



**HARRISBURG, OREGON**

**Annual Financial Report**

**June 30, 2020**

## **CITY OF HARRISBURG**

PO Box 378  
Harrisburg, Oregon 97446  
(541) 995-6655

## **MAYOR & CITY COUNCIL**

ROBERT DUNCAN PO Box 224, Harrisburg, OR 97446	Mayor
ADAM KEATON 550 N 6th Place, Harrisburg, OR 97446	Councilor
KIM DOWNEY PO Box 651, Harrisburg, OR 97446	Councilor
CHARLOTTE THOMAS 1145 South 6th Street, Harrisburg, OR 97446	Councilor
RANDY KLEMM 785 Monroe Street, Harrisburg, OR 97446	Councilor
ROBERT BOESE 460 N 7th Street, Harrisburg, OR 97446	Councilor
MIKE CAUGHEY 1052 Whitledge Place, Harrisburg, OR 97446	Councilor

## **ADMINISTRATION**

TIM GAINES PO Box 378, Harrisburg, OR 97446	Finance Officer
BRIAN LATTA PO Box 378, Harrisburg, OR 97446	Ex-City Manager

# CITY OF HARRISBURG

## AUDIT REPORT

JUNE 30, 2019

---

### TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1a-1b
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	2-13
<b>BASIC FINANCIAL STATEMENTS:</b>	
<u><b>Government-wide Financial Statements:</b></u>	
Statement of Net Position	14
Statement of Activities	15
<u><b>Fund Financial Statements:</b></u>	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19
<u><b>Proprietary Fund Financial Statements:</b></u>	
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	21
Statement of Cash Flows - Proprietary Funds	22
<u><b>Notes To The Basic Financial Statements</b></u>	23-52
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	53
Street Fund	54
Debt Service Fund	55
Harrisburg Redevelopment Agency Fund - A Component Unit	56
Schedule of Proportionate Share of the Net Pension Liability	57
Schedule of Employer Contributions	58
Schedule of Proportionate Share of the Net Pension Liability OPEB RHIA	59
Schedule of Employer Contributions	60

**CITY OF HARRISBURG**

**AUDIT REPORT**

**JUNE 30, 2019**

---

**TABLE OF CONTENTS (Cont.)**

	<b><u>PAGE</u></b>
<b>OTHER SUPPLEMENTARY DATA:</b>	
<b><u>Proprietary Funds:</u></b>	
<b>Water Funds</b>	
Combining Statement of Net Position	61
Combining Statement of Revenues, Expenses and Changes in Net Position	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Water Fund	63
Water Reserve Fund	64
<b>Sewer Funds</b>	
Combining Statement of Net Position	65
Combining Statement of Revenues, Expenses and Changes in Net Position	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Sewer Fund	67
Sewer Reserve Fund	68
<b><u>Non-Major Special Revenue Funds:</u></b>	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Community and Economic Development Fund	71
Office Equipment Reserve Fund	72
Equipment Reserve Fund	73
Library Fund	74
Bike Path Reserve Fund	75
Storm Drain Reserve Fund	76
Transportation System Development Reserve Fund	77
Parks System Development Reserve Fund	78
Storm System Development Reserve Fund	79
Water System Development Reserve Fund	80
Sewer System Development Reserve Fund	81

**CITY OF HARRISBURG**

**AUDIT REPORT**

**JUNE 30, 2019**

---

**TABLE OF CONTENTS (Cont.)**

	<b><u>PAGE</u></b>
<b>OTHER SUPPLEMENTARY INFORMATION (Cont.):</b>	
<b><u>Additional Supporting Schedules:</u></b>	
Schedule of Long-Term Debt Transactions & Future Requirements	82-86
<b>ACCOMPANYING INFORMATION:</b>	
Independent Auditor's Report Required by Oregon State Regulations	87

## **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, 2020 which collectively comprise the City of Harrisburg'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. 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 my audit opinions

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of as of June 30, 2020, 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 on pages 2-13, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 53-56, the pension schedules on pages 57-58, and OPEB schedules on pages 59-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management’s discussion and analysis and the pension schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisburg’s basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 53-56 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisburg’s basic financial statements. The other supplementary data on pages 61-86 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Harrisburg.

The other supplementary data on pages 61-86 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, other supplementary data is fairly stated in all material respects in relation to the financial statements taken as a whole.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated November 30, 2020, on my consideration of the City of Harrisburg’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on the City of Harrisburg’s compliance.



Steve Tuhscherer, CPA  
November 30, 2020

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



**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**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, 2020. 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, 2020 are as follows:

- The City's net position decreased by \$845,031 which represents a 5.74 percent decrease from the previous year.
- Total revenue for the City was \$4,624,367. That is a 18.96 percent increase from the previous year. General revenues accounted for \$2,765,909 of revenue, or 59.8 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$1,858,458 or 40.19 percent of total revenues. Operating grants received a total \$52,169 or 1.13 percent of total revenues. There were no capital grants received this year.
- The City had \$5,469,399 in program expenses. Of the program expenses, \$1,432,923 was for providing water service and \$1,152,806 was for providing sewer service.
- The City's long-term liabilities increased \$8,538,147, a 124.4 percent increase from the previous year due to the issuance of a new bond, a \$337,070 increase in the net pension liability, and an increase of \$8,210,833 in the bond premium for the year.
- Among the governmental funds, the General Fund had \$1,588,795 in revenues, which primarily consisted of property taxes and franchise taxes. The Street Fund had \$276,259 in revenues, which primarily consisted of intergovernmental revenues. The Harrisburg Redevelopment Agency Fund had \$452,958 in revenues, which primarily consisted of property taxes.
- Among proprietary funds, the Water Fund had \$632,918 in operating revenues, which primarily consisted of user fees. The Sewer Fund had \$793,121 in operating revenues, which primarily consisted of user fees.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

*Government-wide Financial Statements*

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

**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

---

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

*Fund Financial Statements*

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

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

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

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

*Proprietary funds* are used to report the functions presented as business-type activities in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund - enterprise funds. The City uses enterprise funds to account for water and sewer operations. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund. Included in the Water Fund for the Proprietary Statements on pages 20-22 is the Water System Reserve Fund. Included in the Sewer Fund is the Sewer System Reserve Fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

*Notes to the Financial Statements*

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

**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

---

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the Street Fund, the Debt Service Fund, and the Harrisburg Redevelopment Agency Fund. The required supplementary information immediately follows the notes to the financial statements.

