



HARRISBURG, OREGON

Audit Report

June 30, 2015

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

CITY OF HARRISBURG

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

CITY OFFICIALS

- ROBERT DUNCAN Mayor
P.O. Box 224, Harrisburg, Oregon 97446
- DON SHIPLEY Council President
P.O. Box 185, Harrisburg, Oregon 97446
- ROGER RAVEN (Resigned office 07/23/14). 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 7th Street, Harrisburg, Oregon 97446
- SARAH PULS Council Member
P.O. Box 214, Junction City, OR 97448
- STEVE FRANCALANCIA (7/23/14-12/10/14). Council Member
948 Smith Street, Harrisburg, OR 97446
- JOHN LOSHBAUGH. Council Member
340 North 7th Street, Harrisburg, OR 97446

CITY ADMINISTRATION

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

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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, 2015 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, 2015, 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 on pages 2-13, budgetary comparison information on pages 46-51, and pension schedules on pages 52-53 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 required supplementary information 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 December 1, 2015, 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
December 1, 2015

MANAGEMENT'S

DISCUSSION

AND ANALYSIS

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2015
Unaudited

The management discussion and analysis of the City of Harrisburg, Oregon (the City) financial performance provides an overview of the City's financial activities for the fiscal year that ended June 30, 2015. 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, 2015 are as follows:

- Changes in the financial statements are included for this year due to the implementation of Governmental Accounting Standards Board Statements 67 & 68. Those statements require accounting and reporting changes related to employee pension plans. Net pension liability or asset, as well as deferred inflows and outflows of resources, and restricted amounts of the government's net position, each related to pension activities all appear for the first time on the Statements of Net Position. Also, beginning net positions have been restated to include the estimated impacts of the new requirements prior to the current year. Note 5, beginning on page 36 of this report, describe in detail the government's pension plans.
- The City's net position, after consideration of the restatement for pension costs prior to the current year, increased by \$441,409 which represents a 3.2 percent increase from the previous year.
- Total revenue for the City was \$3,147,524. That is a 1.1 percent decrease from the previous year. General revenues accounted for \$1,508,254 of revenue, or 47.9 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$1,584,720 or 50.4 percent of total revenues. Operating grants received a total \$54,550 or 1.7 percent of total revenues. There were no capital grants received this year.
- The City had \$2,720,675 in program expenses. Of the program expenses, \$517,155 was for providing water service and \$637,873 was for providing sewer service.
- The City's long-term liabilities decreased \$167,408, a 5.1 percent decrease from the previous year.
- Among the governmental funds, the General Fund had \$1,113,732 in revenues, which primarily consisted of property taxes and franchise taxes. The Street Fund had \$216,213 in revenues, which primarily consisted of intergovernmental revenues. The Community & Economic Development Fund had \$36,495 in revenues. The Equipment Reserve Fund had \$857 in revenues, which primarily consisted of investment revenue. The Harrisburg Redevelopment Agency Fund had \$287,382 in revenues, which primarily consisted of property taxes.
- At the beginning of the 2014-15 fiscal year, the System Development Reserve Fund was separated into five different funds for budgetary purposes according to the prior year balances for each activity. All new SDC funds are being reported as governmental funds.
- Among proprietary funds, the Water Fund had \$587,153 in operating revenues, which primarily consisted of user fees. The Sewer Fund had \$717,977 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.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2015
Unaudited

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.

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 20-22 is the Water System Reserve Fund. Included in the Sewer Fund is the Sewer System Reserve Fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Notes to the Financial Statements

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

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2015
Unaudited

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the 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 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 \$14,113,239 this is an increase of \$441,409 or 3.2%.

A significant portion of the City's net position (63.8 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

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

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

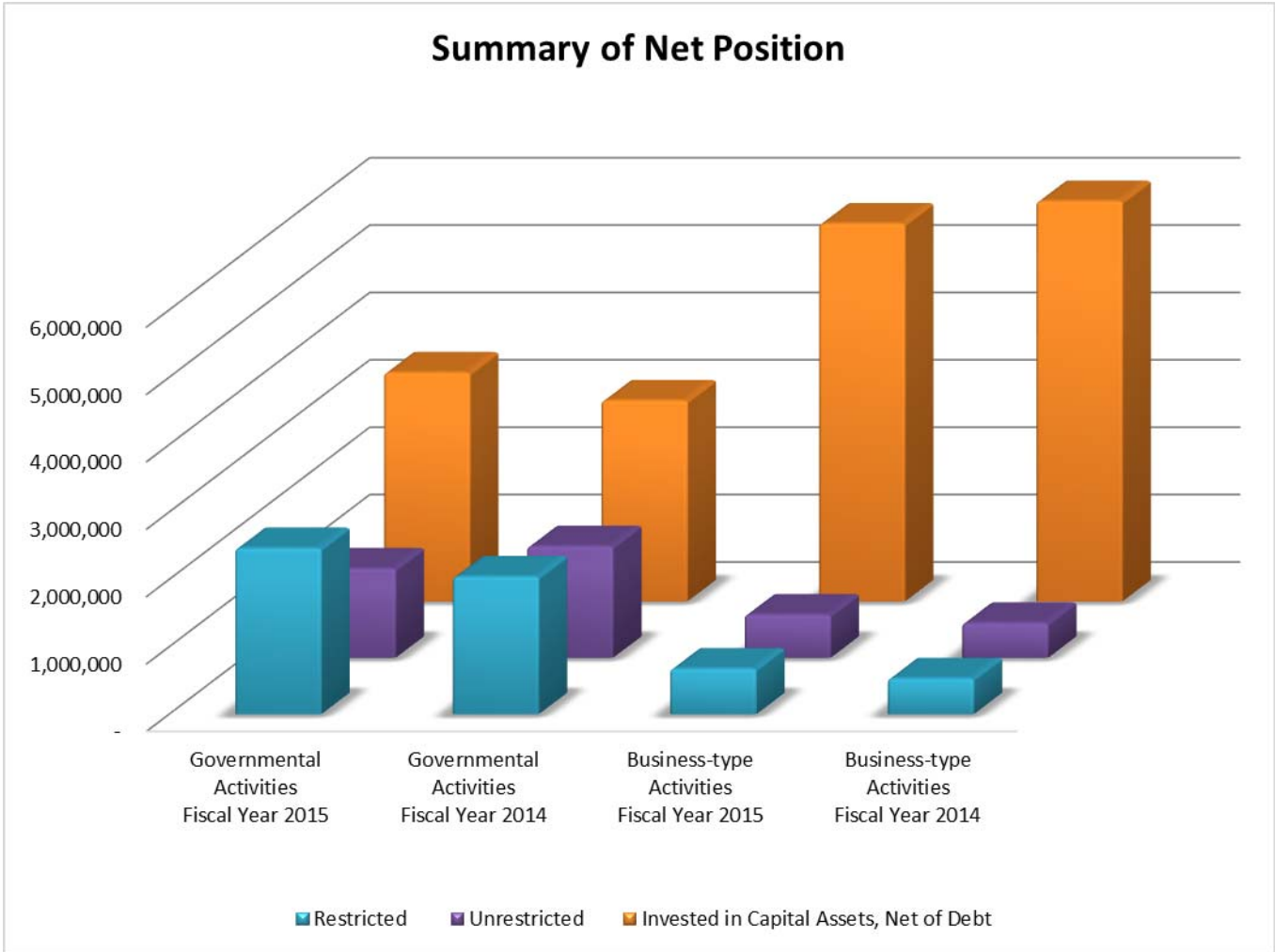
CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
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Unaudited

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

	<u>Summary of Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets						
Current and Other Assets	\$ 4,150,583	\$ 4,050,584	\$ 1,645,011	\$ 1,377,685	\$ 5,795,594	\$ 5,428,269
Capital Assets	4,482,214	4,179,896	7,775,037	8,141,466	12,257,251	12,321,362
Total Assets	8,632,798	8,230,480	9,420,048	9,519,151	18,052,846	17,749,631
Liabilities						
Current Liabilities	271,132	251,497	162,295	170,094	433,427	421,591
Long-Term Liabilities	955,205	1,086,857	2,131,495	2,167,251	3,086,700	3,254,108
Total Liabilities	1,226,337	1,338,354	2,293,790	2,337,345	3,520,127	3,675,699
Deferred Inflow of Resources - Restated for Prior Year	220,403	211,272	199,080	190,834	419,483	402,106
Net Position						
Invested in Capital Assets						
Net of Debt	3,395,913	2,981,695	5,607,786	5,939,876	9,003,699	8,921,571
Restricted	2,465,774	2,043,471	677,466	532,315	3,143,240	2,575,786
Unrestricted	1,324,373	1,655,691	641,926	518,782	1,966,299	2,174,473
Total Net Position - Restated for Prior Year	\$ 7,186,061	\$ 6,680,857	\$ 6,927,178	\$ 6,990,973	\$ 14,113,239	\$ 13,671,830

CITY OF HARRISBURG
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See the chart below to gain an understanding of the City's actual financial position and how each component relates to the activities performed.



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Changes in net position - The City's total revenues for the fiscal year ended June 30, 2015 were \$3,147,524. The total cost of all programs and services was \$2,720,675. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

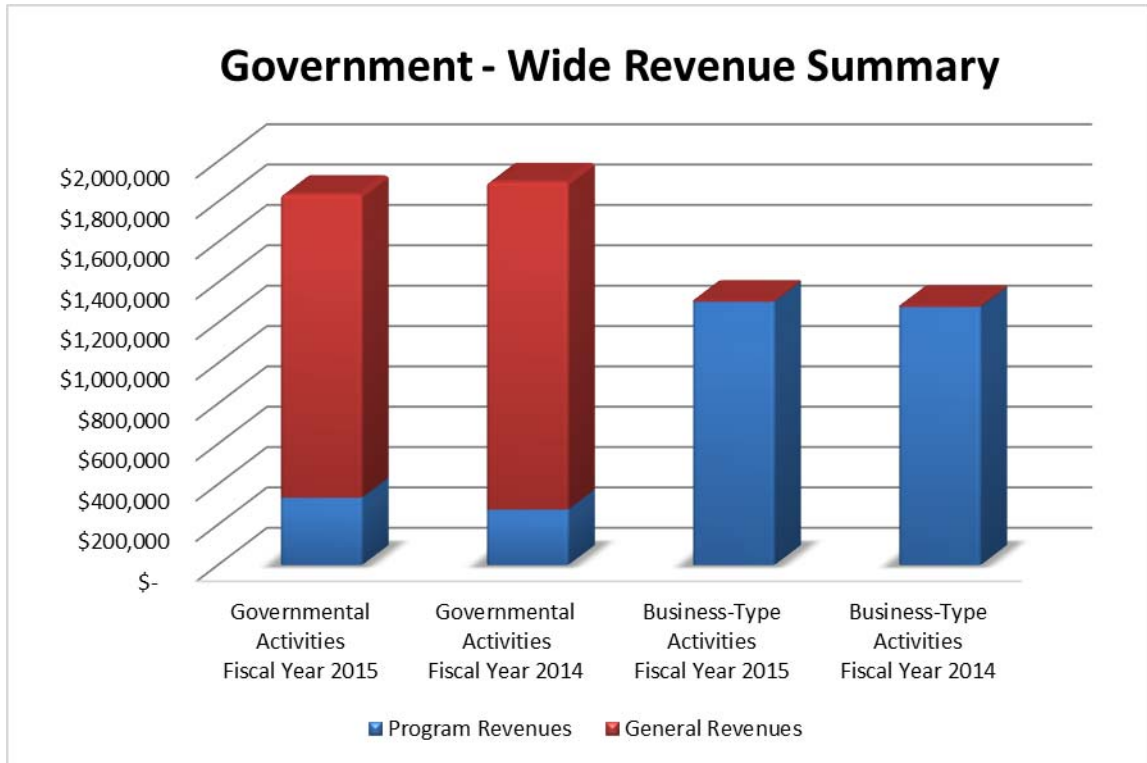
Summary of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>
Revenues						
Program Revenues						
Charges for Services	\$ 279,590	\$ 191,779	\$ 1,305,130	\$ 1,249,254	\$1,584,720	\$1,441,033
Operating Grants and Contributions	54,550	66,031	-	-	54,550	66,031
Capital Grants and Contributions	-	17,242	-	29,358	-	46,600
Total Program Revenues	<u>334,140</u>	<u>275,052</u>	<u>1,305,130</u>	<u>1,278,612</u>	<u>1,639,270</u>	<u>1,553,664</u>
General Revenues						
Local Sources						
Property Taxes, Franchise Fees, & Public Service Taxes	1,490,494	1,610,560	-	-	1,490,494	1,610,560
Interest & Investment Earnings	13,106	13,902	4,654	4,566	17,760	18,468
Total General Revenues	<u>1,503,600</u>	<u>1,624,462</u>	<u>4,654</u>	<u>4,566</u>	<u>1,508,254</u>	<u>1,629,028</u>
Total Revenues	<u>1,837,740</u>	<u>1,899,514</u>	<u>1,309,784</u>	<u>1,283,178</u>	<u>3,147,524</u>	<u>3,182,692</u>
Program Expenses						
General Government	880,057	1,049,287	-	-	880,057	1,049,287
Public Safety	267,094	249,375	-	-	267,094	249,375
Public Works	202,498	247,702	-	-	202,498	247,702
Culture and Recreation	70,878	78,581	-	-	70,878	78,581
Interest on Long-Term Debt	56,404	62,251	88,716	91,148	145,120	153,399
Utility Services						
Water Utilities	-	-	517,155	585,527	517,155	585,527
Sewer Utilities	-	-	637,873	733,467	637,873	733,467
Total Program Expenses	<u>1,476,931</u>	<u>1,687,196</u>	<u>1,243,744</u>	<u>1,410,142</u>	<u>2,720,675</u>	<u>3,097,338</u>
Transfers	53,000	53,000	(53,000)	(53,000)	-	-
Special Items	(16,856)	(54,761)	-	20,554	(16,856)	(34,207)
Prior Period Adjustment	<u>108,251</u>	<u>-</u>	<u>(76,835)</u>	<u>-</u>	<u>31,416</u>	<u>-</u>
Change in Net Position	<u>\$ 505,204</u>	<u>\$ 210,557</u>	<u>\$ (63,795)</u>	<u>\$ (159,410)</u>	<u>\$ 441,409</u>	<u>\$ 51,148</u>

