)	41,032	1,415,037
Fund Balance - July 1, 2013	1,374,005	1,374,005	1,375,564	1,559
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,416,596</b>	<b>\$ 1,416,596</b>

# 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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 237,516	\$ 237,516	\$ 283,233	\$ 45,717
Investment Revenue	250	250	1,004	754
<b>Total Revenues</b>	<b>237,766</b>	<b>237,766</b>	<b>284,237</b>	<b>46,471</b>
<b><u>EXPENDITURES:</u></b>				
Materials and supplies	48,600	48,600	44,656	(3,944)
Capital Outlay	86,500	86,500	1,180	(85,320)
Debt Service				
Principal	77,021	77,021	77,021	-
Interest	18,288	18,288	18,288	-
<b>Total Expenditures</b>	<b>230,409</b>	<b>230,409</b>	<b>141,145</b>	<b>(89,264)</b>
Excess (Deficiency) of Revenues Over Expenditures	7,357	7,357	143,092	135,735
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(90,857)	(90,857)	-	90,857
<b>Total Other Financing Sources</b>	<b>(90,857)</b>	<b>(90,857)</b>	<b>-</b>	<b>90,857</b>
Net Change In Fund Balance	(83,500)	(83,500)	143,092	226,592
Fund Balance - July 1, 2013	83,500	83,500	107,793	24,293
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,885</b>	<b>\$ 250,885</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Combining and Individual  
Fund Financial Statements**

**Additional Supporting Schedules**

## **Proprietary Funds**

### **Water Funds**

# CITY OF HARRISBURG

## Combining Schedule of Net Position

### WATER FUNDS

June 30, 2014

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 337,131	\$ 168,836	\$ 505,967
Accounts Receivable	49,902	-	49,902
Inventory	24,124	-	24,124
Total Current Assets	411,157	168,836	579,993
Capital Assets:			
Land	85,675	-	85,675
Capital Assets, Net of Depreciation	2,686,843	-	2,686,843
Total Capital Assets	2,772,518	-	2,772,518
<b>Total Assets</b>	<b>\$ 3,183,675</b>	<b>\$ 168,836</b>	<b>\$ 3,352,511</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 9,789	\$ 5,922	\$ 15,711
Compensated Absences Payable	9,302	-	9,302
Customer Deposits	14,422	-	14,422
Total Current Liabilities	33,513	5,922	39,435
<b>Total Liabilities</b>	<b>\$ 33,513</b>	<b>\$ 5,922</b>	<b>\$ 39,435</b>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	\$ 2,772,518	\$ -	\$ 2,772,518
Restricted for:			
Capital Projects	-	162,914	162,914
Unrestricted	377,644	-	377,644
<b>Total Net Position</b>	<b>\$ 3,150,162</b>	<b>\$ 162,914</b>	<b>\$ 3,313,076</b>

# CITY OF HARRISBURG

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

### WATER FUNDS

For the Fiscal Year Ended June 30, 2014

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services			
Water Charges	\$ 531,406	\$ -	\$ 531,406
Other Revenue	12,885	-	12,885
<b>Total Operating Revenues</b>	<b>544,291</b>	<b>-</b>	<b>544,291</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	279,044	-	279,044
Materials and Supplies	174,574	11,955	186,529
Depreciation	119,954	-	119,954
<b>Total Operating Expenses</b>	<b>573,572</b>	<b>11,955</b>	<b>585,527</b>
Operating Income (Loss)	(29,281)	(11,955)	(41,236)
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Interest Income	891	564	1,455
<b>Total Non-Operating Revenues (Expenses)</b>	<b>891</b>	<b>564</b>	<b>1,455</b>
Income Before Other Revenues, Expenses, and Transfers	(28,390)	(11,391)	(39,781)
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>			
Capital Contributions	19,106	-	19,106
Transfers In	-	50,000	50,000
Transfers (Out)	(76,500)	-	(76,500)
Capital Asset Transfers In	10,277	-	10,277
<b>Total Capital Contributions and Transfers</b>	<b>(47,117)</b>	<b>50,000</b>	<b>2,883</b>
Change in Net Position	(75,507)	38,609	(36,898)
NET POSITION, July 1, 2013	3,225,669	124,305	3,349,974
<b>NET POSITION, June 30, 2014</b>	<b>\$3,150,162</b>	<b>\$ 162,914</b>	<b>\$3,313,076</b>