Other supplementary data 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 \$13,884,774 this is a decrease of \$845,031 or 5.74%.

A portion of the City's net position (65 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.

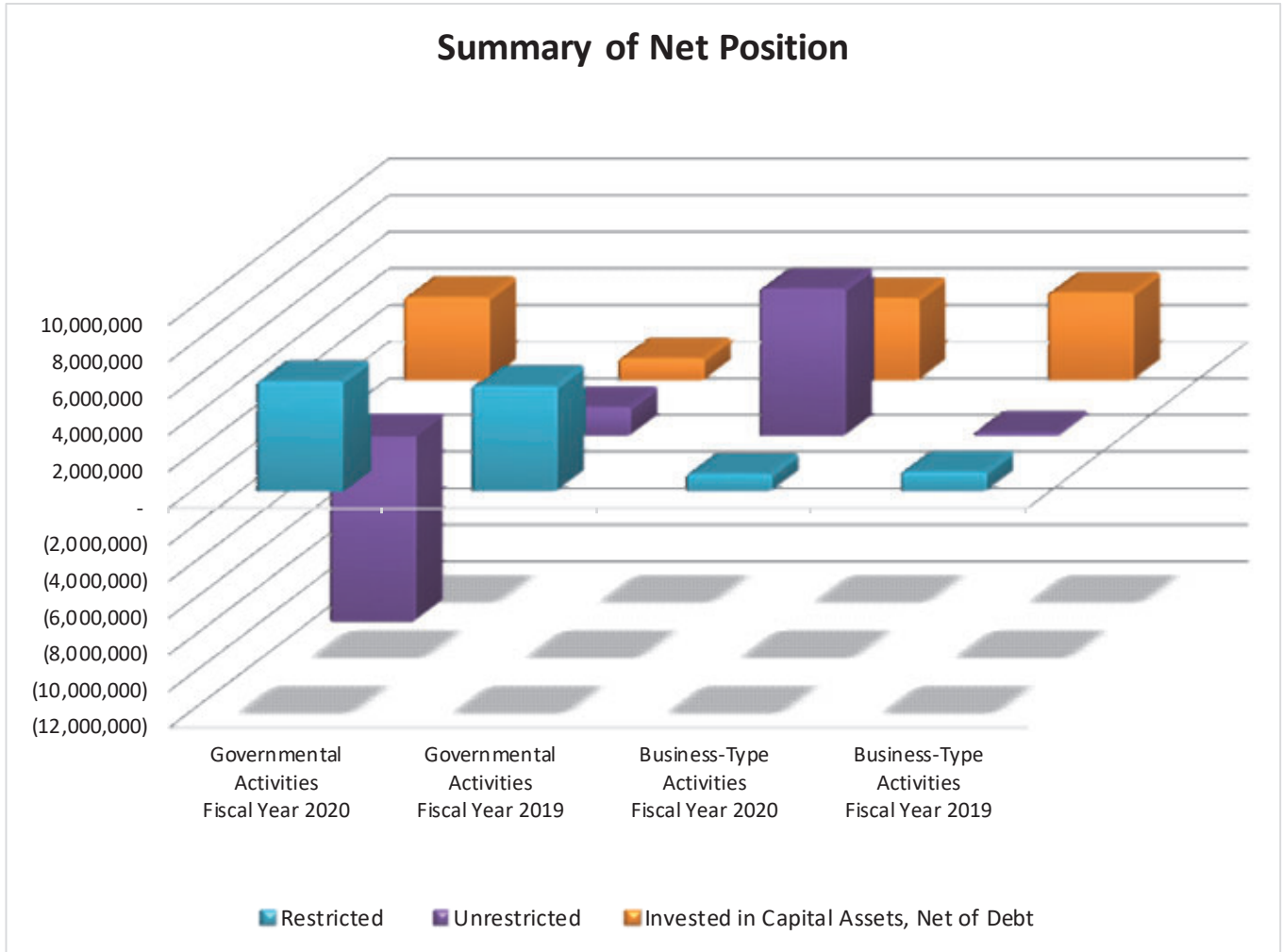
**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

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

	<b>Summary of Net Position</b>					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and Other Assets	\$ 8,314,551	\$ 8,243,964	\$ 9,938,211	\$ 1,863,076	\$ 18,252,762	\$ 10,107,040
Capital Assets	4,867,059	5,104,670	6,593,153	6,951,410	11,460,212	12,056,080
Total Assets	13,181,610	13,348,634	16,531,364	8,814,486	29,712,974	22,163,120
<b>Deferred Outflow of Resources</b>	141,843	228,537	290,070	270,154	431,913	498,691
<b>Liabilities</b>						
Current Liabilities	577,146	758,232	146,097	143,762	723,243	901,994
Long-Term Liabilities	12,364,792	4,148,421	3,036,590	2,714,814	15,401,382	6,863,235
Total Liabilities	12,941,938	4,906,653	3,182,687	2,858,576	16,124,625	7,765,229
<b>Deferred Inflow of Resources</b>	44,494	76,429	90,993	90,348	135,487	166,777
<b>Net Position</b>						
Net Investment in Capital Assets	4,560,811	1,227,885	4,502,853	4,809,803	9,063,664	6,037,688
Restricted	6,036,493	5,777,067	983,812	1,108,562	7,020,305	6,885,629
Unrestricted	(10,260,284)	1,589,137	8,061,089	217,351	(2,199,195)	1,806,488
Total Net Position	\$ 337,020	\$ 8,594,089	\$ 13,547,754	\$ 6,135,716	\$ 13,884,774	\$ 14,729,805

**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

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



**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

**Changes in net position** - The City's total revenues for the fiscal year ended June 30, 2020 were \$4,624,367. The total cost of all programs and services was \$5,469,399. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