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

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



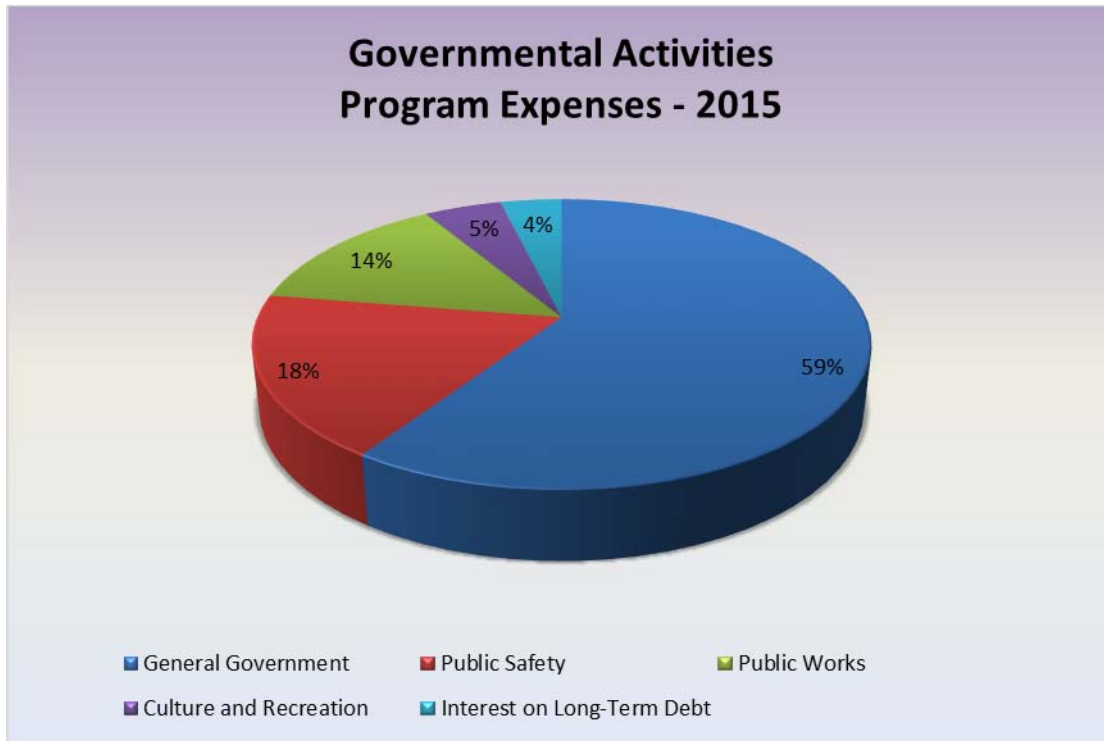
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>
General Government	\$ 880,057	\$1,049,287	\$ (825,733)	\$ (989,586)
Public Safety	267,094	249,375	(242,853)	(215,861)
Public Works	202,498	247,702	(8,190)	(135,987)
Culture and Recreation	70,878	78,581	(9,611)	(8,459)
Interest Expense	56,404	62,251	(56,404)	(62,251)
Total Program Expenses	<u>\$1,476,931</u>	<u>\$1,687,196</u>	<u>\$(1,142,791)</u>	<u>\$(1,412,144)</u>

The dependence on general revenues for general government activities is apparent. For 2014-15, 77.4 percent of general government activities are supported through general revenues

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

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



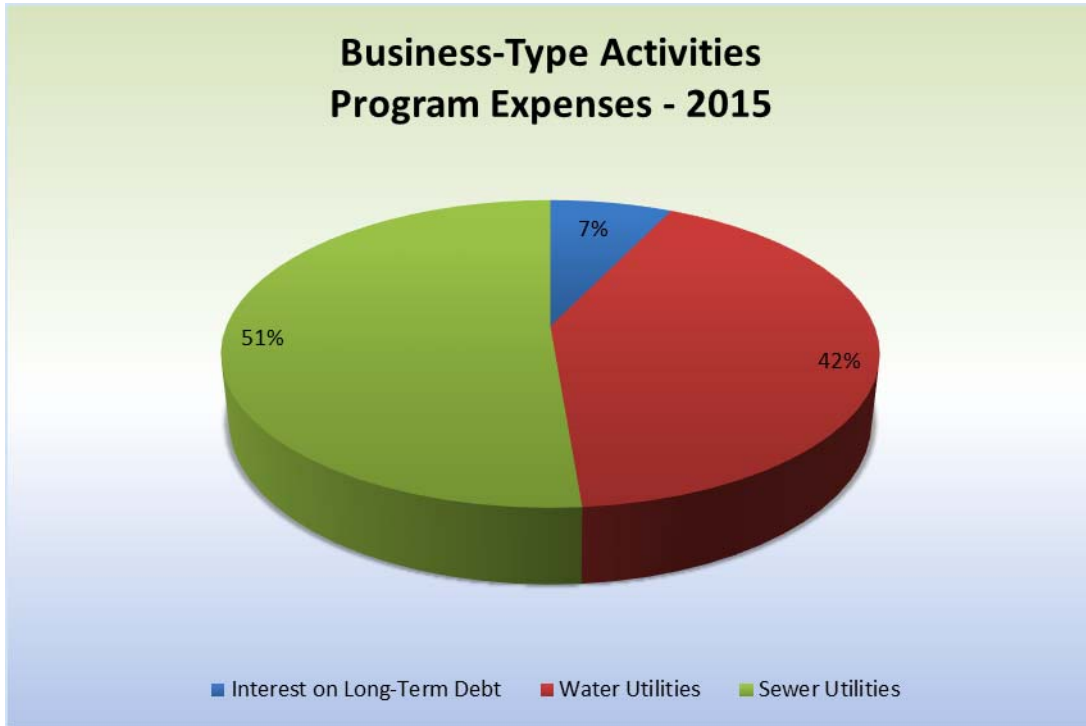
Business-Type Activities

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>
Utility Services	\$1,155,028	\$1,318,994	\$ 150,102	\$ (40,382)
Interest on Long-Term Debt	88,716	91,148	(88,716)	(91,148)
Total Program Expenses	<u>\$1,243,744</u>	<u>\$1,410,142</u>	<u>\$ 61,386</u>	<u>\$ (131,530)</u>

Business type activities decreased the City's net position by approximately \$63,795. Of the business-type activities, the Water and Sewer funds accounted for approximately 44.99% and 55.01% of revenues, respectively.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2015
Unaudited

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



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

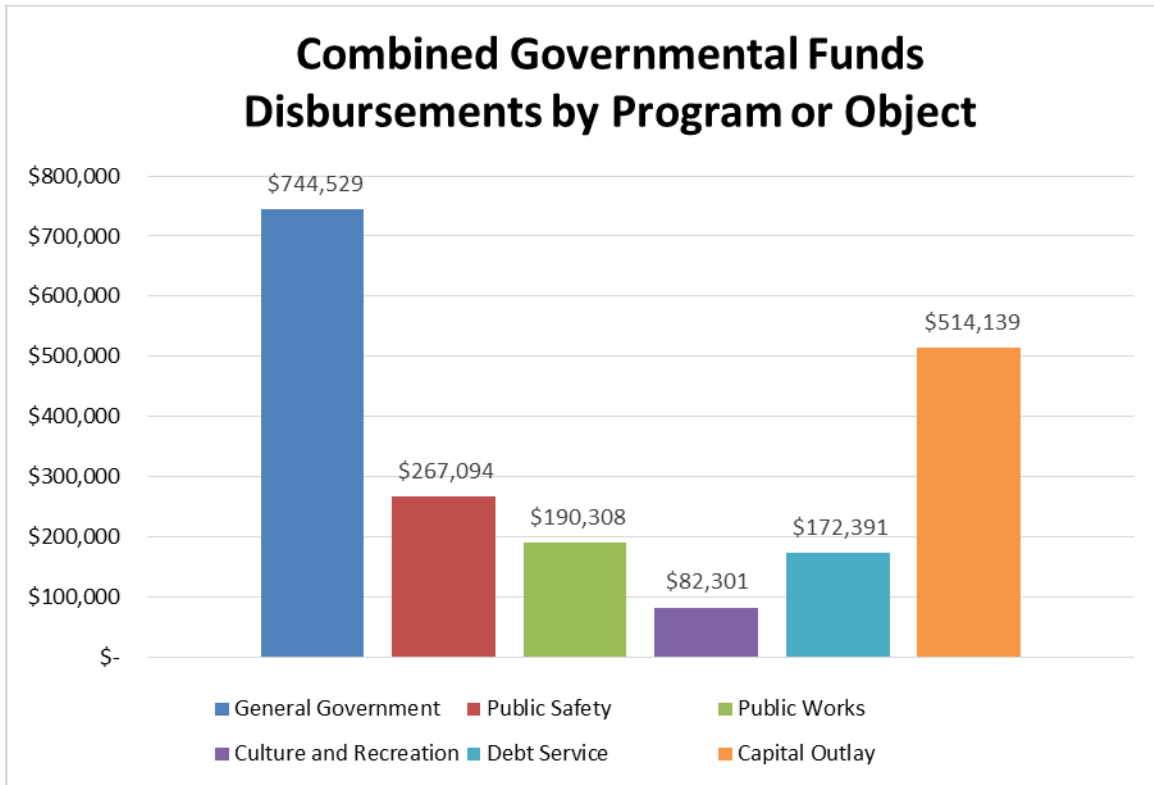
Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$3,797,884, an increase of \$53,565. The fund balance constitutes restricted, committed, and unassigned amounts. Of the current fund balances, \$728,430 is restricted for public works projects, \$75,780 is restricted for debt service, \$1,547,820 is restricted for capital projects, \$758,693 is committed for various programs, and \$687,161 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 \$687,161, an increase of \$53,368.