**CITY OF HARRISBURG**

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

**WATER FUND**

**For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
	<b>REVENUES:</b>			
Charges for Services	\$ 521,625	\$ 521,625	\$ 531,406	\$ 9,781
Investment Revenue	500	500	891	391
Other Revenue	6,350	6,350	12,885	6,535
<b>Total Revenues</b>	<b>528,475</b>	<b>528,475</b>	<b>545,182</b>	<b>16,707</b>
<b>EXPENDITURES:</b>				
Personnel Services	310,428	315,648	283,879	(31,769)
Materials and supplies	163,605	163,605	147,919	(15,686)
Capital Outlay	42,250	42,250	26,655	(15,595)
Contingency	126,592	121,372	-	(121,372)
<b>Total Expenditures</b>	<b>642,875</b>	<b>642,875</b>	<b>458,453</b>	<b>(184,422)</b>
Excess (Deficiency) of Revenues over Expenditures	(114,400)	(114,400)	86,729	201,129
<b>OTHER FINANCING SOURCES / (USES):</b>				
Operating Transfer (Out)	(76,500)	(76,500)	(76,500)	-
<b>Total Other Financing Sources</b>	<b>(76,500)</b>	<b>(76,500)</b>	<b>(76,500)</b>	<b>-</b>
Net Change In Fund Balance	(190,900)	(190,900)	10,229	201,129
Fund Balance - July 1, 2013	190,900	190,900	214,057	23,157
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 224,286</b>	<b>\$ 224,286</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	10,229
Change in Compensated Absences	4,835
Contributed Capital	19,106
Equity transfer of capital assets	10,277
Depreciation Expense	(119,954)
Change in Net Position as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u>\$ (75,507)</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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 400	\$ 400	\$ 564	\$ 164
<b>Total Revenues</b>	<b>400</b>	<b>400</b>	<b>564</b>	<b>164</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	168,133	168,133	11,955	(156,178)
Debt Service:				
Principal	6,610	6,610	-	(6,610)
<b>Total Expenditures</b>	<b>174,743</b>	<b>174,743</b>	<b>11,955</b>	<b>(162,788)</b>
Excess (Deficiency) of Revenues over Expenditures	(174,343)	(174,343)	(11,391)	162,952
<b><u>Other Financing Sources / (Uses)</u></b>				
Operating Transfer In	50,000	50,000	50,000	-
<b>Total Other Financing Sources</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>
Net Change In Fund Balance	(124,343)	(124,343)	38,609	162,952
Fund Balance - July 1, 2013	124,343	124,343	124,305	(38)
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 162,914</b>	<b>\$ 162,914</b>

## **Proprietary Funds**

### **Sewer Funds**

# CITY OF HARRISBURG

## Combining Schedule of Net Position

### SEWER FUNDS

June 30, 2014

	<u>Sewer Fund</u>	<u>Sewer Reserve Fund</u>	<u>Total Sewer Utility</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 333,267	\$ 269,801	\$ 603,068
Accounts Receivable	79,144	-	79,144
Inventory	15,355	-	15,355
Total Current Assets	427,766	269,801	697,567
Non-Current Assets:			
Restricted Cash	-	100,125	100,125
Total Non-Current Assets	-	100,125	100,125
Capital Assets:			
Land	448,197	-	448,197
Depreciable Assets, Net of Depreciation	4,920,751	-	4,920,751
Total Capital Assets	5,368,948	-	5,368,948
<b>Total Assets</b>	<b>\$ 5,796,714</b>	<b>\$ 369,926</b>	<b>\$ 6,166,640</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 3,622	\$ 525	\$ 4,147
Compensated Absences Payable	9,303	-	9,303
Accrued Interest Payable	68,672	-	68,672
Customer Deposits	14,198	-	14,198
Current Portion of Long-Term Liabilities:			
Bond Payable	34,339	-	34,339
Total Current Liabilities	130,134	525	130,659
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bond Payable	2,167,251	-	2,167,251
Total Long-Term Liabilities	2,167,251	-	2,167,251
<b>Total Liabilities</b>	<b>\$ 2,297,385</b>	<b>\$ 525</b>	<b>\$ 2,297,910</b>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	\$ 3,167,358	\$ -	\$ 3,167,358
Restricted for:			
Debt Service	-	100,125	100,125
Capital Projects	-	269,276	269,276
Unrestricted	331,972	-	331,972
<b>Total Net Position</b>	<b>\$ 3,499,330</b>	<b>\$ 369,401</b>	<b>\$ 3,868,731</b>

# CITY OF HARRISBURG

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

### SEWER FUNDS

For the Fiscal Year Ended June 30, 2014

	<u>Sewer Fund</u>	<u>Sewer Reserve Fund</u>	<u>Total Sewer Utility</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services			
Sewer Charges	\$ 697,034	\$ -	\$ 697,034
Other Revenue	7,929	-	7,929
<b>Total Operating Revenues</b>	<b>704,963</b>	<b>-</b>	<b>704,963</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	278,322	-	278,322
Materials and Supplies	170,375	24,416	194,791
Depreciation	260,354	-	260,354
<b>Total Operating Expenses</b>	<b>709,051</b>	<b>24,416</b>	<b>733,467</b>
Operating Income (Loss)	(4,088)	(24,416)	(28,504)
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Interest Income	1,659	1,452	3,111
Interest Expense	(91,148)	-	(91,148)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(89,489)</b>	<b>1,452</b>	<b>(88,037)</b>
Income Before Other Revenues, Expenses, and Transfers	(93,577)	(22,964)	(116,541)
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>			
Capital Contributions	10,252	-	10,252
Transfers In	-	25,000	25,000
Transfers (Out)	(51,500)	-	(51,500)
Capital Asset Transfers In	10,277	-	10,277
<b>Total Capital Contributions and Transfers</b>	<b>(30,971)</b>	<b>25,000</b>	<b>(5,971)</b>
Change In Net Position	(124,548)	2,036	(122,512)
NET POSITION, July 1, 2013	4,072,075	367,365	4,439,440
Prior Period Adjustment	(448,197)	-	(448,197)
<b>NET POSITION, June 30, 2014</b>	<b>\$ 3,499,330</b>	<b>\$ 369,401</b>	<b>\$ 3,868,731</b>