**Summary of Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 380,250	\$ 324,314	\$ 1,426,039	\$ 1,395,379	\$1,806,289	\$1,719,693
Operating Grants and Contributions	52,169	14,636	-	-	52,169	14,636
Total Program Revenues	432,419	338,950	1,426,039	1,395,379	1,858,458	1,734,329
<b>General Revenues</b>						
<b>Local Sources</b>						
Property Taxes, Franchise Fees, & Public Service Taxes	2,432,022	1,914,798	-	-	2,432,022	1,914,798
Interest & Investment Earnings	160,565	191,763	173,322	46,524	333,887	238,287
Total General Revenues	2,592,587	2,106,561	173,322	46,524	2,765,909	2,153,085
Total Revenues	3,025,006	2,445,511	1,599,361	1,441,903	4,624,367	3,887,414
<b>Program Expenses</b>						
General Government	1,876,610	1,213,784	-	-	1,876,610	1,213,784
Public Safety	233,805	249,600	-	-	233,805	249,600
Public Works	276,697	304,443	-	-	276,697	304,443
Culture and Recreation	53,376	162,904	-	-	53,376	162,904
Urban Renewal Projects	119,166	121,528	-	-	119,166	121,528
Interest and Fees on Long-Term Debt	324,016	130,826	-	-	324,016	130,826
<b>Utility Services</b>						
Water Utilities	-	-	1,432,923	741,504	1,432,923	741,504
Sewer Utilities	-	-	1,152,806	754,228	1,152,806	754,228
Total Program Expenses	2,883,670	2,183,085	2,585,729	1,495,732	5,469,399	3,678,817
<b>Transfers</b>	72,000	46,778	(72,000)	(62,139)	-	(15,361)
<b>Special Items</b>	(8,470,405)	-	8,470,405	-	-	-
<b>Change in Net Position</b>	<u>\$ (8,257,069)</u>	<u>\$ 309,204</u>	<u>\$ 7,412,037</u>	<u>\$ (115,968)</u>	<u>\$ (845,032)</u>	<u>\$ 193,236</u>

**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

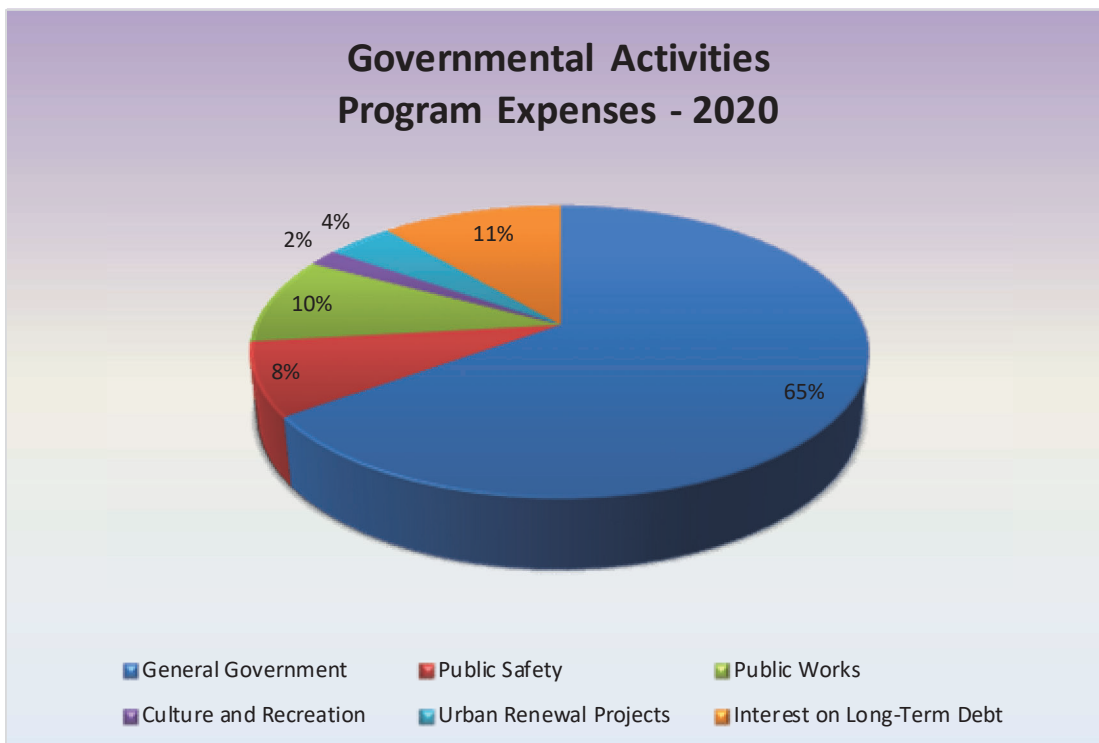
The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the City. The table also shows each function's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

**Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	2019-20	2018-19	2019-20	2018-19
General Government	\$ 1,876,610	\$ 764,140	\$(1,838,888)	\$ (740,656)
Public Safety	233,805	249,857	(190,648)	(227,465)
Public Works	276,697	394,518	22,674	(130,053)
Culture and Recreation	53,376	138,332	(42,687)	(121,269)
Urban Renewal Projects	119,166	80,004	(77,686)	(80,004)
Interest Expense	324,016	193,912	(324,016)	(193,912)
<b>Total Program Expenses</b>	<b>\$ 2,883,670</b>	<b>\$1,820,762</b>	<b>\$(2,451,251)</b>	<b>\$(1,493,358)</b>

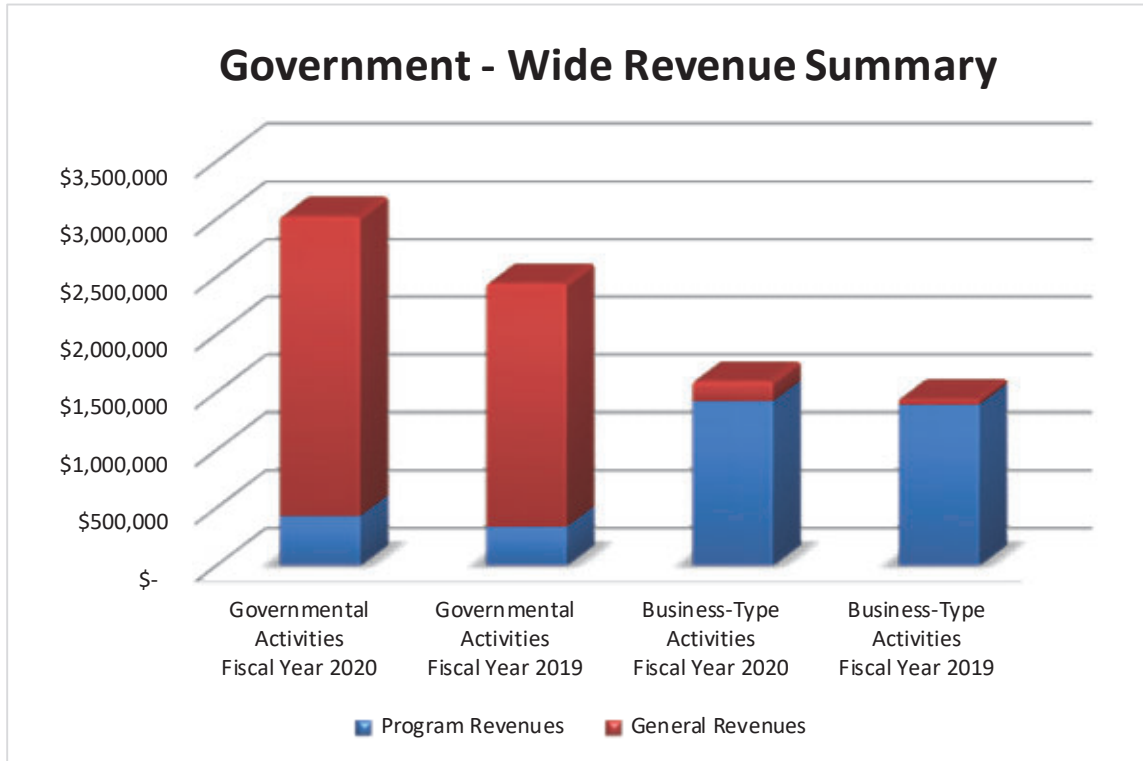
The dependence on general revenues for general government activities is apparent. For the current year, 85 percent of general government activities are supported through general revenues