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

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

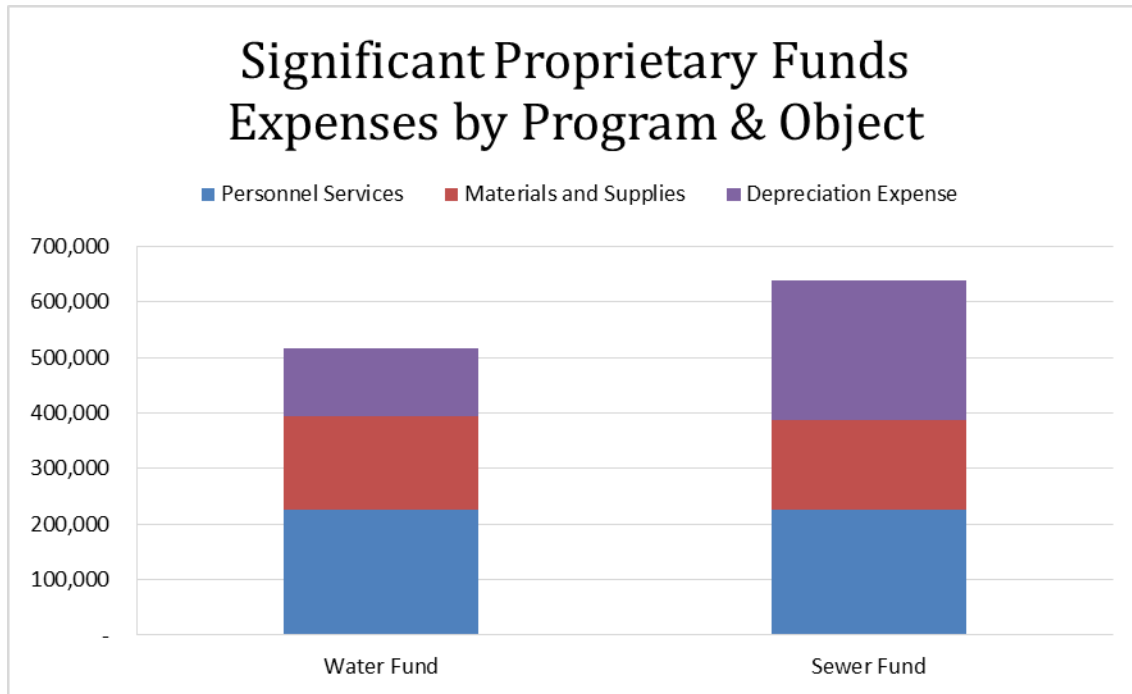


Proprietary Funds

The City's enterprise funds reported unrestricted net position of \$641,926, a decrease of \$67,690. The enterprise funds also report \$112,641 in restricted net position for debt service, \$462,085 in restricted net position for public works projects, \$102,740 in restricted net position for net pension asset, and \$5,607,786 in net position invested in capital assets, net of related debt.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2015
Unaudited

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



Budgetary Highlights

General Fund resources were budgeted and anticipated to be collected in the amount of \$1,358,926 during the fiscal year. Actual resources of \$1,745,525 were available, \$386,599 more than budgeted. General Fund expenditures budget was under-spent by \$308,574. The ending fund balance was greater than what was budgeted by \$687,161 and greater than the prior year by \$55,368.

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 \$104,297. The Sewer Fund's actual resources were more than budgeted by \$78,961.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the City had invested, before net reduction for accumulated depreciation, \$20,643,484 in capital assets, including buildings, land, vehicles, water and sewer utility systems, and other equipment. This amount represents an increase of \$362,483 from the prior year due to additions in the governmental funds of \$465,489 and in the enterprise funds of \$6,989. This amount was reduced by deletions in the governmental funds by \$109,995.

Total depreciation expense for the year was \$561,624; of which \$188,206 is associated with general government activities, \$122,927 from water utilities, and \$250,491 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.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2015
Unaudited

Long-Term Debt

At June 30, 2015 the City had total long-term debt outstanding of \$3,253,552. The long-term debt obligations include a General Obligation Bond for water system improvements, a Revenue Bond for sewer system improvements, and one general loan. Existing debt was reduced by \$146,239. Interest paid on the debt amounted to \$151,307. Additional information on the City's long-term debt can be found in Note 4 of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

A number of factors were considered by the City's officials during the process of developing the fiscal year 2015-16 budget. The City's budget for the fiscal year ending June 30, 2016 represents an overall increase of 0.9 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 \$1,550,180 for the fiscal year 2015-16, an increase of \$191,254 or 14.1 percent. The increase is primarily attributable to an improvement in beginning fund balance as well as a property tax revenue increase from the prior fiscal year. The City re-established the Community and Economic Development Fund. The intent of the fund is now to provide resources for community and economic development initiatives, downtown revitalization efforts, and city events.

The City is budgeting a \$75,410 or 10.7 percent increase in total Water Fund revenues. This is largely the result of a 34 percent increase in beginning fund balance and a 3.5% increase in budgeted water use charges. The City is budgeting a \$78,448 or 8.6 percent increase in Sewer Fund Revenue. This is largely the result of a 31 percent increase in beginning fund balance and a 2.8% increase in budgeted sewer use charges.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2014-15 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, 2015

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	3,652,291	1,247,763	4,900,054
Receivables	245,632	133,436	379,068
Inventory	-	48,431	48,431
Deposits	138,916	-	138,916
Total Current Assets	<u>4,036,839</u>	<u>1,429,630</u>	<u>5,466,469</u>
Restricted Assets:			
Sinking Funds for Debt Service	-	112,641	112,641
Net Pension Asset	113,744	102,740	216,484
Total Restricted Assets	<u>113,744</u>	<u>215,381</u>	<u>329,125</u>
Capital Assets:			
Land and Construction In Progress	624,252	533,872	1,158,124
Depreciable Assets, Net of Depreciation	3,857,962	7,241,165	11,099,127
Total Capital Assets, Net of Depreciation	<u>4,482,214</u>	<u>7,775,037</u>	<u>12,257,251</u>
Total Assets	<u>\$ 8,632,798</u>	<u>\$ 9,420,048</u>	<u>\$18,052,846</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	17,665	12,610	30,275
Payroll Payable	54,569	-	54,569
Accrued Compensated Absences	29,801	18,496	48,297
Interest Payable	34,762	66,572	101,334
Deposits	3,239	28,861	32,100
Current Portion of Long-Term Liabilities:			
Notes Payable	111,311	-	111,311
Bonds Payable	19,785	35,756	55,541
Total Current Liabilities	<u>271,132</u>	<u>162,295</u>	<u>433,427</u>
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bonds Payable	955,205	2,131,495	3,086,700
Total Long-Term Liabilities	<u>955,205</u>	<u>2,131,495</u>	<u>3,086,700</u>
Total Liabilities	<u>\$ 1,226,337</u>	<u>\$ 2,293,790</u>	<u>\$ 3,520,127</u>
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Earnings on Pension Assets	220,403	199,080	419,483
Total Deferred Inflow of Resources	<u>\$ 220,403</u>	<u>\$ 199,080</u>	<u>\$ 419,483</u>
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	3,395,913	5,607,786	9,003,699
Restricted for:			
Debt Service	75,780	112,641	188,421
Public Works	728,430	462,085	1,190,515
Capital Projects	1,547,820	-	1,547,820
Net Pension Asset	113,744	102,740	216,484
Unrestricted	1,324,373	641,926	1,966,299
Total Net Position	<u>\$ 7,186,061</u>	<u>\$ 6,927,178</u>	<u>\$14,113,239</u>

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, 2015

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 880,057	\$ 54,324	\$ -	\$ -	\$ (825,733)
Public Safety	267,094	24,241	-	-	(242,853)
Public Works	202,498	194,308	-	-	(8,190)
Culture and Recreation	70,878	6,717	54,550	-	(9,611)
Interest Expense	56,404	-	-	-	(56,404)
Total Governmental Activities	\$ 1,476,931	\$ 279,590	\$ 54,550	\$ -	\$ (1,142,791)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	\$ 517,155	\$ 587,153	\$ -	\$ -	\$ 69,998
Sewer Utilities	637,873	717,977	-	-	80,104
Interest on Long-Term Debt	88,716	-	-	-	(88,716)
Total Business-type Activities	\$ 1,243,744	\$ 1,305,130	\$ -	\$ -	\$ 61,386
Total Primary Government	\$ 2,720,675	\$ 1,584,720	\$ 54,550	\$ -	\$ (1,081,405)
<u>CHANGES IN NET POSITION:</u>					
Net (expense) revenue			\$ (1,142,791)	\$ 61,386	\$ (1,081,405)
General Revenues:					
Property Taxes, levied for general purposes			541,922	-	541,922
Property Taxes, levied for debt service			53,001	-	53,001
Property Taxes, levied for urban renewal programs			276,417	-	276,417
Intergovernmental Tax Turnovers			303,314	-	303,314
Franchise Taxes			304,424	-	304,424
Other Taxes and Assessments			11,416	-	11,416
Interest and Investment Earnings			13,106	4,654	17,760
Subtotal - General Revenues			1,503,600	4,654	1,508,254
<i>Special Item</i> - Gain (Loss) on Disposition of Assets			(16,856)	-	(16,856)
Interfund Transfers			53,000	(53,000)	-
Total general revenues, special items, and transfers			1,539,744	(48,346)	1,491,398
Change in Net Position			396,953	13,040	409,993
Net Position, July 1, 2014 - Restated			6,680,857	6,990,973	13,671,830
Prior Period Adjustment			108,251	(76,835)	31,416
Net Position, June 30, 2015			\$ 7,186,061	\$ 6,927,178	\$ 14,113,239

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

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

CITY OF HARRISBURG

BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2015

	<u>Component Unit</u>							<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Street Fund</u>	<u>Community & Economic Development Fund</u>	<u>Equipment Reserve Fund</u>	<u>Harrisburg Redevelopment Agency Fund</u>	<u>Other Governmental Funds</u>		
<u>ASSETS:</u>								
Cash and Investments	\$ 689,723	\$ 346,679	\$ 438,834	\$ 115,830	\$ 380,439	\$ 1,680,786	\$ 3,652,291	
Receivables:								
Accounts, net	65,874	-	-	-	-	10,740	76,614	
Assessments	-	18,121	-	-	-	86,036	104,157	
Property Tax	54,328	-	-	-	5,173	5,360	64,861	
Deposits	-	-	-	-	-	138,916	138,916	
Total Assets	\$ 809,925	\$ 364,800	\$ 438,834	\$ 115,830	\$ 385,612	\$ 1,921,838	\$ 4,036,839	
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>								
LIABILITIES:								
Accounts Payable	\$ 13,991	\$ 472	\$ 1,903	\$ -	\$ -	\$ 1,299	\$ 17,665	
Payroll Payable	54,569	-	-	-	-	-	54,569	
Deposits	3,239	-	-	-	-	-	3,239	
Total Liabilities	71,799	472	1,903	-	-	1,299	75,473	
DEFERRED INFLOWS OF RESOURCES:								
Deferred Property Tax Revenue	50,965	-	-	-	3,388	4,972	59,325	
Uncollected Assessments	-	18,121	-	-	-	86,036	104,157	
Total Deferred Inflows of Resources	50,965	18,121	-	-	3,388	91,008	163,482	
FUND BALANCES:								
Restricted for:								
Debt Service	-	-	-	-	-	75,780	75,780	
Public Works	-	346,207	-	-	382,223	-	728,430	
Capital Projects	-	-	-	-	-	1,547,820	1,547,820	
Net Pension Asset								
Committed for:								
Parks and Recreation Programs	-	-	-	-	-	23,338	23,338	
Community Development Projects	-	-	436,931	-	-	67,938	504,869	
Equipment Acquisition	-	-	-	115,830	-	24,443	140,273	
Public Works	-	-	-	-	-	90,213	90,213	
Unassigned	687,161	-	-	-	-	-	687,161	
Total Fund Balances	687,161	346,207	436,931	115,830	382,223	1,829,532	3,797,884	
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 809,925	\$ 364,800	\$ 438,834	\$ 115,830	\$ 385,611	\$ 1,921,839	\$ 4,036,839	

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, 2015

Total Fund Balances - Governmental Funds \$ 3,797,884

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

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

The cost of the assets is -	\$ 6,380,346	
The accumulated depreciation is -	<u>(1,898,132)</u>	
Net Value of Assets		4,482,214

Net pension assets reported in governmental activities are not financial resources and therefore are not reported in the governmental funds.