# CITY OF HARRISBURG

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

### SEWER FUND

**For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 669,986	\$ 669,986	\$ 697,034	\$ 27,048
Investment Revenue	1,000	1,000	1,659	659
Other Revenue	5,100	5,100	7,929	2,829
<b>Total Revenues</b>	<b>676,086</b>	<b>676,086</b>	<b>706,622</b>	<b>30,536</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	310,428	315,648	283,156	(32,492)
Materials and supplies	206,855	206,855	146,127	(60,728)
Capital Outlay	34,250	34,250	24,248	(10,002)
Debt Service				
Principal	32,979	32,979	32,979	-
Interest	92,176	92,176	92,176	-
Contingency	103,798	98,578	-	(98,578)
<b>Total Expenditures</b>	<b>780,486</b>	<b>780,486</b>	<b>578,686</b>	<b>(201,800)</b>
Excess (Deficiency) of Revenues over Expenditures	(104,400)	(104,400)	127,936	232,336
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	20,000	20,000	-	(20,000)
Operating Transfer (Out)	(51,500)	(51,500)	(51,500)	-
<b>Total Other Financing Sources</b>	<b>(31,500)</b>	<b>(31,500)</b>	<b>(51,500)</b>	<b>(20,000)</b>
Net Change In Fund Balance	(135,900)	(135,900)	76,436	212,336
Fund Balance - July 1, 2013	135,900	135,900	190,115	54,215
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 266,551</b>	<b>\$ 266,551</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	76,436
Change in Compensated Absences	4,834
Change in Accrued Interest	1,028
Debt Principal Payments	32,979
Equity transfer of capital assets	10,277
Contributed Capital	10,252
Depreciation Expense	(260,354)
Change in Net Position as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position	<u><u>\$ (124,548)</u></u>

# CITY OF HARRISBURG

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

### SEWER RESERVE FUND

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 1,000	\$ 1,000	\$ 1,452	\$ 452
<b>Total Revenues</b>	1,000	1,000	1,452	452
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	269,800	269,800	24,416	(245,384)
Debt Service				
Principal	125,155	125,155	-	(125,155)
<b>Total Expenditures</b>	394,955	394,955	24,416	(370,539)
Excess (Deficiency) of Revenues over Expenditures	(393,955)	(393,955)	(22,964)	370,991
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	25,000	25,000	25,000	-
<b>Total Other Financing Sources</b>	25,000	25,000	25,000	-
Net Change In Fund Balance	(368,955)	(368,955)	2,036	370,991
Fund Balance - July 1, 2013	368,955	368,955	367,365	(1,590)
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 369,401</b>	<b>\$ 369,401</b>

**Non-Major**

**Governmental Funds**



# CITY OF HARRISBURG

## Combining Balance Sheet

### NON-MAJOR GOVERNMENTAL FUNDS

(By Fund Type)

June 30, 2014

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Total
<b><u>ASSETS:</u></b>			
Cash & Investments	\$ 628,946	\$ 81,455	\$ 710,401
Accounts Receivable	8,133	-	8,133
Assessment Receivable	-	6,762	6,762
<b>Total Assets</b>	<b>637,079</b>	<b>88,217</b>	<b>725,296</b>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	3,903	-	3,903
Deferred Revenue	-	6,332	6,332
<b>Total Liabilities</b>	<b>3,903</b>	<b>6,332</b>	<b>10,235</b>
<b><u>FUND BALANCES:</u></b>			
Restricted for:			
Debt Service	-	81,885	81,885
Committed for:			
Parks and Recreation Programs	21,198	-	21,198
Community Development Projects	78,897	-	78,897
Equipment Acquisition	322,167	-	322,167
Public Works	210,914	-	210,914
<b>Total Fund Balances</b>	<b>633,176</b>	<b>81,885</b>	<b>715,061</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 637,079</b>	<b>\$ 88,217</b>	<b>\$ 725,296</b>