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



**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

The following chart analyzes the revenue between governmental activities and business-type activities from prior to current year.



**Business-Type Activities**

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2019-20</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2018-19</u>
Utility Services	\$ 2,585,729	\$1,777,721	\$(1,159,690)	\$ (268,982)
Total Program Expenses	<u>\$ 2,585,729</u>	<u>\$1,777,721</u>	<u>\$(1,159,690)</u>	<u>\$ (268,982)</u>

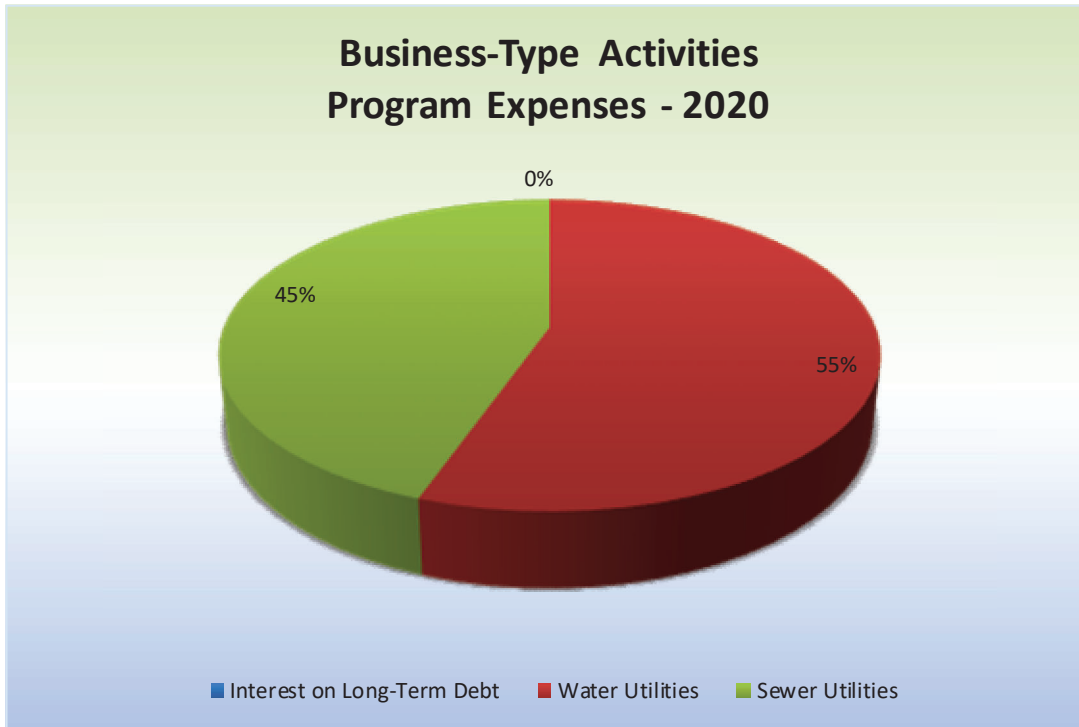
Business type activities increased the City's net position by approximately \$7,412,037. Of the business-type activities, the Water and Sewer funds accounted for approximately 55% and 45% of revenues, respectively.



**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

---

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



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

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

***Governmental Funds***

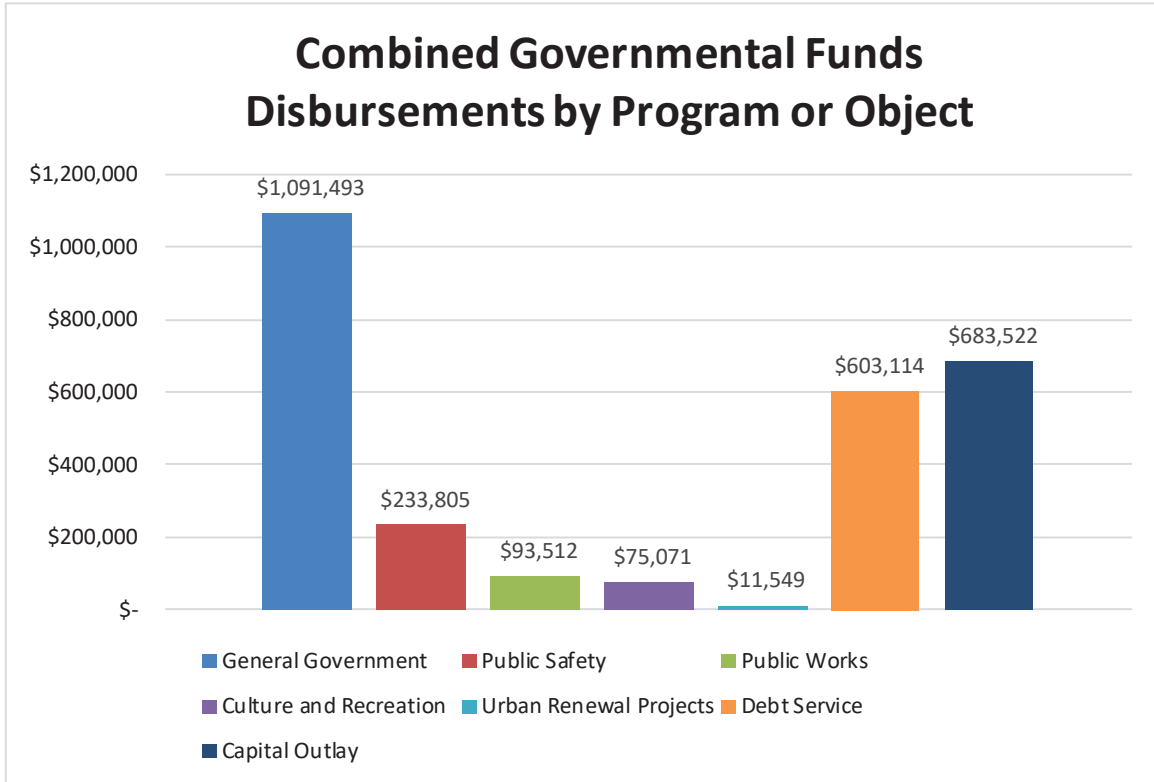
As the City completed the year, its governmental funds reported a combined fund balance of \$7,768,130, an increase of \$188,049. The fund balance constitutes restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$948,496 is restricted for public works projects, \$100,244 is restricted for debt service, \$1,811,147 is restricted for capital projects, \$3,176,606 is restricted for urban renewal projects, \$871,349 is committed for various programs, and \$860,288 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 \$860,288, an increase of \$70,399.