113,744

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

Property Taxes	59,325	
Assessments	<u>104,157</u>	
		163,482

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

Deferred Earnings on Pension Assets	(220,403)
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Interest Payable is not recorded in the governmental funds:

(34,762)

Accrued Compensated Absences are not recorded in the governmental funds:

(29,801)

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

(1,086,301)

Net Position of Governmental Activities

\$ 7,186,058

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

CITY OF HARRISBURG

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015

	<u>Component Unit</u>							<u>Total</u>
	<u>General</u>	<u>Street</u>	<u>Community & Economic Development</u>	<u>System Development Reserve</u>	<u>Equipment Reserve</u>	<u>Harrisburg Redevelopment Agency</u>	<u>Other Governmental</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<u>REVENUES:</u>								
Taxes and Assessments	\$ 532,829	\$ 6,661	\$ -	\$ -	\$ -	\$ 285,782	\$ 122,248	\$ 947,520
Intergovernmental	95,559	205,689	-	-	-	-	13,085	314,333
Franchise Taxes	304,424	-	-	-	-	-	-	304,424
Licenses & Permits	100,218	-	-	-	-	-	-	100,218
Charges for Service	-	-	-	-	-	-	91,316	91,316
Fines and Forfeitures	24,241	-	-	-	-	-	-	24,241
Investment Revenue	2,137	1,089	1,489	-	857	1,600	5,934	13,106
Other Revenue	54,324	2,774	35,006	-	-	-	15,242	107,346
Total Revenues	1,113,732	216,213	36,495	-	857	287,382	247,825	1,902,504
<u>EXPENDITURES:</u>								
Current Operating:								
General Government	551,078	-	125,091	-	-	-	68,360	744,529
Public Safety	267,094	-	-	-	-	-	-	267,094
Public Works	-	129,414	-	-	-	49,750	11,144	190,308
Culture and Recreation	-	-	-	-	-	-	82,301	82,301
Debt Service:								
Principal	-	-	-	-	-	93,013	18,887	111,900
Interest	-	-	-	-	-	13,281	47,210	60,491
Capital Outlay	3,180	19,197	20,352	-	256,032	-	215,378	514,139
Total Expenditures	821,352	148,611	145,443	-	256,032	156,044	443,280	1,970,762
Excess (Deficiency) of Revenues								
Over Expenditures	292,380	67,602	(108,948)	-	(255,175)	131,338	(195,455)	(68,258)
<u>OTHER FINANCING SOURCES (USES):</u>								
Interfund Transfers In	-	4,500	110,000	-	69,000	-	118,500	302,000
Interfund Transfers (Out)	(229,000)	(20,000)	-	-	-	-	-	(249,000)
Total Other Financing Sources (Uses)	(229,000)	(15,500)	110,000	-	69,000	-	118,500	53,000
Net Change in Fund Balances	63,380	52,102	1,052	-	(186,175)	131,338	(76,955)	(15,258)
Fund Balances - July 1, 2014	631,793	294,105	435,879	1,416,596	302,005	250,885	413,056	3,744,319
Prior Period Adjustment	(8,012)	-	-	76,835	-	-	-	68,823
Residual Equity Transfer In	-	-	-	(1,493,431)	-	-	1,493,431	-
Fund Balances - June 30, 2015	\$ 687,161	\$ 346,207	\$ 436,931	\$ -	\$ 115,830	\$ 382,223	\$ 1,829,532	\$ 3,797,884

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, 2015

Net Changes in Fund Balances - Total Governmental Funds \$ (15,258)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 467,952	
Less current year depreciation	<u>(188,206)</u>	
		279,746

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	(7,014)	
Assessments	<u>(57,750)</u>	
		(64,764)

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.		4,087
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Additions to certain payroll liabilities are reported as an expense in the Statement of Activities.

Vacation Payable		(6,516)
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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	93,013	
General Obligations Bonds	<u>18,887</u>	
		111,900

Removal from accounting records of capital assets deemed obsolete is not reported on the governmental fund financial statements but is reported as a loss on the Statement of Activities.

(16,856)

Adjustment for pension costs on accrued basis

104,614

Change in Net Position of Governmental Activities

\$ 396,953

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

BASIC FINANCIAL
STATEMENTS

Proprietary Fund
Financial Statements

CITY OF HARRISBURG

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2015

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 523,843	\$ 723,920	\$ 1,247,763
Receivables	53,254	80,182	133,436
Inventory	31,974	16,457	48,431
Total Current Assets	609,071	820,559	1,429,630
Restricted Assets:			
Sinking Funds for Debt Service	-	112,641	112,641
Net Pension Asset	51,370	51,370	102,740
Total Restricted Assets	51,370	164,011	215,381
Capital Assets:			
Land	85,675	448,197	533,872
Depreciable Assets, Net of Depreciation	2,570,905	4,670,260	7,241,165
Total Capital Assets	2,656,580	5,118,457	7,775,037
Total Assets	3,317,021	6,103,027	9,420,048
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	7,871	4,739	12,610
Accrued Compensated Absences	9,248	9,248	18,496
Interest Payable	-	66,572	66,572
Customer Deposits	14,543	14,318	28,861
Current Portion of Long-Term Liabilities:			
Bond Payable	-	35,756	35,756
Total Current Liabilities	31,662	130,633	162,295
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bond Payable	-	2,131,495	2,131,495
Total Long-Term Liabilities	-	2,131,495	2,131,495
Total Liabilities	31,662	2,262,128	2,293,790
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Earnings on Pension Assets	99,540	99,540	199,080
Total Deferred Inflow of Resources	\$ 99,540	\$ 99,540	\$ 199,080
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	2,656,580	2,951,206	5,607,786
Restricted for Debt Service	-	112,641	112,641
Restricted for Public Works	179,183	282,902	462,085
Restricted for Net Pension Asset	51,370	51,370	102,740
Unrestricted	298,686	343,240	641,926
Total Net Position	\$ 3,185,819	\$ 3,741,359	\$ 6,927,178

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, 2015

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<u>OPERATING REVENUES:</u>			
Charges for Services & Fees	\$ 555,866	\$ 713,688	\$ 1,269,554
Other Revenue	31,287	4,289	35,576
Total Revenues	587,153	717,977	1,305,130
<u>OPERATING EXPENSES:</u>			
Personnel Services	225,003	225,001	450,004
Materials and Supplies	169,225	162,381	331,606
Depreciation Expense	122,927	250,491	373,418
Total Operating Expenses	517,155	637,873	1,155,028
Operating Income (Loss)	69,998	80,104	150,102
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Investment Revenue	1,497	3,157	4,654
Interest Expense	-	(88,716)	(88,716)
Total Non-Operating Revenues (Expenses)	1,497	(85,559)	(84,062)
Income Before Other Revenues, Expenses, and Transfers	71,495	(5,455)	66,040
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers to Other Funds	(49,500)	(61,500)	(111,000)
Transfers from Other Funds	23,000	35,000	58,000
Total Capital Contributions and Transfers	(26,500)	(26,500)	(53,000)
Changes in Net Position	44,995	(31,955)	13,040
Net Position, July 1, 2014 - Restated (see Note 9)	3,217,659	3,773,314	6,990,973
Prior Period Adjustment	(76,835)	-	(76,835)
Net Position, June 30, 2015	\$ 3,185,819	\$ 3,741,359	\$ 6,927,178

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, 2015

	Water Utility	Sewer Utility	Total Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash Received from User Charges	\$ 583,922	\$ 717,059	\$ 1,300,981
Cash Payments for Employee Services	(272,304)	(272,303)	(544,607)
Cash Payments to Suppliers	(184,915)	(162,891)	(347,806)
Net Cash Provided (Used) by Operating Activities	126,703	281,865	408,568
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>			
Transfer to Other Funds	(49,500)	(61,500)	(111,000)
Transfer from Other Funds	23,000	35,000	58,000
Net Cash Provided (Used) by Non-capital Financing Activities	(26,500)	(26,500)	(53,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of Capital Assets	(6,989)	-	(6,989)
Principal Paid on Long Term Debt	-	(34,339)	(34,339)
Interest Paid on Long Term Debt	-	(90,816)	(90,816)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,989)	(125,155)	(132,144)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment Income	1,497	3,157	4,654
Net Cash Provided (Used) by Investing Activities	1,497	3,157	4,654
Cash and Cash Equivalents at July 1, 2014	429,132	703,193	1,132,325
Cash and Cash Equivalents at June 30, 2015	\$ 523,843	\$ 836,560	\$ 1,360,403

Reconciliation of income (loss) from operations

to net cash provided (used) by operating activities:

Income (loss) from operations	\$ 69,998	\$ 80,104	\$ 150,102
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	122,927	250,491	373,418
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(3,352)	(1,038)	(4,390)
Decrease (increase) in inventory	(7,850)	(1,102)	(8,952)
Increase (decrease) in deposits	121	120	241
Increase (decrease) in payables	(7,894)	537	(7,357)
Increase (decrease) in pension related accounts	(47,247)	(47,247)	(94,494)
Net cash provided (used) by operating activities	\$ 126,703	\$ 281,865	\$ 408,568

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

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

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, 2015

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. The fund transferred all its equity to five new funds that will separately account for the SDC charges specific to each of the activities previously accounted for in this fund.

Equipment Reserve Fund - This fund accounts for transfers in from various funds as its revenue. Expenditures include transferring amounts to other reserve funds and purchase of equipment.

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 Office Equipment Fund, Library Fund, Bike Path Reserve Fund, H.A.R.T. Fund, Storm Drain Reserve Fund, Transportation SDC Fund, Parks SDC Fund, Storm SDC Fund, Water SDC Fund, and Sewer SDC Fund.

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

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

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, 2015

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, 2015

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

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

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

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

I. Deferred Inflows/Outflows of Resources:

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

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.

CITY OF HARRISBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

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

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, 2015 the City had sinking funds for debt service of \$100,125 in restricted assets.

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, 2015

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

O. Equity Classifications:

Government-wide Statements and Proprietary Fund Financial Statements

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

- a. 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.

Governmental Fund Financial Statements

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

- **Nonspendable**: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City did not have any nonspendable resources as of June 30, 2015.
- **Restricted**: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for public works projects, capital projects and debt service.
- **Committed**: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the City Council, and does not lapse at year-end. The City has committed resources as of June 30, 2015.
- **Assigned**: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned**: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The City’s policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

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.

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.

P. Pensions

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

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.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

2. CASH AND INVESTMENTS (CONT.):

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

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, 2015, the reported amount of the City’s deposits was \$129,562 and the bank balance was \$393,465. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

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

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2015, the City’s investment in the Oregon State Treasurer’s Local Government Investment Pool (LGIP) was unrated.

At June 30, 2015, 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>\$ 3,369,861</u>	N/A
Total Investments	<u>\$ 3,369,861</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, 2015

3. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2015:

<u>Governmental Activities</u>	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Assets not being depreciated:				
Land	\$ 582,361	\$ -	\$ -	\$ 582,361
Construction In Progress	39,428	219,437	216,974	41,891
Assets being depreciated:				
Buildings	1,090,757	-	-	1,090,757
Park Improvements	622,956	-	-	622,956
Machinery & Equipment	306,804	248,515	109,995	445,324
Vehicles	99,144	-	-	99,144
Infrastructure*	3,280,939	216,974	-	3,497,913
Total Depreciable Assets	5,400,600	465,489	109,995	5,756,094
Less: Accumulated Depreciation				
Buildings	334,566	23,972	-	358,538
Park Improvements	192,710	22,762	-	215,472
Machinery & Equipment	260,886	15,448	93,139	183,195
Vehicles	73,881	6,012	-	79,893
Infrastructure*	941,022	120,012	-	1,061,034
Total Accumulated Depreciation	1,803,065	188,206	93,139	1,898,132
Net Value of Capital Assets Being Depreciated	3,597,535	277,283	16,856	3,857,962
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 4,179,896</u>	<u>\$ 277,283</u>	<u>\$ 16,856</u>	<u>\$ 4,482,214</u>
Business-type Activities				
Assets not being depreciated:				
Land	\$ 533,872	\$ -	\$ -	\$ 533,872
Assets being depreciated:				
Utility Plant	13,357,733	-	-	13,357,733
Machinery & Equipment	406,435	6,989	-	413,424
Total Depreciable Assets	13,764,168	6,989	-	13,771,157
Less: Accumulated Depreciation				
Utility Plant	5,887,548	343,910	-	6,231,458
Machinery & Equipment	269,027	29,508	-	298,535
Total Accumulated Depreciation	6,156,575	373,418	-	6,529,993
Net Value of Capital Assets Being Depreciated	7,607,593	(366,429)	-	7,241,164
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 8,141,465</u>	<u>\$ (366,429)</u>	<u>\$ -</u>	<u>\$ 7,775,036</u>
Total Net Position of Primary Government	<u>\$ 12,321,361</u>	<u>\$ (89,146)</u>	<u>\$ 16,856</u>	<u>\$ 12,257,250</u>

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

Governmental Activities:		Business-Type Activities:	
General Government	\$ 188,206	Water Utilities	\$ 122,927
		Sewer Utilities	250,491
Total depreciation expense - governmental activities	<u>\$ 188,206</u>		<u>\$ 373,418</u>

*With the implementation of GASB #34, the City elected the prospective reporting approach for infrastructure as-sets. 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, 2015

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.

	<u>Outstanding Balance July 1, 2014</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2015</u>	<u>Due within One Year</u>
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GOVERNMENTAL ACTIVITIES:

Note Payable to Oregon Economic Development Department for various Urban Renewal Projects. Original balance \$432,000 plus \$93,049 in capitalized interest. Interest rate 6.5%. Dated February 13, 1996.

Principal	\$ 204,324	\$ -	\$ 93,013	\$ 111,311	\$ 111,311
Interest	<u>-</u>	<u>13,281</u>	<u>13,281</u>	<u>-</u>	<u>7,235</u>
Totals	\$ 204,324	\$ 13,281	\$ 106,294	\$ 111,311	\$ 118,546

General Obligation Bonds held by USDA Rural Development for Water System Improvements. Original balance \$1,174,000. Interest rate 4.75%. Dated November 1, 2000.