# 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, 2014

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Total
<b><u>REVENUES:</u></b>			
Taxes and Assessments	\$ 60,765	\$ 62,550	\$ 123,315
Intergovernmental	21,888	-	21,888
Investment Revenue	2,135	317	2,452
Other Revenue	35,750	-	35,750
<b>Total Receipts</b>	<b>120,538</b>	<b>62,867</b>	<b>183,405</b>
<b><u>EXPENDITURES:</u></b>			
General Government	97,454	-	97,454
Highways and Streets	4,007	-	4,007
Culture and Recreation	76,972	-	76,972
Debt Service:			
Principal	-	18,031	18,031
Interest	-	48,066	48,066
Capital Outlay	51,815	-	51,815
<b>Total Expenditures</b>	<b>230,248</b>	<b>66,097</b>	<b>296,345</b>
Excess of Revenues Over (Under) Expenditures	(109,710)	(3,230)	(112,940)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating Transfers In	229,448	-	229,448
<b>Total Other Financing Sources (Uses):</b>	<b>229,448</b>	<b>-</b>	<b>229,448</b>
Net Change in Fund Balances	119,738	(3,230)	116,508
Fund Balances - July 1, 2013	513,438	85,115	598,553
<b>Fund Balances - June 30, 2014</b>	<b>\$ 633,176</b>	<b>\$ 81,885</b>	<b>\$ 715,061</b>

**Non – Major**

**Special Revenue Funds**

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

**June 30, 2014**

	Equipment Reserve Fund	Office Equipment Fund	Library Fund	Bike Path Reserve Fund	H.A.R.T. Fund	Storm Drain Reserve Fund	Total
<b><u>ASSETS:</u></b>							
Cash & Investments	\$ 302,145	\$ 20,162	\$ 31,515	\$ 21,198	\$ 48,089	\$ 205,837	\$ 628,946
Accounts Receivable	-	-	-	-	-	8,133	8,133
<b>Total Assets</b>	<b>302,145</b>	<b>20,162</b>	<b>31,515</b>	<b>21,198</b>	<b>48,089</b>	<b>213,970</b>	<b>637,079</b>
<b><u>LIABILITIES:</u></b>							
Accounts Payable	140	-	432	-	275	3,056	3,903
<b>Total Liabilities</b>	<b>140</b>	<b>-</b>	<b>432</b>	<b>-</b>	<b>275</b>	<b>3,056</b>	<b>3,903</b>
<b><u>FUND BALANCES:</u></b>							
Committed for:							
Parks and Recreation Programs	-	-	-	21,198	-	-	21,198
Community Development Projects	-	-	31,083	-	47,814	-	78,897
Equipment Acquisition	302,005	20,162	-	-	-	-	322,167
Public Works	-	-	-	-	-	210,914	210,914
<b>Total Fund Balances</b>	<b>302,005</b>	<b>20,162</b>	<b>31,083</b>	<b>21,198</b>	<b>47,814</b>	<b>210,914</b>	<b>633,176</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 302,145</b>	<b>\$ 20,162</b>	<b>\$ 31,515</b>	<b>\$ 21,198</b>	<b>\$ 48,089</b>	<b>\$ 213,970</b>	<b>\$ 637,079</b>

**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, 2014**

	<u>Equipment Reserve Fund</u>	<u>Office Equipment Fund</u>	<u>Library Fund</u>	<u>Bike Path Reserve Fund</u>	<u>H.A.R.T. Fund</u>	<u>Storm Drain Reserve Fund</u>	<u>Total</u>
<b><u>REVENUES:</u></b>							
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,765	\$ 60,765
Intergovernmental	-	-	-	2,085	19,803	-	21,888
Investment Revenue	1,054	43	123	79	92	744	2,135
Other Revenue	-	-	5,763	-	29,902	85	35,750
<b>Total Receipts</b>	<b>1,054</b>	<b>43</b>	<b>5,886</b>	<b>2,164</b>	<b>49,797</b>	<b>61,594</b>	<b>120,538</b>
<b><u>EXPENDITURES:</u></b>							
General Government	-	21,875	-	-	75,579	-	97,454
Highways and Street	-	-	-	-	-	4,007	4,007
Culture and Recreation	-	-	76,972	-	-	-	76,972
Capital Outlay	26,194	-	1,609	-	-	24,012	51,815
<b>Total Expenditures</b>	<b>26,194</b>	<b>21,875</b>	<b>78,581</b>	<b>-</b>	<b>75,579</b>	<b>28,019</b>	<b>230,248</b>
Excess of Revenues Over (Under) Expenditures	(25,140)	(21,832)	(72,695)	2,164	(25,782)	33,575	(109,710)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>							
Operating Transfers In	69,000	26,000	72,500	-	61,948	-	229,448
<b>Total Total Other Financing Sources (Uses):</b>	<b>69,000</b>	<b>26,000</b>	<b>72,500</b>	<b>-</b>	<b>61,948</b>	<b>-</b>	<b>229,448</b>
Net Change in Fund Balances	43,860	4,168	(195)	2,164	36,166	33,575	119,738
Fund Balances - July 1, 2013	258,145	15,994	31,278	19,034	11,648	177,339	513,438
<b>Fund Balances - June 30, 2014</b>	<b>\$ 302,005</b>	<b>\$ 20,162</b>	<b>\$ 31,083</b>	<b>\$ 21,198</b>	<b>\$ 47,814</b>	<b>\$ 210,914</b>	<b>\$ 633,176</b>