**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

---

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

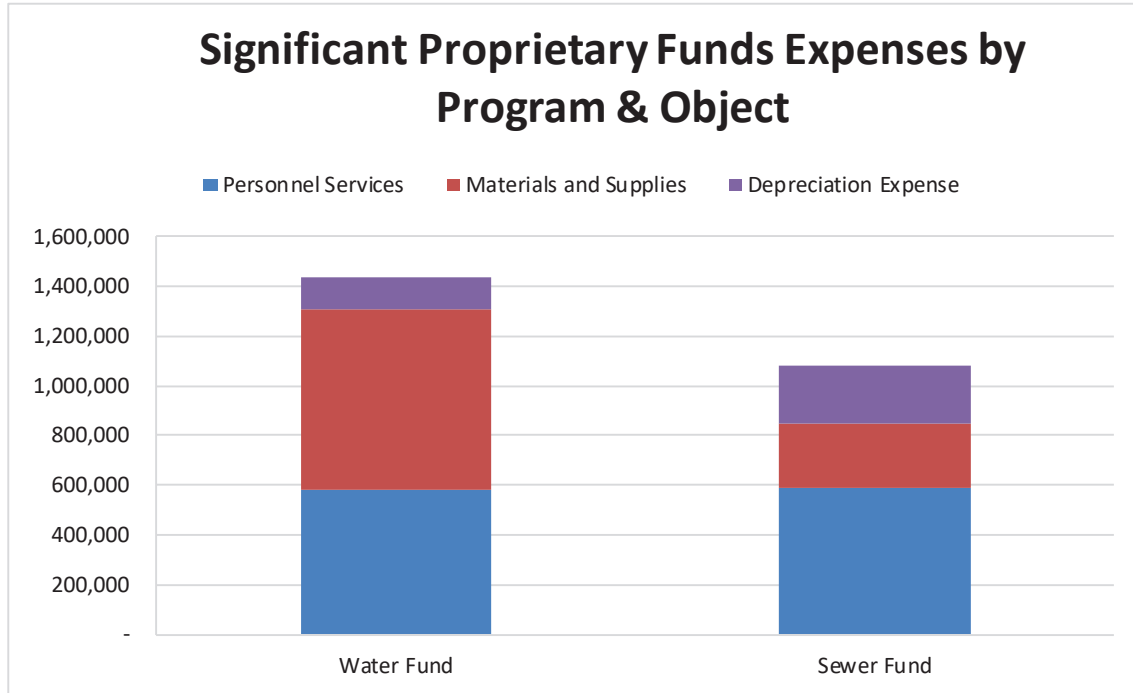


*Proprietary Funds*

The City's enterprise funds reported unrestricted net position of \$8,051,739, an increase of \$7,838,642. The enterprise funds also report \$125,155 in restricted net position for debt service, \$858,657 in restricted net position for public works projects and \$4,502,853 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, 2020**  
**Unaudited**

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



**Budgetary Highlights**

General Fund resources were budgeted and anticipated to be available in the amount of \$2,183,272 during the fiscal year. Actual resources of \$2,378,684 were available, \$195,412 more than budgeted. General Fund expenditures budget was under-spent by \$358,639. The ending fund balance was greater than what was budgeted by \$554,051 and more than the prior year by \$495,862.

The Water Fund balance increased during the fiscal year and the Sewer Fund balance increased. Both funds remained within their budgeted appropriations except for the Sewer Fund which overspent the Debt Service appropriation by \$1,275. The Water Fund's actual resources were more than budgeted by \$366,771. The Sewer Fund's actual resources were more than budgeted by \$159,277.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2020, the City had invested, before net reduction for accumulated depreciation, \$22,663,251 in capital assets, including buildings, land, vehicles, water and sewer utility systems, construction in progress and other equipment. This amount represents a decrease of \$11,723 from the prior year due to deletions being higher than additions. In the governmental funds there were \$0 of additions and \$11,723 of deletions in the current year and in the enterprise funds there were \$0 of additions and \$0 of deletions.

Total depreciation expense for the year was \$601,098; of which \$237,611 is associated with general government activities, \$124,970 from water utilities, and \$238,517 from sewer utilities. Additional information on the City's capital assets can be found in the Capital Asset Note of the Notes to the Basic Financial Statements section of this report.

**CITY OF HARRISBURG**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2020**  
**Unaudited**

---

**Long-Term Debt**

At June 30, 2020 the City had total long-term debt outstanding of \$12,726,248. Principal paid on existing debt was \$270,360, and interest paid on the debt amounted to \$454,567. Additional information on the City's long-term debt can be found in the Long-Term Debt Note of the Notes to the Basic Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

A number of factors were considered by the City's officials during the process of developing the fiscal year 2020-21 budget. The City's budget for the fiscal year ending June 30, 2021 represents an overall decrease of \$61,661 or 0.34 percent when compared with the current fiscal year. The city will apply for a Safe Routes to schools Grant of \$550,000 to provide sidewalks, curbing, and gutters. The city expects significant reductions in Transient Occupancy Taxes, state shared gasoline taxes, and others.

Amounts available for appropriation in the General Fund are \$1,907,281 for the fiscal year 2019-20, a decrease of \$275,991 or 13 percent. The decrease is largely attributable to a \$230,637 decrease in budgeted Intergovernmental Revenues for the year as the City is closing out the Linn County Housing Grant in the 2020-21 Fiscal Year.