Principal	\$ 993,877	\$ -	\$ 18,887	\$ 974,990	\$ 19,785
Interest	<u>-</u>	<u>47,210</u>	<u>47,210</u>	<u>-</u>	<u>46,312</u>
Totals	\$ 993,877	\$ 47,210	\$ 66,097	\$ 974,990	\$ 66,097

TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:

Principal	\$ 1,198,201	\$ -	\$ 111,900	\$ 1,086,301	\$ 131,096
Interest	<u>-</u>	<u>60,491</u>	<u>60,491</u>	<u>-</u>	<u>53,547</u>
Totals	<u>\$ 1,198,201</u>	<u>\$ 60,491</u>	<u>\$ 172,391</u>	<u>\$ 1,086,301</u>	<u>\$ 184,643</u>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

4. LONG-TERM DEBT (CONT.):

	<u>Outstanding Balance July 1, 2014</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2015</u>	<u>Due within One Year</u>
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BUSINESS-TYPE ACTIVITIES:

Revenue Bonds held by USDA Rural Development for Sewer System Improvements. Original balance \$2,431,600.
Interest rate 4.125% . Dated September 27, 2005

Principal	\$ 2,201,590	\$ -	\$ 34,339	\$ 2,167,251	\$ 35,756
Interest	-	<u>90,816</u>	<u>90,816</u>	-	<u>89,399</u>
Totals	<u>\$ 2,201,590</u>	<u>\$ 90,816</u>	<u>\$ 125,155</u>	<u>\$ 2,167,251</u>	<u>\$ 125,155</u>

TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:

Principal	\$ 2,201,590	\$ -	\$ 34,339	\$ 2,167,251	\$ 35,756
Interest	-	<u>90,816</u>	<u>90,816</u>	-	<u>89,399</u>
Totals	<u>\$ 2,201,590</u>	<u>\$ 90,816</u>	<u>\$ 125,155</u>	<u>\$ 2,167,251</u>	<u>\$ 125,155</u>

TOTAL DEBT AGREEMENTS:

Principal	\$ 3,399,791	\$ -	\$ 146,239	\$ 3,253,552	\$ 166,852
Interest	-	<u>151,307</u>	<u>151,307</u>	-	<u>142,946</u>
Totals	<u>\$ 3,399,791</u>	<u>\$ 151,307</u>	<u>\$ 297,546</u>	<u>\$ 3,253,552</u>	<u>\$ 309,798</u>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

4. LONG-TERM DEBT (CONT.):

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

	<u>Due Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Governmental Activities:</u>				
Note to Oregon Economic Development Department for URA	2016	111,311	7,235	118,546
	Total	\$ 111,311	\$ 7,235	\$ 118,546
Water Construction Bonds	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	23,820	42,277	66,097
	2021-2025	137,187	193,298	330,485
	2026-2030	173,013	157,472	330,485
	2031-2035	218,198	112,287	330,485
	2036-2040	275,183	55,302	330,485
	2041	62,631	2,975	65,606
	Total	\$ 974,990	\$ 743,041	\$ 1,718,031
<u>Business-Type Activities:</u>				
Sewer Revenue Bonds	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	42,031	83,124	125,155
	2021-2025	237,636	388,139	625,775
	2026-2030	290,862	334,913	625,775
	2031-2035	356,010	269,765	625,775
	2036-2040	435,750	190,025	625,775
	2041-2045	533,350	92,425	625,775
	2046	119,492	45,934	165,426
	Total	<u>\$ 2,167,251</u>	<u>\$ 1,752,825</u>	<u>\$ 3,920,076</u>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

5. PENSION PLAN:

A. Name of Pension Plan

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

B. Description of Benefit Terms

Plan Benefits

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

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

Pension Benefits

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

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

Death Benefits

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

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

Disability Benefits

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

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

5. PENSION PLAN (Cont.):

Benefit Changes After Retirement

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

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

Pension Benefits

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

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. IAP Plan Description:

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

5. PENSION PLAN (Cont.):

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

Death Benefits

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

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

C. Contributions

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

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$102,279, excluding amounts to fund employer specific liabilities.

D. Pension Plan CAFR

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

E. Actuarial Valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

5. PENSION PLAN (Cont.):

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

5. PENSION PLAN (Cont.):

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real estate	9.4%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100%</u>

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
Assumed Inflation – Mean		2.75%

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

5. PENSION PLAN (Cont.):

G. Sensitivity Analysis

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Employer's proportionate share of the net pension liability	\$ 458,437	\$ (216,485)	\$ (787,311)

H. Changes in Assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

Changes in Actuarial Methods and Allocation Procedures

Actuarial Cost Method - The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow PERS to use the same cost method for contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

Tier 1/Tier 2 UAL Amortization - In combination with the change in cost method, the Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method

The "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%. The modification to the grade-in range was made in combination with the change to actuarial cost method, as discussed at the July 2013 PERS Board public meeting.

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2010 and December 31, 2011 valuations, the Money Match was weighted 40 percent for General Service members and 10 percent for Police & Fire members. For the December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30 percent for General Service members and 5 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Investment Return and Interest Crediting - The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

5. PENSION PLAN (Cont.):

OPSRP Administrative Expenses - Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act

Changes in Demographic Assumptions

Healthy Mortality - The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality - The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination - Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Changes in Salary Increase Assumptions

Merit Increases, Unused Sick Leave, and Vacation Pay - Assumed merit increases were lowered, while unused sick leave and vacation pay rates were adjusted upward.

Retiree Healthcare Participation - The RHIA participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

Change in Proportionate Share

There was no change in proportionate share for fiscal years ending June 30, 2013 and June 30, 2014. Because the proportionate share is actuarially determined, it was calculated as of the December 31, 2012 valuation date used to develop results for both the June 30, 2013 and June 30, 2014 Measurement Dates. In future measurement periods, there will be changes in proportionate shares from the beginning of the period to the end.

Changes in Plan Provisions

Senate Bill 822, signed into law in May 2013, eliminated the SB 656/HB 3349 tax remedy payments for beneficiaries not subject to Oregon income tax and limited the 2013 post-retirement COLA to 1.5 percent of annual benefit. The effects of this legislation were reflected in the December 31, 2012 valuation.

Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA for years beyond 2013 to 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000. The effects of this legislation were reflected in the December 31, 2012 valuation.

The December 31, 2012 valuation was rolled forward to the measurement date of June 30, 2014.

I. Employer Contributions

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

Beginning with fiscal year 2015, PERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the PERS Website. Prior to fiscal year 2015, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

5. PENSION PLAN (Cont.):

J. Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 57, of the June 30, 2014 PERS CAFR.

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

At June 30, 2015, the employer reported an asset of \$216,485 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2014, the employer's proportion was 0.00955061 percent.

For the year ended June 30, 2015, the employer recognized pension income of \$199,108. At June 30, 2015, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investements	-	417,729
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	<u>1,754</u>
Total (prior to post- measurement date contributions)	\$ -	\$ 419,483
Contributions subsequent to the measurement date	TBD	N/A
		<u><u>\$ (419,483)</u></u>

\$419,483 reported as deferred inflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (104,813)
2nd Fiscal Year	(104,813)
3rd Fiscal Year	(104,813)
4th Fiscal Year	(104,813)
5th Fiscal Year	(230)
Thereafter	-
Total	<u>\$ (419,483)</u>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

5. PENSION PLAN (Cont.):

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. We will make restoration payments to those benefit recipients.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and will not be included in the net pension liability (asset) proportionate shares provided to employers in June 2015.

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.

8. COMMITMENT:

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

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances as of June 30, 2015 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, 2015 were as follows:

	Transfers <u>Out</u>	Transfers <u>In</u>
General Fund	\$ 229,000	-
Community & Economic Development Fund	-	110,000
H.A.R.T. Fund	-	15,000
Harrisburg Redevelopment Agency Fund	-	-
Library Fund	-	72,500
Office Equipment Fund	-	31,000
Equipment Reserve Fund	-	69,000
Sewer Fund	61,500	-
Sewer System Reserve Fund	-	35,000
Street Fund	20,000	4,500
Water Fund	49,500	-
Water System Reserve Fund	-	23,000
Total	<u>\$ 360,000</u>	<u>\$ 360,000</u>

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

10. RESTATEMENT OF BEGINNING NET POSITION:

The Governmental Accounting Standards Board (GASB) has approved the following:

Statement No. 68, Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No.27 – This statement will require the employer to change the accounting for the pensions costs related to the employer’s participation in the Oregon PERS. In addition, the employer will also be recognizing a net pension liability (asset), deferred outflows and inflows of resources related to the employer’s proportionate share of the collective amount in PERS. Management is evaluating the impact of these changes. The application of these standards result in a restatement of beginning net positions in the financial statements to include the estimated impacts of these new requirements prior to the current year.

11. PRIOR PERIOD ADJUSTMENT OF BEGINNING FUND BALANCES AND NET POSITIONS:

The City made adjustments to the Water and Sewer fund balances of prior years during reclassification of capital asset accounts. These changes did not affect the funds’ Net Positions. Additional prior period adjustments are reported as a result of reclassification of expenditures into the Water Fund which were originally reported in the SDC Fund in prior years. Accounts receivable in the General Fund, retroactively deemed uncollectible, also resulted in prior period adjustment.

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF HARRISBURG

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

GENERAL FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Taxes and Assessments	475,764	475,764	532,829	57,065
Intergovernmental	83,312	83,312	95,559	12,247
Franchise Fees	270,700	270,700	304,424	33,724
Licenses and Permits	15,700	15,700	100,218	84,518
Fines and Forfeitures	25,000	25,000	24,241	(759)
Investment Revenue	1,500	1,500	2,137	637
Other Revenue	50,950	50,950	54,324	3,374
Total Revenues	922,926	922,926	1,113,732	190,806
EXPENDITURES:				
Personnel Services	341,931	341,931	298,832	(43,099)
Materials and Services	552,300	552,300	519,340	(32,960)
Capital Outlay	19,000	19,000	3,180	(15,820)
Contingency	216,695	216,695	-	(216,695)
Total Expenditures	1,129,926	1,129,926	821,352	(308,574)
Excess (Deficiency) of Revenues Over Expenditures	(207,000)	(207,000)	292,380	499,380
Other Financing Sources / (Uses):				
Operating Transfer (Out)	(229,000)	(229,000)	(229,000)	-
Total Other Financing Sources (Uses)	(229,000)	(229,000)	(229,000)	-
Net Change in Fund Balance	(436,000)	(436,000)	63,380	499,380
Fund Balance - July 1, 2014	436,000	436,000	631,793	195,793
Prior Period Adjustment	-	-	(8,012)	(8,012)
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 687,161	\$ 687,161

CITY OF HARRISBURG

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

STREET FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 3,650	\$ 3,650	\$ 6,661	\$ 3,011
Intergovernmental	281,170	281,170	205,689	(75,481)
Investment Revenue	500	500	1,089	589
Miscellaneous Revenue	200	200	2,774	2,574
Total Revenues	285,520	285,520	216,213	(69,307)
<u>EXPENDITURES:</u>				
Personnel Services	103,665	103,665	87,289	(16,376)
Materials and Services	65,250	65,250	42,125	(23,125)
Capital Outlay	300,000	300,000	19,197	(280,803)
Contingency	56,105	56,105	-	(56,105)
Total Expenditures	525,020	525,020	148,611	(376,409)
Excess (Deficiency) of Revenues Over Expenditures	(239,500)	(239,500)	67,602	307,102
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	4,500	4,500	4,500	-
Operating Transfer Out	(20,000)	(20,000)	(20,000)	-
Total Other Financing Sources (Uses)	(15,500)	(15,500)	(15,500)	-
Net Change In Fund Balance	(255,000)	(255,000)	52,102	307,102
Fund Balance - July 1, 2014	255,000	255,000	294,105	39,105
Fund Balance - June 30, 2015	\$ 0	\$ 0	\$ 346,207	\$ 346,207

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual COMMUNITY & ECONOMIC DEVELOPMENT FUND For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive</u>
			<u>(See Note 1)</u>	<u>(Negative)</u>
<u>REVENUES:</u>				
Investment Revenue	\$ 1,000	\$ 1,000	\$ 1,489	\$ 489
Other Revenue	12,600	42,600	35,006	(7,594)
Total Revenues	13,600	43,600	36,495	(7,105)
<u>EXPENDITURES:</u>				
Personnel Services	97,327	97,327	79,946	(17,381)
Materials and Services	34,400	64,400	45,145	(19,255)
Capital Outlay	414,873	414,873	20,352	(394,521)
Total Expenditures	546,600	576,600	145,443	(431,157)
Excess (Deficiency) of Revenues Over Expenditures	(533,000)	(533,000)	(108,948)	424,052
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	110,000	110,000	110,000	-
Total Other Financing Sources (Uses)	110,000	110,000	110,000	-
Net Change in Fund Balance	(423,000)	(423,000)	1,052	424,052
Fund Balance - July 1, 2014	423,000	423,000	435,879	12,879
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 436,931	\$ 436,931