# **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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 500	\$ 500	\$ 1,054	\$ 554
<b>Total Revenues</b>	<b>500</b>	<b>500</b>	<b>1,054</b>	<b>554</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	321,800	321,800	26,194	(295,606)
<b>Total Expenditures</b>	<b>321,800</b>	<b>321,800</b>	<b>26,194</b>	<b>(295,606)</b>
Excess of Revenues Over (Under) Expenditures	(321,300)	(321,300)	(25,140)	296,160
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	69,000	69,000	69,000	-
<b>Total Other Financing Sources</b>	<b>69,000</b>	<b>69,000</b>	<b>69,000</b>	<b>-</b>
Net Change In Fund Balance	(252,300)	(252,300)	43,860	296,160
Fund Balance - July 1, 2013	252,300	252,300	258,145	5,845
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 302,005</b>	<b>\$ 302,005</b>

# CITY OF HARRISBURG

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

### OFFICE EQUIPMENT FUND

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 100	\$ 100	\$ 43	\$ (57)
<b>Total Revenues</b>	<b>100</b>	<b>100</b>	<b>43</b>	<b>(57)</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	34,750	34,750	21,875	(12,875)
Capital Outlay	9,200	9,200	-	(9,200)
<b>Total Expenditures</b>	<b>43,950</b>	<b>43,950</b>	<b>21,875</b>	<b>(22,075)</b>
Excess of Revenues Over (Under) Expenditures	(43,850)	(43,850)	(21,832)	22,018
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	26,000	26,000	26,000	-
<b>Total Other Financing Sources</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>	<b>-</b>
Net Change In Fund Balance	(17,850)	(17,850)	4,168	22,018
Fund Balance - July 1, 2013	17,850	17,850	15,994	(1,856)
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,162</b>	<b>\$ 20,162</b>

**CITY OF HARRISBURG**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**LIBRARY FUND**  
**For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 50	\$ 50	\$ 123	\$ 73
Miscellaneous Revenue	2,700	6,450	5,763	(687)
<b>Total Revenues</b>	<b>2,750</b>	<b>6,500</b>	<b>5,886</b>	<b>(614)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	66,706	66,706	63,487	(3,219)
Materials and Services	18,200	21,950	13,485	(8,465)
Capital Outlay	6,068	6,068	1,609	(4,459)
Contingency	11,745	11,745	-	(11,745)
<b>Total Expenditures</b>	<b>102,719</b>	<b>106,469</b>	<b>78,581</b>	<b>(27,888)</b>
Excess of Revenues Over (Under) Expenditures	(99,969)	(99,969)	(72,695)	27,274
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	72,500	72,500	72,500	-
<b>Total Other Financing Sources</b>	<b>72,500</b>	<b>72,500</b>	<b>72,500</b>	<b>-</b>
Net Change In Fund Balance	(27,469)	(27,469)	(195)	27,274
Fund Balance - July 1, 2013	27,469	27,469	31,278	3,809
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,083</b>	<b>\$ 31,083</b>



# 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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 1,500	\$ 1,500	\$ 2,085	\$ 585
Investment Revenue	40	40	79	39
<b>Total Revenues</b>	<b>1,540</b>	<b>1,540</b>	<b>2,164</b>	<b>624</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	20,800	20,800	-	(20,800)
<b>Total Expenditures</b>	<b>20,800</b>	<b>20,800</b>	<b>-</b>	<b>(20,800)</b>
Excess of Revenues Over (Under) Expenditures	(19,260)	(19,260)	2,164	21,424
Fund Balance - July 1, 2013	19,260	19,260	19,034	(226)
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,198</b>	<b>\$ 21,198</b>

**CITY OF HARRISBURG**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**H.A.R.T. FUND**  
**For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive Negative (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ -	\$ 19,802	\$ 19,803	\$ 1
Investment Revenue	50	50	92	42
Miscellaneous	11,000	36,288	29,902	(6,386)
<b>Total Revenues</b>	<b>11,050</b>	<b>56,140</b>	<b>49,797</b>	<b>(6,343)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	74,474	88,072	67,519	(20,553)
Materials and Services	5,524	37,016	8,060	(28,956)
<b>Total Expenditures</b>	<b>79,998</b>	<b>125,088</b>	<b>75,579</b>	<b>(49,509)</b>
Excess of Revenues Over (Under) Expenditures	(68,948)	(68,948)	(25,782)	43,166
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	61,948	61,948	61,948	-
<b>Total Other Financing Sources</b>	<b>61,948</b>	<b>61,948</b>	<b>61,948</b>	<b>-</b>
Net Change In Fund Balance	(7,000)	(7,000)	36,166	43,166
Fund Balance - July 1, 2013	7,000	7,000	11,648	4,648
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,814</b>	<b>\$ 47,814</b>