The City is budgeting a \$176,400 or 1.9 percent decrease in total Water Fund revenues and the beginning fund balance increased \$7,842,600 due to selling a G.O. bond in the 19-20 Fiscal Year. The City is budgeting a \$46,596 or 4.5 percent increase in Sewer Fund Revenue. This is largely the result of a 33 percent increase in budgeted beginning fund balance. The City is budgeting a \$488,434 or 46 percent increase in total Street Fund revenues. This is largely the result of the \$550,000 Street Grant mentioned above.

The Redevelopment Agency budgeted revenues decreased by \$146,860 or 4 percent. This is largely the result of a \$100,000 decrease in the budgeted main street grant. The City does not plan on issuing any more HRA loans during the coming fiscal year

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2019-20 period.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

If you have any questions about this report or need additional information, contact the City of Harrisburg City Hall at 120 Smith Street, Harrisburg, Oregon 97446.

**BASIC FINANCIAL**  
**STATEMENTS**

**Government -Wide**  
**Financial Statements**

**CITY OF HARRISBURG**  
**STATEMENT OF NET POSITION**  
**For the Fiscal Year Ended June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 7,734,546	\$ 9,619,159	\$ 17,353,705
Receivables	436,518	124,019	560,537
Inventory	-	60,528	60,528
Deposits	138,916	-	138,916
Total Current Assets	8,309,980	9,803,706	18,113,686
Restricted Assets:			
Sinking Funds for Debt Service	-	125,155	125,155
Net OPEB Asset (RHIA)	4,571	9,350	13,921
Total Restricted Assets	4,571	134,505	139,076
Capital Assets:			
Land and Construction In Progress	1,013,528	839,425	1,852,953
Depreciable Assets, Net of Depreciation	3,853,531	5,753,728	9,607,259
Total Capital Assets, Net of Depreciation	4,867,059	6,593,153	11,460,212
<b>Total Assets</b>	<b>13,181,610</b>	<b>16,531,364</b>	<b>29,712,974</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	141,843	290,070	431,913
<b>Total Deferred Outflows of Resources</b>	<b>141,843</b>	<b>290,070</b>	<b>431,913</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	286,843	51,465	338,308
Payroll Payable	63,068	-	63,068
Accrued Compensated Absences	32,132	18,014	50,146
Interest Payable	6,654	4,576	11,230
Deposits	2,989	33,275	36,264
Current Portion of Long-Term Liabilities:			
Notes Payable	115,460	-	115,460
Bonds Payable	70,000	38,767	108,767
Total Current Liabilities	577,146	146,097	723,243
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	120,788	-	120,788
Bonds Payable (Net of unamortized premium)	11,762,317	2,051,533	13,813,850
Net Pension Liability	481,687	985,057	1,466,744
Total Long-Term Liabilities	12,364,792	3,036,590	15,401,382
<b>Total Liabilities</b>	<b>12,941,938</b>	<b>3,182,687</b>	<b>16,124,625</b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	43,555	89,070	132,625
OPEB Related Deferrals - RHIA	939	1,923	2,862
<b>Total Deferred Inflow of Resources</b>	<b>44,494</b>	<b>90,993</b>	<b>135,487</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	4,560,811	4,502,853	9,063,664
Restricted for:			
Debt Service	100,244	125,155	225,399
Public Works	948,496	858,657	1,807,153
Capital Projects	1,811,147	-	1,811,147
Urban Renewal Projects	3,176,606	-	3,176,606
Unrestricted	(10,260,284)	8,061,089	(2,199,195)
<b>Total Net Position</b>	<b>\$ 337,020</b>	<b>\$ 13,547,754</b>	<b>\$ 13,884,774</b>

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

**CITY OF HARRISBURG**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

	<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>	
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
General Government	\$ 1,876,610	\$ 37,722	\$ -	\$ -	\$ (1,838,888)
Public Safety	233,805	43,157	-	-	(190,648)
Public Works	276,697	299,371	-	-	22,674
Culture and Recreation	53,376	-	10,689	-	(42,687)
Urban Renewal Projects	119,166	-	41,480	-	(77,686)
Interest and Fees Expense	324,016	-	-	-	(324,016)
<b>Total Governmental Activities</b>	<b>\$ 2,883,670</b>	<b>\$ 380,250</b>	<b>\$ 52,169</b>	<b>\$ -</b>	<b>\$ (2,451,251)</b>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Water Utilities	\$ 1,432,923	\$ 632,918	\$ -	\$ -	\$ (800,005)
Sewer Utilities	1,152,806	793,121	-	-	(359,685)
<b>Total Business-type Activities</b>	<b>\$ 2,585,729</b>	<b>\$ 1,426,039</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,159,690)</b>
<b>Total Primary Government</b>	<b>\$ 5,469,399</b>	<b>\$ 1,806,289</b>	<b>\$ 52,169</b>	<b>\$ -</b>	<b>\$ (3,610,941)</b>
			<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b><u>CHANGES IN NET POSITION:</u></b>					
<b>Net (expense) revenue</b>			<b>\$ (2,451,251)</b>	<b>\$ (1,159,690)</b>	<b>\$ (3,610,941)</b>
General Revenues:					
Property Taxes, levied for general purposes			653,489	-	653,489
Property Taxes, levied for debt service			384,004	-	384,004
Property Taxes, levied for urban renewal programs			346,403	-	346,403
Intergovernmental Tax Turnovers			657,723	-	657,723
Franchise Taxes			323,391	-	323,391
Other Taxes and Assessments			67,012	-	67,012
Interest and Investment Earnings			160,565	173,322	333,887
Subtotal - General Revenues			<u>2,592,587</u>	<u>173,322</u>	<u>2,765,909</u>
Interfund Transfers			72,000	(72,000)	-
Equity Transfers			<u>(8,470,405)</u>	<u>8,470,405</u>	<u>-</u>
Total general revenues, special items, and transfers			<u>(5,805,818)</u>	<u>8,571,727</u>	<u>2,765,909</u>
Change in Net Position			(8,257,069)	7,412,037	(845,032)
Net Position, July 1, 2019			8,594,089	6,135,717	14,729,806
<b>Net Position, June 30, 2020</b>			<b><u>\$ 337,020</u></b>	<b><u>\$13,547,754</u></b>	<b><u>\$ 13,884,774</u></b>