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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Positive
			(See Note 1)	(Negative)
<u>REVENUES:</u>				
System Development Charges	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<u>EXPENDITURES:</u>				
Materials and Services	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - July 1, 2014	-	-	1,416,596	1,416,596
Residual Equity Transfer Out	-	-	(1,416,596)	(1,416,596)
Fund Balance - June 30, 2015	\$ -	\$ -	\$ -	\$ -

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Investment Revenue	\$ 650	\$ 650	\$ 857	\$ 207
Total Revenues	650	650	857	207
EXPENDITURES:				
Capital Outlay	365,848	365,848	256,032	(109,816)
Total Expenditures	365,848	365,848	256,032	(109,816)
Excess (Deficiency) of Revenues Over Expenditures	(365,198)	(365,198)	(255,175)	110,023
OTHER FINANCING SOURCES / (USES):				
Operating Transfer In	69,000	69,000	69,000	-
Total Other Financing Sources (Uses)	69,000	69,000	69,000	-
Net Change In Fund Balance	(296,198)	(296,198)	(186,175)	110,023
Fund Balance - July 1, 2014	296,198	296,198	302,005	5,807
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 115,830	\$ 115,830

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 235,000	\$ 235,000	\$ 285,782	\$ 50,782
Investment Revenue	500	500	1,600	1,100
Total Revenues	235,500	235,500	287,382	51,882
<u>EXPENDITURES:</u>				
Materials and supplies	50,850	50,850	49,750	(1,100)
Debt Service				
Principal	93,014	93,014	93,013	(1)
Interest	13,282	13,282	13,281	(1)
Total Expenditures	157,146	157,146	156,044	(1,102)
Excess (Deficiency) of Revenues Over Expenditures	78,354	78,354	131,338	52,984
Fund Balance - July 1, 2014	234,181	234,181	250,885	16,704
Fund Balance - June 30, 2015	\$ 312,535	\$ 312,535	\$ 382,223	\$ 69,688

CITY OF HARRISBURG

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS

Last 10 Fiscal Years*

	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.00955061%
Employer's proportionate share of the net pension liability (asset)	\$ (216,485)
Employer's covered - employee payroll	\$ 833,570
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	-25.97%
Plan fiduciary net position as a percentage of the total pension liability	103.6%

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

CITY OF HARRISBURG
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS

Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 102,279	\$ 143,030	\$ 119,316	\$ 114,457	\$ 84,943	\$ 91,372	\$ 105,827	\$ 94,465	N/A	N/A
Contributions in relation to the contractually required contribution	<u>102,279</u>	<u>143,030</u>	<u>119,316</u>	<u>114,457</u>	<u>84,943</u>	<u>91,372</u>	<u>105,827</u>	<u>94,465</u>	N/A	N/A
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Employer's covered - employee payroll	\$ 833,570	\$ 1,165,689	\$ 984,455	\$ 944,365	\$ 791,640	\$ 851,556	\$ 986,272	\$ 880,382	N/A	N/A
Contributions as a percentage of covered -employee payroll	12.27%	12.27%	12.12%	12.12%	10.73%	10.73%	10.73%	10.73%	N/A	N/A

OTHER
SUPPLEMENTARY
INFORMATION

Proprietary Funds

Water Funds

CITY OF HARRISBURG

COMBINING STATEMENT OF NET POSITION

WATER FUNDS

June 30, 2015

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 344,660	\$ 179,183	\$ 523,843
Accounts Receivable	53,254	-	53,254
Inventory	31,974	-	31,974
Total Current Assets	429,888	179,183	609,071
Non-Current Assets:			
Net Pension Asset	51,370		51,370
Capital Assets:			
Land	85,675	-	85,675
Capital Assets, Net of Depreciation	2,570,905	-	2,570,905
Total Capital Assets	2,656,580	-	2,656,580
Total Assets	\$ 3,137,838	\$ 179,183	\$ 3,317,021
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 7,871	\$ -	\$ 7,871
Compensated Absences Payable	9,248	-	9,248
Customer Deposits	14,543	-	14,543
Total Liabilities	\$ 31,662	\$ -	\$ 31,662
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Earnings on Pension Assets	99,540	-	99,540
Total Deferred Inflow of Resources	\$ 99,540	\$ -	\$ 99,540
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	\$ 2,656,580	\$ -	\$ 2,656,580
Restricted for:			
Capital Projects	-	179,183	179,183
Net Pension Asset	51,370	-	51,370
Unrestricted	298,686	-	298,686
Total Net Position	\$ 3,006,636	\$ 179,183	\$ 3,185,819

CITY OF HARRISBURG

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

WATER FUNDS

For the Fiscal Year Ended June 30, 2015

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<u>OPERATING REVENUES:</u>			
Charges for Services:			
Water Charges	\$ 555,866	\$ -	\$ 555,866
Other Revenue	31,287	-	31,287
Total Operating Revenues	587,153	-	587,153
<u>OPERATING EXPENSES:</u>			
Personnel Services	225,003	-	225,003
Materials and Supplies	161,930	7,295	169,225
Depreciation	122,927	-	122,927
Total Operating Expenses	509,860	7,295	517,155
Operating Income (Loss)	77,293	(7,295)	69,998
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Interest Income	933	564	1,497
Total Non-Operating Revenues (Expenses)	933	564	1,497
Income Before Other Revenues, Expenses, and Transfers	78,226	(6,731)	71,495
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers In	-	23,000	23,000
Transfers (Out)	(49,500)	-	(49,500)
Total Capital Contributions and Transfers	(49,500)	23,000	(26,500)
Change in Net Position	28,726	16,269	44,995
Net Position, July 1, 2014 (Water Fund Restated)	3,054,745	162,914	3,217,659
Prior Period Adjustment	(76,835)	-	(76,835)
Net Position, June 30, 2015	\$ 3,006,636	\$ 179,183	\$ 3,185,819

CITY OF HARRISBURG

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

WATER FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive
			(See Note 1)	(Negative)
<u>REVENUES:</u>				
Charges for Services	\$ 533,550	\$ 533,550	\$ 555,866	\$ 22,316
Investment Revenue	750	750	933	183
Other Revenue	6,350	6,350	31,287	24,937
Total Revenues	540,650	540,650	588,086	47,436
<u>EXPENDITURES:</u>				
Personnel Services	330,483	330,483	272,304	(58,179)
Materials and supplies	185,950	185,950	147,604	(38,346)
Capital Outlay	42,250	42,250	21,315	(20,935)
Contingency	99,892	99,892	-	(99,892)
Total Expenditures	658,575	658,575	441,223	(217,352)
Excess (Deficiency) of Revenues Over Expenditures	(117,925)	(117,925)	146,863	264,788
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(49,500)	(49,500)	(49,500)	-
Total Other Financing Sources (Uses)	(49,500)	(49,500)	(49,500)	-
Net Change In Fund Balance	(167,425)	(167,425)	97,363	264,788
Fund Balance - July 1, 2014	167,425	167,425	224,286	56,861
Prior Period Adjustment	-	-	85,825	85,825
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 407,474	\$ 407,474

Reconciliation to generally accepted accounting principles basis

Net Change in Fund Balance - from above	97,363
Change in Compensated Absences	54
Change in Pension Expense	47,247
Capital outlay that is capitalized	6,989
Depreciation Expense	(122,927)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenditures, and Changes in Net Position	<u>\$ 28,726</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, 2015

	<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>		
<u>REVENUES:</u>				
Investment Revenue	\$ 400	\$ 400	\$ 564	\$ 164
Total Revenues	400	400	564	164
<u>EXPENDITURES:</u>				
Capital Outlay	190,043	190,043	7,295	(182,748)
Total Expenditures	190,043	190,043	7,295	(182,748)
Excess (Deficiency) of Revenues Over Expenditures	(189,643)	(189,643)	(6,731)	182,912
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	23,000	23,000	23,000	-
Total Other Financing Sources (Uses)	23,000	23,000	23,000	-
Net Change In Fund Balance	(166,643)	(166,643)	16,269	182,912
Fund Balance - July 1, 2014	166,643	166,643	162,914	(3,729)
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 179,183	\$ 179,183

OTHER
SUPPLEMENTARY
INFORMATION

Proprietary Funds

Sewer Funds

CITY OF HARRISBURG

COMBINING STATEMENT OF NET POSITION

SEWER FUNDS

June 30, 2015

	Sewer Fund	Sewer Reserve Fund	Total Sewer Utility
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 441,018	\$ 282,902	\$ 723,920
Accounts Receivable	80,182	-	80,182
Inventory	16,457	-	16,457
Total Current Assets	537,657	282,902	820,559
Non-Current Assets:			
Restricted Cash	-	112,641	112,641
Net Pension Asset	51,370	-	51,370
Total Non-Current Assets	51,370	112,641	164,011
Capital Assets:			
Land	448,197	-	448,197
Depreciable Assets, Net of Depreciation	4,670,260	-	4,670,260
Total Capital Assets	5,118,457	-	5,118,457
Total Assets	\$ 5,707,484	\$ 395,543	\$ 6,103,027
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 4,739	\$ -	\$ 4,739
Compensated Absences Payable	9,248	-	9,248
Accrued Interest Payable	66,572	-	66,572
Customer Deposits	14,318	-	14,318
Current Portion of Long-Term Liabilities:			
Bond Payable	35,756	-	35,756
Total Current Liabilities	130,633	-	130,633
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bond Payable	2,131,495	-	2,131,495
Total Long-Term Liabilities	2,131,495	-	2,131,495
Total Liabilities	\$ 2,262,128	\$ -	\$ 2,262,128
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Earnings on Pension Assets	99,540	-	99,540
Total Deferred Inflows of Resources	\$ 99,540	\$ -	\$ 99,540
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	\$ 2,951,206	\$ -	\$ 2,951,206
Restricted for:			
Debt Service	-	112,641	112,641
Capital Projects	-	282,902	282,902
Net Pension Asset	51,370	-	51,370
Unrestricted	343,240	-	343,240
Total Net Position	\$ 3,345,816	\$ 395,543	\$ 3,741,359

CITY OF HARRISBURG

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

SEWER FUNDS

For the Fiscal Year Ended June 30, 2015

	<u>Sewer Fund</u>	<u>Sewer Reserve Fund</u>	<u>Total Sewer Utility</u>
<u>OPERATING REVENUES:</u>			
Charges for Services:			
Sewer Charges	\$ 713,688	\$ -	\$ 713,688
Other Revenue	4,289	-	4,289
Total Operating Revenues	717,977	-	717,977
<u>OPERATING EXPENSES:</u>			
Personnel Services	225,001	-	225,001
Materials and Supplies	152,251	10,130	162,381
Depreciation	250,491	-	250,491
Total Operating Expenses	627,743	10,130	637,873
Operating Income (Loss)	90,234	(10,130)	80,104
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Interest Income	1,885	1,272	3,157
Interest Expense	(88,716)	-	(88,716)
Total Non-Operating Revenues (Expenses)	(86,831)	1,272	(85,559)
Income Before Other Revenues, Expenses, and Transfers	3,403	(8,858)	(5,455)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers In	-	35,000	35,000
Transfers (Out)	(61,500)	-	(61,500)
Total Capital Contributions and Transfers	(61,500)	35,000	(26,500)
Change In Net Position	(58,097)	26,142	(31,955)
Net Position, July 1, 2014	3,403,913	369,401	3,773,314
Net Position, June 30, 2015	\$ 3,345,816	\$ 395,543	\$ 3,741,359

CITY OF HARRISBURG

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

SEWER FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Charges for Services	\$ 695,941	\$ 695,941	\$ 713,688	\$ 17,747
Investment Revenue	1,000	1,000	1,885	885
Other Revenue	7,624	7,624	4,289	(3,335)
Total Revenues	704,565	704,565	719,862	15,297
<u>EXPENDITURES:</u>				
Personnel Services	330,483	330,483	272,303	(58,180)
Materials and supplies	221,350	221,350	128,398	(92,952)
Capital Outlay	47,250	47,250	23,853	(23,397)
Debt Service:				
Principal	34,340	34,340	34,339	(1)
Interest	90,817	90,817	90,816	(1)
Contingency	121,712	121,712	-	(121,712)
Total Expenditures	845,952	845,952	549,709	(296,243)
Excess (Deficiency) of Revenues Over Expenditures	(141,387)	(141,387)	170,153	311,540
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(61,500)	(61,500)	(61,500)	-
Total Other Financing Sources (Uses)	(61,500)	(61,500)	(61,500)	-
Net Change In Fund Balance	(202,887)	(202,887)	108,653	311,540
Fund Balance - July 1, 2014	202,887	202,887	266,551	63,664
Prior Period Adjustment	-	-	143,396	143,396
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 518,600	\$ 518,600