# 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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 60,150	\$ 60,150	\$ 60,765	\$ 615
Investment Revenue	250	250	744	494
Miscellaneous Revenue	-	-	85	85
<b>Total Revenues</b>	<b>60,400</b>	<b>60,400</b>	<b>61,594</b>	<b>1,194</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	17,900	17,900	4,007	(13,893)
Capital Outlay	216,950	216,950	24,012	(192,938)
<b>Total Expenditures</b>	<b>234,850</b>	<b>234,850</b>	<b>28,019</b>	<b>(206,831)</b>
Excess of Revenues Over (Under) Expenditures	(174,450)	(174,450)	33,575	208,025
Fund Balance - July 1, 2013	174,450	174,450	177,339	2,889
<b>Fund Balance - June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 210,914</b>	<b>\$ 210,914</b>

## **Debt Service Funds**

**CITY OF HARRISBURG**

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

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

**For the Fiscal Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 49,113	\$ 49,113	\$ 62,550	\$ 13,437
Investment Revenue	250	250	317	67
<b>Total Revenues</b>	<b>49,363</b>	<b>49,363</b>	<b>62,867</b>	<b>13,504</b>
<b><u>EXPENDITURES:</u></b>				
Debt Service				
Principal	18,031	18,031	18,031	-
Interest	48,066	48,066	48,066	-
<b>Total Expenditures</b>	<b>66,097</b>	<b>66,097</b>	<b>66,097</b>	<b>-</b>
Excess of Revenues Over (Under) Expenditures	(16,734)	(16,734)	(3,230)	13,504
Fund Balance - July 1, 2013	82,831	82,831	85,115	2,284
<b>Fund Balance - June 30, 2014</b>	<b>\$ 66,097</b>	<b>\$ 66,097</b>	<b>\$ 81,885</b>	<b>\$ 15,788</b>

**Additional**  
**Supporting Schedules**

# CITY OF HARRISBURG

## SCHEDULE OF PROPERTY TAXES

**For the Fiscal Year Ended June 30, 2014**

	General Fund Permanent Rate Tax, Subject to Measure 5	Bonds	Total	
Assessed Valuation, 2013-14 Tax Roll	\$ 164,100,640	\$ 164,100,640	\$ 158,622,468	
General Fund Permanent Rate Levy, Per \$1,000	0.0031875	-	-	
General Obligation Bond Levy Rate, Per \$1,000	-	0.0003122	-	
Amount Levy Rates Will Raise	523,071	51,232	574,303	
Gain From UR Division of Tax Rate Truncation	10	12	22	
Loss Due to District's Compression	(10)	-	(10)	
Additional Taxes Outside Measure 5 Limits - Farmland	126	12	138	
Net Tax Levy Imposed	<u>\$ 523,197</u>	<u>\$ 51,256</u>	<u>\$ 574,453</u>	
	Collector's Adjustment			
	& Discounts	Collections	Uncollected	
	Increase	During	Balance	
	(Decrease)	the Year	June 30, 2014	
	Uncollected Balance July 1, 2013			
2013-14	\$ 574,453	\$ (16,589)	\$ 533,821	\$ 24,043
2012-13	21,383	4,290	10,943	14,730
2011-12	12,069	4,888	6,316	10,641
2010-11	13,373	(961)	5,278	7,133
2009-10	7,421	(1,308)	2,869	3,244
2008-09	2,976	(2,453)	196	327
2007-08 & Prior	1,355	(511)	138	706
<b>Total Cash Collections</b>	<u>\$ 633,032</u>	<u>\$ (12,646)</u>	<u>\$ 559,561</u>	<u>\$ 60,825</u>
Less Accrued Revenue - June 30, 2013			(4,098)	
Add Accrued Revenue - June 30, 2014			7,239	
<b>Total Property Tax Revenue</b>			<u>\$ 562,702</u>	
Current Year Collections:	Current	Prior	Total	Property Taxes Receivable
General Fund	\$ 476,253	\$ 23,900	\$ 500,153	\$ 54,064
Debt Service Fund	59,644	2,906	62,550	6,762
<b>TOTALS</b>	<u>\$ 535,897</u>	<u>\$ 26,806</u>	<u>\$ 562,703</u>	<u>\$ 60,826</u>