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**

**For the Fiscal Year Ended June 30, 2020**

	<u>Component Unit</u>					<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>	<u>Harrisburg Redevelopment Agency Fund</u>	<u>Other Governmental Funds</u>	
<b><u>ASSETS:</u></b>						
Cash and Investments	\$ 884,950	\$ 964,166	\$ 99,780	\$ 3,010,068	\$ 2,775,582	\$ 7,734,546
Receivables:						
Accounts, net	68,011	-	-	-	5,841	73,852
Assessments	-	49,665	-	-	86,036	135,701
Property Tax	30,749	-	11,674	17,645	-	60,068
Loans	-	-	-	166,897	-	166,897
Deposits	-	-	-	-	138,916	138,916
<b>Total Assets</b>	<b>\$ 983,710</b>	<b>\$ 1,013,831</b>	<b>\$ 111,454</b>	<b>\$ 3,194,610</b>	<b>\$ 3,006,375</b>	<b>\$ 8,309,980</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>						
<b>LIABILITIES:</b>						
Accounts Payable	\$ 31,259	\$ 15,668	\$ -	\$ 2,072	\$ 237,844	\$ 286,843
Payroll Payable	63,068	-	-	-	-	63,068
Deposits	2,989	-	-	-	-	2,989
<b>Total Liabilities</b>	<b>97,316</b>	<b>15,668</b>	<b>-</b>	<b>2,072</b>	<b>237,844</b>	<b>352,900</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Delinquent Property Tax Revenue Not Available	26,105	-	11,210	15,933	-	53,248
Uncollected Assessments	-	49,665	-	-	86,036	135,701
<b>Total Deferred Inflows of Resources</b>	<b>26,105</b>	<b>49,665</b>	<b>11,210</b>	<b>15,933</b>	<b>86,036</b>	<b>188,949</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Debt Service	-	-	100,244	-	-	100,244
Public Works	-	948,496	-	-	-	948,496
Capital Projects	-	-	-	-	1,811,147	1,811,147
Urban Renewal Projects	-	-	-	3,176,606	-	3,176,606
Committed for:						
Parks and Recreation Programs	-	-	-	-	37,864	37,864
Community Development Projects	-	-	-	-	66,586	66,586
Public Works	-	-	-	-	327,961	327,961
Equipment Acquisition	-	-	-	-	438,938	438,938
Unassigned	860,288	-	-	-	-	860,288
<b>Total Fund Balances</b>	<b>860,288</b>	<b>948,496</b>	<b>100,244</b>	<b>3,176,606</b>	<b>2,682,496</b>	<b>7,768,130</b>
<b>Total Liabilities, Deferred Inflows     of Resources &amp; Fund Balances</b>	<b>\$ 983,709</b>	<b>\$ 1,013,829</b>	<b>\$ 111,454</b>	<b>\$ 3,194,611</b>	<b>\$ 3,006,376</b>	<b>\$ 8,309,979</b>

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

**CITY OF HARRISBURG**

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

**For the Fiscal Year Ended June 30, 2020**

---

**Total Fund Balances - Governmental Funds** \$ 7,768,130

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

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

The cost of the assets is -	\$ 7,749,469	
The accumulated depreciation is -	<u>(2,882,410)</u>	
Net Value of Assets		4,867,059

Net OPEB and pension assets/liabilities reported in governmental activities are not financial resources and therefore are not reported in the governmental funds. (477,116)

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

Property Taxes	53,248	
Assessments	<u>135,701</u>	
		188,949

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

Net Pension and OPEB Related Deferrals	97,349
--	--------

Interest Payable is not recorded in the governmental funds: (6,654)

Accrued Compensated Absences are not recorded in the governmental funds: (32,132)

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

(12,068,565)

**Net Position of Governmental Activities**

**\$ 337,020**

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, 2020**

	<b>Component Unit</b>					
	<b>Harrisburg</b>		<b>Debt</b>	<b>Harrisburg</b>	<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Street</b>	<b>Service</b>	<b>Redevelopment</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Agency</b>	<b>Funds</b>	<b>Funds</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>REVENUES:</b>						
Taxes and Assessments	\$ 640,199	\$ 498	\$ 390,943	\$ 343,480	\$ 66,514	\$ 1,441,634
Intergovernmental	397,240	257,884	-	-	2,599	657,723
Franchise Taxes	323,391	-	-	-	-	323,391
Licenses & Permits	130,775	-	-	-	-	130,775
Charges for Service	-	-	-	-	166,504	166,504
Fines and Forfeitures	43,157	-	-	-	-	43,157
Investment Revenue	16,311	15,785	4,666	67,998	55,805	160,565
Grants	-	-	-	41,480	-	41,480
Other Revenue	37,722	2,092	-	-	10,689	50,503
<b>Total Revenues</b>	<b>1,588,795</b>	<b>276,259</b>	<b>395,609</b>	<b>452,958</b>	<b>302,111</b>	<b>3,015,732</b>
<b>EXPENDITURES:</b>						
Current Operating:						
General Government	1,012,259	-	-	-	79,234	1,091,493
Public Safety	233,805	-	-	-	-	233,805
Public Works	-	87,935	-	-	5,577	93,512
Culture and Recreation	15,000	-	-	-	60,071	75,071
Urban Renewal Projects	-	-	-	11,549	-	11,549
Debt Service:						
Principal	-	-	114,999	110,363	-	225,362
Interest and Fees	-	-	268,109	109,643	-	377,752
Capital Outlay	10,332	28,769	-	92,163	552,258	683,522
<b>Total Expenditures</b>	<b>1,271,396</b>	<b>116,704</b>	<b>383,108</b>	<b>323,718</b>	<b>697,140</b>	<b>2,792,066</b>
Excess (Deficiency) of Revenues Over Expenditures	317,399	159,555	12,501	129,240	(395,029)	223,666
<b>OTHER FINANCING SOURCES (USES):</b>						
Interfund Transfers In	-	165,000	-	-	172,000	337,000
Interfund Transfers (Out)	(247,000)	(18,000)	-	-	-	(265,000)
Special Payments	-	-	-	(107,617)	-	(107,617)
Total Other Financing Sources (Uses)	(247,000)	147,000	-	(107,617)	172,000	(35,617)
<b>Net Change in Fund Balances</b>	<b>70,399</b>	<b>306,555</b>	<b>12,501</b>	<b>21,623</b>	<b>(223,029)</b>	<b>188,049</b>
Fund Balances - July 1, 2019	789,889	641,941	87,743	3,154,983	2,905,525	7,580,081
<b>Fund Balances - June 30, 2020</b>	<b>\$ 860,288</b>	<b>\$ 948,496</b>	<b>\$ 100,244</b>	<b>\$ 3,176,606</b>	<b>\$ 2,682,496</b>	<b>\$ 7,768,130</b>