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	108,653
Change in Compensated Absences	55
Change in Accrued Interest	2,100
Change in Pension Expense	47,247
Debt Principal Payments	34,339
Depreciation Expense	(250,491)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenditures, and Changes in Net Position	<u>\$ (58,097)</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Investment Revenue	\$ 1,000	\$ 1,000	\$ 1,272	\$ 272
Other Revenue	-	-	-	-
Total Revenues	1,000	1,000	1,272	272
<u>EXPENDITURES:</u>				
Capital Outlay	296,596	296,596	10,130	(286,466)
Debt Service:				
Principal	125,155	125,155	-	(125,155)
Total Expenditures	421,751	421,751	10,130	(411,621)
Excess (Deficiency) of Revenues Over Expenditures	(420,751)	(420,751)	(8,858)	411,893
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	35,000	35,000	35,000	-
Total Other Financing Sources (Uses)	35,000	35,000	35,000	-
Net Change In Fund Balance	(385,751)	(385,751)	26,142	411,893
Fund Balance - July 1, 2014	385,751	385,751	369,401	(16,350)
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 395,543	\$ 395,543

OTHER
SUPPLEMENTARY
INFORMATION

Non-Major
Governmental Funds

CITY OF HARRISBURG
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
(By Fund Type)
June 30, 2015

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Total
<u>ASSETS:</u>			
Cash & Investments	\$ 1,605,394	\$ 75,392	\$1,680,786
Accounts Receivable	10,740	-	10,740
Assessment Receivable	86,036	-	86,036
Property Tax Receivable	-	5,360	5,360
Deposits	138,916	-	138,916
Total Assets	1,841,086	80,752	1,921,838
<u>LIABILITIES:</u>			
Accounts Payable	1,299	-	1,299
Total Liabilities	1,299	-	1,299
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Property Tax Revenue	-	4,972	4,972
Uncollected Assessments	86,036	-	86,036
Total Deferred Inflows of Resources	86,036	4,972	91,008
<u>FUND BALANCES:</u>			
Restricted for:			
Debt Service	-	75,780	75,780
Capital Projects	1,547,820	-	1,547,820
Committed for:			
Parks and Recreation Programs	23,338	-	23,338
Community Development Projects	67,938	-	67,938
Equipment Acquisition	24,443	-	24,443
Public Works	90,213	-	90,213
Total Fund Balances	1,753,752	75,780	1,829,532
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 1,841,087	\$ 80,752	\$1,921,839

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, 2015

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Total
<u>REVENUES:</u>			
Taxes and Assessments	\$ 62,505	\$ 59,743	\$ 122,248
Intergovernmental	13,085	-	13,085
Charges for Services	91,316	-	91,316
Investment Revenue	5,685	249	5,934
Other Revenue	15,242	-	15,242
Total Receipts	187,833	59,992	247,825
<u>EXPENDITURES:</u>			
General Government	68,360	-	68,360
Highways and Streets	11,144	-	11,144
Culture and Recreation	82,301	-	82,301
Debt Service:			
Principal	-	18,887	18,887
Interest	-	47,210	47,210
Capital Outlay	215,378	-	215,378
Total Expenditures	377,183	66,097	443,280
Excess (Deficiency) of Revenues Over Expenditures	(189,350)	(6,105)	(195,455)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	118,500	-	118,500
Total Other Financing Sources (Uses)	118,500	-	118,500
Net Change in Fund Balances	(70,850)	(6,105)	(76,955)
Fund Balances - July 1, 2014	331,171	81,885	413,056
Residual Equity Transfer In	1,493,431	-	1,493,431
Fund Balances - June 30, 2015	\$1,753,752	\$ 75,780	\$1,829,532

OTHER
SUPPLEMENTARY
INFORMATION

Non – Major
Special Revenue Funds

CITY OF HARRISBURG
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Office Equipment Fund	Library Fund	Bike Path Reserve Fund	H.A.R.T. Fund	Storm Drain Reserve Fund	Trans- portation SDC Fund	Parks SDC Fund	Storm SDC Fund	Water SDC Fund	Sewer SDC Fund	Total
ASSETS:											
Cash & Investments	\$ 24,443	\$ 24,305	\$ 23,338	\$ 42,417	\$ 81,987	\$ 579,124	\$ 85,509	\$ 87,957	\$ 146,085	\$ 510,229	\$ 1,605,394
Accounts Receivable	-	-	-	2,426	8,314	-	-	-	-	-	10,740
Assessment Receivable	-	-	-	-	-	-	-	-	-	86,036	86,036
Deposits	-	-	-	-	-	-	138,916	-	-	-	138,916
Total Assets	24,443	24,305	23,338	44,843	90,301	579,124	224,425	87,957	146,085	596,265	1,841,086
LIABILITIES:											
Accounts Payable	-	251	-	959	89	-	-	-	-	-	1,299
Total Liabilities	-	251	-	959	89	-	-	-	-	-	1,299
DEFERRED INFLOW OF RESOURCES:											
Uncollected Assessments	-	-	-	-	-	-	-	-	-	86,036	86,036
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	86,036	86,036
FUND BALANCES:											
Restricted for:											
Capital Projects	-	-	-	-	-	579,124	224,425	87,957	146,085	510,229	1,547,820
Committed for:											
Parks and Recreation Programs	-	-	23,338	-	-	-	-	-	-	-	23,338
Community Development Projects	-	24,054	-	43,884	-	-	-	-	-	-	67,938
Equipment Acquisition	24,443	-	-	-	-	-	-	-	-	-	24,443
Public Works	-	-	-	-	90,213	-	-	-	-	-	90,213
Total Fund Balances	24,443	24,054	23,338	43,884	90,213	579,124	224,425	87,957	146,085	510,229	205,932
Total Liabilities and Fund Balances	24,443	24,305	23,338	44,843	90,302	579,124	224,425	87,957	146,085	510,229	207,231

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, 2015

	Office Equipme nt Fund	Library Fund	Bike Path Reserve Fund	H.A.R.T. Fund	Storm Drain Reserve Fund	Trans- portation SDC Fund	Parks SDC Fund	Storm SDC Fund	Water SDC Fund	Sewer SDC Fund	Total
<u>REVENUES:</u>											
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ 62,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,505
Intergovernmental	-	-	2,066	11,019	-	-	-	-	-	-	13,085
Charges for Services	-	-	-	-	-	14,260	3,600	5,832	31,324	36,300	91,316
Investment Revenue	48	88	74	147	464	1,496	722	259	773	1,614	5,685
Other Revenue	-	3,745	-	11,497	-	-	-	-	-	-	15,242
Total Receipts	48	3,833	2,140	22,663	62,969	15,756	4,322	6,091	32,097	37,914	187,833
<u>EXPENDITURES:</u>											
General Government	26,767	-	-	41,593	-	-	-	-	-	-	68,360
Highways and Street	-	-	-	-	11,144	-	-	-	-	-	11,144
Culture and Recreation	-	82,301	-	-	-	-	-	-	-	-	82,301
Capital Outlay	-	1,061	-	-	172,526	-	-	24,032	-	17,759	215,378
Total Expenditures	26,767	83,362	-	41,593	183,670	-	-	24,032	-	17,759	377,183
Excess (Deficiency) of Revenues Over Expenditures	(26,719)	(79,529)	2,140	(18,930)	(120,701)	15,756	4,322	(17,941)	32,097	20,155	(189,350)
<u>OTHER FINANCING SOURCES (USES):</u>											
Operating Transfers In	31,000	72,500	-	15,000	-	-	-	-	-	-	118,500
Total Other Financing Sources (Uses)	31,000	72,500	-	15,000	-	-	-	-	-	-	118,500
Net Change in Fund Balances	4,281	(7,029)	2,140	(3,930)	(120,701)	15,756	4,322	(17,941)	32,097	20,155	(70,850)
Fund Balances - July 1, 2014	20,162	31,083	21,198	47,814	210,914	-	-	-	-	-	331,171
Residual Equity Transfer In	-	-	-	-	-	563,368	220,103	105,898	113,988	490,074	1,493,431
Fund Balances - June 30, 2015	\$24,443	\$ 24,054	\$ 23,338	\$ 43,884	\$ 90,213	\$ 579,124	\$224,425	\$ 87,957	\$146,085	\$510,229	\$ 1,753,752

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual OFFICE EQUIPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Investment Revenue	\$ 100	\$ 100	\$ 48	\$ (52)
Total Revenues	100	100	48	(52)
EXPENDITURES:				
Materials and Services	40,179	40,179	26,767	(13,412)
Capital Outlay	11,200	11,200	-	(11,200)
Total Expenditures	51,379	51,379	26,767	(24,612)
Excess (Deficiency) of Revenues Over Expenditures	(51,279)	(51,279)	(26,719)	24,560
OTHER FINANCING SOURCES / (USES):				
Operating Transfer In	31,000	31,000	31,000	-
Total Other Financing Sources (Uses)	31,000	31,000	31,000	-
Net Change In Fund Balance	(20,279)	(20,279)	4,281	24,560
Fund Balance - July 1, 2014	20,279	20,279	20,162	(117)
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 24,443	\$ 24,443

CITY OF HARRISBURG

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

LIBRARY FUND

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Investment Revenue	\$ 85	\$ 85	\$ 88	\$ 3
Miscellaneous Revenue	2,700	2,700	3,745	1,045
Total Revenues	2,785	2,785	3,833	1,048
EXPENDITURES:				
Personnel Services	78,765	78,765	71,108	(7,657)
Materials and Services	17,900	17,900	11,193	(6,707)
Capital Outlay	4,459	4,459	1,061	(3,398)
Contingency	3,585	3,585	-	(3,585)
Total Expenditures	104,709	104,709	83,362	(21,347)
Excess (Deficiency) of Revenues Over Expenditures	(101,924)	(101,924)	(79,529)	22,395
OTHER FINANCING SOURCES / (USES):				
Operating Transfer In	72,500	72,500	72,500	-
Total Other Financing Sources (Uses)	72,500	72,500	72,500	-
Net Change In Fund Balance	(29,424)	(29,424)	(7,029)	22,395
Fund Balance - July 1, 2014	29,424	29,424	31,083	1,659
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 24,054	\$ 24,054

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, 2015

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Intergovernmental	\$ 1,950	\$ 1,950	\$ 2,066	\$ 116
Investment Revenue	50	50	74	24
Total Revenues	2,000	2,000	2,140	140
<u>EXPENDITURES:</u>				
Capital Outlay	23,223	23,223	-	(23,223)
Total Expenditures	23,223	23,223	-	(23,223)
Excess (Deficiency) of Revenues Over Expenditures	(21,223)	(21,223)	2,140	23,363
Fund Balance - July 1, 2014	21,223	21,223	21,198	(25)
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 23,338	\$ 23,338

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ -	\$ 11,019	\$ 11,019
Investment Revenue	50	50	147	97
Miscellaneous	11,000	11,000	11,497	497
Total Revenues	11,050	11,050	22,663	11,613
<u>EXPENDITURES:</u>				
Personnel Services	34,076	34,076	30,413	(3,663)
Materials and Services	18,380	18,380	11,180	(7,200)
Contingency	11,094	11,094	-	(11,094)
Total Expenditures	63,550	63,550	41,593	(21,957)
Excess (Deficiency) of Revenues Over Expenditures	(52,500)	(52,500)	(18,930)	33,570
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	15,000	15,000	15,000	-
Total Other Financing Sources (Uses)	15,000	15,000	15,000	-
Net Change In Fund Balance	(37,500)	(37,500)	(3,930)	33,570
Fund Balance - July 1, 2014	37,500	37,500	47,814	10,314
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 43,884	\$ 43,884

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive</u>
			<u>(See Note 1)</u>	<u>(Negative)</u>
<u>REVENUES:</u>				
Taxes and Assessments	\$ 61,380	\$ 61,380	\$ 62,505	\$ 1,125
Investment Revenue	400	400	464	64
Total Revenues	61,780	61,780	62,969	1,189
<u>EXPENDITURES:</u>				
Materials and Services	17,900	17,900	11,144	(6,756)
Capital Outlay	258,594	258,594	172,526	(86,068)
Total Expenditures	276,494	276,494	183,670	(92,824)
Excess (Deficiency) of Revenues Over Expenditures	(214,714)	(214,714)	(120,701)	94,013
Fund Balance - July 1, 2014	214,714	214,714	210,914	(3,800)
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 90,213	\$ 90,213