**CITY OF HARRISBURG**

**SCHEDULE OF PROPERTY TAXES  
HARRISBURG REDEVELOPMENT AGENCY**

**(A Component Unit of the City of Harrisburg)**

**For the Fiscal Year Ended June 30, 2014**

	Uncollected Balance July 1, 2013	Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2014
2013-14	\$ 293,290	\$ (20,915)	\$ 270,074	\$ 2,301
2012-13	12,222	(5,476)	5,221	1,525
2011-12	4,737	7,203	2,617	9,323
2010-11	5,332	(1,625)	2,234	1,473
2009-10	3,313	(1,197)	1,329	786
2008-09	1,734	(1,409)	84	240
2007-08 & Prior	745	(90)	66	589
<b>Total Property Taxes</b>	<b>\$ 321,372</b>	<b>\$ (23,510)</b>	<b>\$ 281,625</b>	<b>\$ 16,237</b>
Less Accrued Revenue - June 30, 2012			(1,876)	
Add Accrued Revenue - June 30, 2013			3,484	
<b>Total Property Tax Revenue</b>			<b>\$ 283,233</b>	
Current Year Collections:	Current	Prior	Total	Property Taxes Receivable
Harrisburg Redevelopment Agency Fund	\$ 271,406	\$ 11,827	\$ 283,233	\$ 16,237
<b>TOTALS</b>	<b>\$ 271,406</b>	<b>\$ 11,827</b>	<b>\$ 283,233</b>	<b>\$ 16,237</b>



**CITY OF HARRISBURG**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2014**

	Outstanding Balance July 1, 2013	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2014	Due within One Year
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
Note Payable to Cedar Square Partnership for the acquisition of real property					
Original Balance - \$250,000					
Dated - February 2001					
Interest Rate - 5.25%					
Principal	\$ 13,547	\$ -	\$ 13,547	\$ -	\$ -
Interest	-	89	89	-	-
Totals	\$ 13,547	\$ 89	\$ 13,636	\$ -	\$ -
Note Payable to Oregon Economic Development Department for various Urban Renewal Projects					
Original Balance - \$432,000 plus \$93,049 in capitalized interest					
Dated - February 13, 1996					
Interest Rate - 6.5%					
Principal	\$ 281,345	\$ -	\$ 77,021	\$ 204,324	\$ 93,013
Interest	-	18,288	18,288	-	13,281
Totals	\$ 281,345	\$ 18,288	\$ 95,309	\$ 204,324	\$ 106,294
General Obligation Bonds held by USDA Rural Development for Water System Improvements					
Original Balance - \$ 1,174,000					
Dated - November 1, 2000					
Interest Rate - 4.75%					
Principal	\$ 1,011,908	\$ -	\$ 18,031	\$ 993,877	\$ 18,887
Interest	-	48,066	48,066	-	47,210
Totals	\$ 1,011,908	\$ 48,066	\$ 66,097	\$ 993,877	\$ 66,097
<b>TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:</b>					
Principal	\$ 1,306,800	\$ -	\$ 108,599	\$ 1,198,201	\$ 111,900
Interest	-	66,443	66,443	-	60,491
Totals	\$ 1,306,800	\$ 66,443	\$ 175,042	\$ 1,198,201	\$ 172,391

**Continued**

**CITY OF HARRISBURG**

**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (Continued)**

**For the Fiscal Year Ended June 30, 2014**

	<u>Outstanding Balance July 1, 2013</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2014</u>	<u>Due within One Year</u>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Revenue Bonds held by USDA Rural Development for Sewer System Improvements					
Original Balance - \$2,431,600					
Dated - September 27, 2005					
Interest Rate - 4.125%					
Principal	\$ 2,234,569	\$ -	\$ 32,979	\$ 2,201,590	\$ 34,339
Interest	-	92,176	92,176	-	90,816
Totals	<u>\$ 2,234,569</u>	<u>\$ 92,176</u>	<u>\$ 125,155</u>	<u>\$ 2,201,590</u>	<u>\$ 125,155</u>
<b><u>TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:</u></b>					
Principal	\$ 2,234,569	\$ -	\$ 32,979	\$ 2,201,590	\$ 34,339
Interest	-	92,176	92,176	-	90,816
Totals	<u>\$ 2,234,569</u>	<u>\$ 92,176</u>	<u>\$ 125,155</u>	<u>\$ 2,201,590</u>	<u>\$ 125,155</u>
<b><u>TOTAL DEBT AGREEMENTS:</u></b>					
Principal	\$ 3,541,369	\$ -	\$ 141,578	\$ 3,399,791	\$ 146,239
Interest	-	158,619	158,619	-	151,307
Totals	<u>\$ 3,541,369</u>	<u>\$ 158,619</u>	<u>\$ 300,197</u>	<u>\$ 3,399,791</u>	<u>\$ 297,546</u>