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual TRANSPORTATION SYSTEM DEVELOPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>Positive</u> <u>(Negative)</u>
<u>REVENUES:</u>				
System Development Charges	\$ 6,090	\$ 6,090	\$ 14,260	\$ 8,170
Investment Revenue	736	736	1,496	760
Total Revenues	6,826	6,826	15,756	8,930
<u>EXPENDITURES:</u>				
Capital Outlay	461,703	461,703	-	(461,703)
Total Expenditures	461,703	461,703	-	(461,703)
Excess (Deficiency) of Revenues Over Expenditures	(454,877)	(454,877)	15,756	470,633
Fund Balance - July 1, 2014	454,877	454,877	-	(454,877)
Residual Equity Transfer In	-	-	563,368	563,368
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 579,124	\$ 579,124

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual PARKS SYSTEM DEVELOPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
<u>REVENUES:</u>				
System Development Charges	\$ 3,600	\$ 3,600	\$ 3,600	\$ -
Investment Revenue	448	448	722	274
Total Revenues	4,048	4,048	4,322	274
<u>EXPENDITURES:</u>				
Capital Outlay	224,046	224,046	-	(224,046)
Total Expenditures	224,046	224,046	-	(224,046)
Excess (Deficiency) of Revenues Over Expenditures	(219,998)	(219,998)	4,322	224,320
Fund Balance - July 1, 2014	219,998	219,998	-	(219,998)
Residual Equity Transfer In	-	-	220,103	220,103
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 224,425	\$ 224,425

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual STORM SYSTEM DEVELOPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>(Negative)</u>
<u>REVENUES:</u>				
System Development Charges	\$ 900	\$ 900	\$ 5,832	\$ 4,932
Investment Revenue	128	128	259	131
Total Revenues	1,028	1,028	6,091	5,063
<u>EXPENDITURES:</u>				
Capital Outlay	111,953	111,953	24,032	(87,921)
Total Expenditures	111,953	111,953	24,032	(87,921)
Excess (Deficiency) of Revenues Over Expenditures	(110,925)	(110,925)	(17,941)	92,984
Fund Balance - July 1, 2014	110,925	110,925	-	(110,925)
Residual Equity Transfer In	-	-	105,898	105,898
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 87,957	\$ 87,957

CITY OF HARRISBURG

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

For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
System Development Charges	\$ 8,444	\$ 8,444	\$ 31,324	\$ 22,880
Investment Revenue	1,024	1,024	773	(251)
Total Revenues	9,468	9,468	32,097	22,629
<u>EXPENDITURES:</u>				
Capital Outlay	141,483	141,483	-	(141,483)
Total Expenditures	141,483	141,483	-	(141,483)
Excess (Deficiency) of Revenues Over Expenditures	(132,015)	(132,015)	32,097	164,112
Fund Balance - July 1, 2014	132,015	132,015	-	(132,015)
Residual Equity Transfer In	-	-	113,988	113,988
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 146,085	\$ 146,085

CITY OF HARRISBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SEWER SYSTEM DEVELOPMENT RESERVE FUND For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis) (See Note 1)</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
System Development Charges	\$ 7,180	\$ 7,180	\$ 36,300	\$ 29,120
Investment Revenue	864	864	1,614	750
Total Revenues	8,044	8,044	37,914	29,870
<u>EXPENDITURES:</u>				
Capital Outlay	465,647	465,647	17,759	(447,888)
Total Expenditures	465,647	465,647	17,759	(447,888)
Excess (Deficiency) of Revenues Over Expenditures	(457,603)	(457,603)	20,155	477,758
Fund Balance - July 1, 2014	457,603	457,603	-	(457,603)
Residual Equity Transfer In	-	-	490,074	490,074
Fund Balance - June 30, 2015	\$ -	\$ -	\$ 510,229	\$ 510,229

OTHER
SUPPLEMENTARY
INFORMATION

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> (Budgetary Basis) (See Note 1)	<u>Final Budget</u> Positive (Negative)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 49,583	\$ 49,583	\$ 59,743	\$ 10,160
Investment Revenue	300	300	249	(51)
Total Revenues	49,883	49,883	59,992	10,109
<u>EXPENDITURES:</u>				
Debt Service				
Principal	18,888	18,888	18,887	(1)
Interest	47,210	47,210	47,210	-
Total Expenditures	66,098	66,098	66,097	(1)
Excess (Deficiency) of Revenues Over Expenditures	(16,215)	(16,215)	(6,105)	10,110
Fund Balance - July 1, 2014	82,312	82,312	81,885	(427)
Fund Balance - June 30, 2015	\$ 66,097	\$ 66,097	\$ 75,780	\$ 9,683

OTHER
SUPPLEMENTARY
INFORMATION

Additional
Supporting Schedules

CITY OF HARRISBURG

SCHEDULE OF PROPERTY TAXES

For the Fiscal Year Ended June 30, 2015

	General Fund Permanent Rate Tax, Subject to Measure 5	Bonds	Total
Assessed Valuation, 2014-15 Tax Roll	\$ 172,873,267	\$ 172,873,267	\$ 158,622,468
General Fund Permanent Rate Levy, Per \$1,000	0.0031875	-	-
General Obligation Bond Levy Rate, Per \$1,000	-	0.0003117	-
Amount Levy Rates Will Raise	551,034	53,885	604,918
Gain From UR Division of Tax Rate Truncation	15	9	24
Loss Due to District's Compression	(5)	-	(5)
Net Tax Levy Imposed	<u>\$ 551,044</u>	<u>\$ 53,894</u>	<u>\$ 604,937</u>

	Uncollected Balance July 1, 2014	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2015
2014-15	\$ 604,937	\$ (16,920)	\$ 565,284	\$ 22,733
2013-14	24,043	2,383	12,326	14,100
2012-13	14,730	3,497	8,198	10,029
2011-12	10,641	830	5,524	5,947
2010-11	7,133	348	3,936	3,545
2009-10	3,244	228	791	2,681
2008-09 & Prior	1,033	(379)	-	654
Total Cash Collections	<u>\$ 665,762</u>	<u>\$ (10,014)</u>	<u>\$ 596,059</u>	<u>\$ 59,689</u>
Less Accrued Revenue - June 30, 2014			(7,239)	
Add Accrued Revenue - June 30, 2015			3,752	
Total Property Tax Revenue			<u>\$ 592,572</u>	

	Current	Prior	Total	Property Taxes Receivable
Current Year Collections:				
General Fund	\$ 509,994	\$ 22,835	\$ 532,829	\$ 54,328
Debt Service Fund	55,290	4,453	59,743	5,360
TOTALS	<u>\$ 565,284</u>	<u>\$ 27,288</u>	<u>\$ 592,572</u>	<u>\$ 59,688</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, 2015**

	Uncollected Balance July 1, 2014	Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2015
2014-15	\$ 293,290	\$ (18,178)	\$ 273,046	\$ 2,066
2013-14	2,301	5,175	6,127	1,349
2012-13	1,525	3,401	3,889	1,037
2011-12	9,323	(6,594)	2,352	377
2010-11	1,473	315	1,696	92
2009-10	786	(214)	371	201
2008-09 & Prior	829	(778)	-	51
Total Property Taxes	\$ 309,527	\$ (16,873)	\$ 287,481	\$ 5,173
Less Accrued Revenue - June 30, 2014			(3,484)	
Add Accrued Revenue - June 30, 2015			1,785	
Total Property Tax Revenue			\$ 285,782	
Current Year Collections:	<u>Current</u>	<u>Prior</u>	<u>Total</u>	<u>Property Taxes Receivable</u>
Harrisburg Redevelopment Agency Fund	\$ 273,910	\$ 11,872	\$ 285,782	\$ 5,173
TOTALS	\$ 273,910	\$ 11,872	\$ 285,782	\$ 5,173

CITY OF HARRISBURG

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2015

	<u>Outstanding Balance July 1, 2014</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2015</u>	<u>Due within One Year</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					
Note Payable to Oregon Economic Development Department for various Urban Renewal Projects. Original balance \$432,000 plus \$93,049 in capitalized interest. Interest rate 6.5%. Dated February 13, 1996.					
Principal	\$ 204,324	\$ -	\$ 93,013	\$ 111,311	\$ 111,311
Interest	-	13,281	13,281	-	7,235
Totals	\$ 204,324	\$ 13,281	\$ 106,294	\$ 111,311	\$ 118,546
General Obligation Bonds held by USDA Rural Development for Water System Improvements. Original balance \$1,174,000. Interest rate 4.75%. Dated November 1, 2000.					
Principal	\$ 993,877	\$ -	\$ 18,887	\$ 974,990	\$ 19,785
Interest	-	47,210	47,210	-	46,312
Totals	\$ 993,877	\$ 47,210	\$ 66,097	\$ 974,990	\$ 66,097
<u>TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:</u>					
Principal	\$ 1,198,201	\$ -	\$ 111,900	\$ 1,086,301	\$ 131,096
Interest	-	60,491	60,491	-	53,547
Totals	<u>\$ 1,198,201</u>	<u>\$ 60,491</u>	<u>\$ 172,391</u>	<u>\$ 1,086,301</u>	<u>\$ 184,643</u>

Continued

CITY OF HARRISBURG

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (Continued)

For the Fiscal Year Ended June 30, 2015

	<u>Outstanding Balance July 1, 2014</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2015</u>	<u>Due within One Year</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Revenue Bonds held by USDA Rural Development for Sewer System Improvements. Original balance \$2,431,600. Interest rate 4.125%. Dated September 27, 2005					
Principal	\$ 2,201,590	\$ -	\$ 34,339	\$ 2,167,251	\$ 35,756
Interest	-	90,816	90,816	-	89,399
Totals	<u>\$ 2,201,590</u>	<u>\$ 90,816</u>	<u>\$ 125,155</u>	<u>\$ 2,167,251</u>	<u>\$ 125,155</u>
<u>TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:</u>					
Principal	\$ 2,201,590	\$ -	\$ 34,339	\$ 2,167,251	\$ 35,756
Interest	-	90,816	90,816	-	89,399
Totals	<u>\$ 2,201,590</u>	<u>\$ 90,816</u>	<u>\$ 125,155</u>	<u>\$ 2,167,251</u>	<u>\$ 125,155</u>
<u>TOTAL DEBT AGREEMENTS:</u>					
Principal	\$ 3,399,791	\$ -	\$ 146,239	\$ 3,253,552	\$ 166,852
Interest	-	151,307	151,307	-	142,946
Totals	<u><u>\$ 3,399,791</u></u>	<u><u>\$ 151,307</u></u>	<u><u>\$ 297,546</u></u>	<u><u>\$ 3,253,552</u></u>	<u><u>\$ 309,798</u></u>

CITY OF HARRISBURG

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

For the Fiscal Year Ended June 30, 2015

	Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year-end Balance
<u>GOVERNMENTAL ACTIVITIES:</u>					
Note Payable to Oregon Economic Development Department for various Urban Renewal Projects	2016	118,546	111,311	7,235	-
Totals		\$ 118,546	\$ 111,311	\$ 7,235	
General Obligation Bonds USDA	2016	66,097	19,785	46,312	955,205
Original balance \$1,174,000	2017	66,097	20,724	45,373	934,481
Interest rate 4.75%	2018	66,097	21,709	44,388	912,772
Dated November 1, 2000	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	65,606	62,631	2,975	-
Totals		\$ 1,718,031	\$ 974,990	\$ 743,041	

Continued

CITY OF HARRISBURG

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

For the Fiscal Year Ended June 30, 2015

	Fiscal Year Ended June 30,	Sinking Fund Require- ment	Total Payment	Principal	Interest	Fiscal Year-end Balance
<u>BUSINESS-TYPE ACTIVITIES:</u>						
Revenue Bonds, USDA	2016	125,155	125,155	35,756	89,399	2,131,495
Original balance \$2,431,600	2017	125,155	125,155	37,231	87,924	2,094,264
Interest rate 4.125%	2018	125,155	125,155	38,767	86,388	2,055,497
Dated September 27, 2005	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	-
Totals			\$3,920,076	\$2,167,251	\$1,752,825	

ACCOMPANYING
INFORMATION

CITY OF HARRISBURG
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS
As of June 30, 2015

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, 2015, and have issued our report thereon dated December 1, 2015. 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 Tuhscherer, CPA, PC
Roseburg, Oregon
December 1, 2015

CITY OF HARRISBURG

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2015

Grantor / Lender Program and Title	<u>Loan Balances</u>
U.S. DEPARTMENT OF AGRICULTURE Water and Waste Water Systems for Rural Communities Revolving Loan	\$ 3,142,241
TOTAL FEDERAL LOAN BALANCES	\$ 3,142,241

This schedule has been prepared using the modified accrual basis of accounting.



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, 2015, 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 December 1, 2015.

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
December 1, 2015