**CITY OF HARRISBURG**

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

**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ended June 30,	Sinking Fund Require- ment	Total Payment	Principal	Interest	Fiscal Year- end Balance
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>						
Note Payable to Oregon Economic Development Department for various Urban Renewal Projects						
Original Balance - \$432,000 plus	2015	-	106,294	93,013	13,281	111,311
\$93,049 in capitalized interest	2016	-	118,546	111,311	7,235	-
<b>Totals</b>		-	<b>\$ 224,840</b>	<b>\$ 204,324</b>	<b>\$ 20,516</b>	
General Obligation Bonds held by USDA Rural Development for Water System Improvements						
Original Balance - \$ 1,174,000	2015	-	66,097	18,887	47,210	974,990
	2016	-	66,097	19,785	46,312	955,205
	2017	-	66,097	20,724	45,373	934,481
	2018	-	66,097	21,709	44,388	912,772
	2019	-	66,097	22,740	43,357	890,032
	2020	-	66,097	23,820	42,277	866,212
	2021	-	66,097	24,952	41,145	841,260
	2022	-	66,097	26,137	39,960	815,123
	2023	-	66,097	27,378	38,719	787,745
	2024	-	66,097	28,679	37,418	759,066
	2025	-	66,097	30,041	36,056	729,025
	2026	-	66,097	31,468	34,629	697,557
	2027	-	66,097	32,963	33,134	664,594
	2028	-	66,097	34,528	31,569	630,066
	2029	-	66,097	36,168	29,929	593,898
	2030	-	66,097	37,886	28,211	556,012
	2031	-	66,097	39,686	26,411	516,326
	2032	-	66,097	41,571	24,526	474,755
	2033	-	66,097	43,546	22,551	431,209
	2034	-	66,097	45,614	20,483	385,595
	2035	-	66,097	47,781	18,316	337,814
	2036	-	66,097	50,051	16,046	287,763
	2037	-	66,097	52,428	13,669	235,335
	2038	-	66,097	54,918	11,179	180,417
	2039	-	66,097	57,527	8,570	122,890
	2040	-	66,097	60,259	5,838	62,631
	2041	-	65,607	62,632	2,975	(1)
<b>Totals</b>			<b>\$ 1,784,129</b>	<b>\$ 993,878</b>	<b>\$ 790,251</b>	

**Continued**

**CITY OF HARRISBURG**

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

**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ended June 30,	Sinking Fund Require- ment	Total Payment	Principal	Interest	Fiscal Year- end Balance
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>						
Revenue Bonds held by USDA Rural	2015	112,641	125,155	34,339	90,816	2,167,251
Original Balance - \$2,431,600	2016	125,155	125,155	35,756	89,399	2,131,495
	2017	125,155	125,155	37,231	87,924	2,094,264
	2018	125,155	125,155	38,767	86,388	2,055,497
	2019	125,155	125,155	40,366	84,789	2,015,131
	2020	125,155	125,155	42,031	83,124	1,973,100
	2021	125,155	125,155	43,764	81,391	1,929,336
	2022	125,155	125,155	45,570	79,585	1,883,766
	2023	125,155	125,155	47,450	77,705	1,836,316
	2024	125,155	125,155	49,407	75,748	1,786,909
	2025	125,155	125,155	51,445	73,710	1,735,464
	2026	125,155	125,155	53,567	71,588	1,681,897
	2027	125,155	125,155	55,777	69,378	1,626,120
	2028	125,155	125,155	58,077	67,078	1,568,043
	2029	125,155	125,155	60,473	64,682	1,507,570
	2030	125,155	125,155	62,968	62,187	1,444,602
	2031	125,155	125,155	65,565	59,590	1,379,037
	2032	125,155	125,155	68,270	56,885	1,310,767
	2033	125,155	125,155	71,086	54,069	1,239,681
	2034	125,155	125,155	74,018	51,137	1,165,663
	2035	125,155	125,155	77,071	48,084	1,088,592
	2036	125,155	125,155	80,250	44,905	1,008,342
	2037	125,155	125,155	83,561	41,594	924,781
	2038	125,155	125,155	87,008	38,147	837,773
	2039	125,155	125,155	90,597	34,558	747,176
	2040	125,155	125,155	94,334	30,821	652,842
	2041	125,155	125,155	98,225	26,930	554,617
	2042	125,155	125,155	102,277	22,878	452,340
	2043	125,155	125,155	106,496	18,659	345,844
	2044	125,155	125,155	110,889	14,266	234,955
	2045	125,155	125,155	115,463	9,692	119,492
	2046	125,155	165,426	119,492	45,934	-
<b>Totals</b>			<b>\$ 4,045,231</b>	<b>\$ 2,201,590</b>	<b>\$ 1,843,641</b>	

**ACCOMPANYING**  
**INFORMATION**

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

**As of June 30, 2014**

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

We have audited the basic financial statements of the City of Harrisburg as of and for the year ended June 30, 2014, and have issued our report thereon dated October 30, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Harrisburg' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

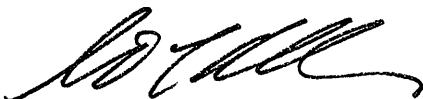
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway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

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

**OAR 162-10-0230 Internal Control**

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

This report is intended solely for the information and use of the 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, PC  
Roseburg, Oregon  
October 30, 2014



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

Honorable Mayor and City Council  
City of Harrisburg, Oregon

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Harrisburg as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Harrisburg's basic financial statements and have issued my report thereon dated October 30, 2014.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered City of Harrisburg's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Harrisburg's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Harrisburg's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Harrisburg's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steve Tuchscherer, CPA  
October 30, 2014