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

**CITY OF HARRISBURG**  
**RECONCILIATION OF THE STATEMENT**  
**OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

---

<b>Net Changes in Fund Balances - Total Governmental Funds</b>		\$ 188,049
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Less current year depreciation	\$(237,611)	(237,611)
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	9,274	9,274
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.		53,736
Changes to vacation payable are reported as a change in expenses		
		(7,698)
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	110,360	
General Obligations Bonds	115,000	225,360
Proceeds from sale of bonds are deposited by the Business-type activities, but the governmental funds will repay the debt. The transfer of that equity is reported on the Statement of Activities but not on the fund financial statements. The equity transfer is reconciled here		
		(8,470,405)
Adjustment for pension costs on accrued basis		
		(17,776)
<b>Change in Net Position of Governmental Activities</b>		<b>\$ (8,257,071)</b>

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**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 8,608,538	\$ 1,010,621	\$ 9,619,159
Receivables	54,488	69,531	124,019
Inventory	55,472	5,056	60,528
Total Current Assets	8,718,498	1,085,208	9,803,706
Restricted Assets:			
Sinking Funds for Debt Service	-	125,155	125,155
Net OPEB Asset (RHIA)	4,653	4,697	9,350
Total Restricted Assets	4,653	129,852	134,505
Capital Assets:			
Land and Construction In Progress	211,984	627,441	839,425
Depreciable Assets, Net of Depreciation	2,157,433	3,596,295	5,753,728
Total Capital Assets	2,369,417	4,223,736	6,593,153
<b>Total Assets</b>	<b>11,092,568</b>	<b>5,438,796</b>	<b>16,531,364</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	144,354	145,716	290,070
<b>Total Deferred Outflow of Resources</b>	<b>\$ 144,354</b>	<b>\$ 145,716</b>	<b>\$ 290,070</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	35,901	15,564	51,465
Accrued Compensated Absences	9,007	9,007	18,014
Interest Payable	-	4,576	4,576
Customer Deposits	16,890	16,385	33,275
Current Portion of Long-Term Liabilities:			
Bond Payable	-	38,767	38,767
Total Current Liabilities	61,798	84,299	146,097
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bonds Payable (Net of unamortized premium)	-	2,051,533	2,051,533
Net Pension Liability	490,215	494,842	985,057
Total Long-Term Liabilities	490,215	2,546,375	3,036,590
<b>Total Liabilities</b>	<b>552,013</b>	<b>2,630,674</b>	<b>3,182,687</b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	44,326	44,744	89,070
OPEB Related Deferrals - RHIA	957	966	1,923
<b>Total Deferred Inflow of Resources</b>	<b>\$ 45,283</b>	<b>\$ 45,710</b>	<b>\$ 90,993</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	2,369,417	2,133,436	4,502,853
Restricted for Debt Service	-	125,155	125,155
Restricted for Public Works	231,545	627,112	858,657
Restricted for Net Pension Asset	4,653	4,697	9,350
Unrestricted	8,034,011	17,728	8,051,739
<b>Total Net Position</b>	<b>\$ 10,639,626</b>	<b>\$ 2,908,128</b>	<b>\$ 13,547,754</b>

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

**CITY OF HARRISBURG**  
**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services & Fees	\$ 617,567	\$ 785,079	\$ 1,402,646
Other Revenue	15,351	8,042	23,393
<b>Total Operating Revenues</b>	<b><u>632,918</u></b>	<b><u>793,121</u></b>	<b><u>1,426,039</u></b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	578,832	586,090	1,164,922
Materials and Supplies	731,192	260,998	992,190
Depreciation Expense	122,899	235,358	358,257
<b>Total Operating Expenses</b>	<b><u>1,432,923</u></b>	<b><u>1,082,446</u></b>	<b><u>2,515,369</u></b>
<b>Operating Income (Loss)</b>	<b>(800,005)</b>	<b>(289,325)</b>	<b>(1,089,330)</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Investment Revenue	151,523	21,799	173,322
Interest Expense	-	(70,360)	(70,360)
<b>Total Non-Operating Revenues (Expenses)</b>	<b><u>151,523</u></b>	<b><u>(48,561)</u></b>	<b><u>102,962</u></b>
Income Before Other Revenues, Expenses, and Transfers	(648,482)	(337,886)	(986,368)
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>			
Transfers to Other Funds	(61,000)	(36,000)	(97,000)
Transfers from Other Funds	25,000	-	25,000
Bond Proceeds Transfer In	8,470,405	-	8,470,405
<b>Total Capital Contributions and Transfers</b>	<b><u>8,434,405</u></b>	<b><u>(36,000)</u></b>	<b><u>8,398,405</u></b>
Changes in Net Position	7,785,923	(373,886)	7,412,037
Net Position, July 1, 2019	2,853,703	3,282,014	6,135,717
<b>Net Position, June 30, 2020</b>	<b><u><u>\$ 10,639,626</u></u></b>	<b><u><u>\$ 2,908,128</u></u></b>	<b><u><u>\$ 13,547,754</u></u></b>

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

**CITY OF HARRISBURG**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Total Enterprise Funds</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash Received from User Charges	\$ 639,775	\$ 791,090	\$ 1,430,865
Cash Payments for Employee Services	(404,802)	(408,412)	(813,214)
Cash Payments to Suppliers	(718,501)	(271,830)	(990,331)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(483,528)</b>	<b>110,848</b>	<b>(372,680)</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>			
Transfer to Other Funds	(61,000)	(36,000)	(97,000)
Transfer from Other Funds	25,000	-	25,000
Interfund Loan Disbursement	(350,000)	350,000	-
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>(386,000)</b>	<b>314,000</b>	<b>(72,000)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Proceeds from Bond Sales	8,470,405	-	8,470,405
Principal Paid on Long Term Debt	-	(51,307)	(51,307)
Interest and Fees Paid on Long Term Debt	-	(70,468)	(70,468)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>8,470,405</b>	<b>(121,775)</b>	<b>8,348,630</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Investment Income	151,523	21,799	173,322
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>151,523</b>	<b>21,799</b>	<b>173,322</b>
Cash and Cash Equivalents at July 1, 2019	856,137	810,904	1,667,041
<b>Cash and Cash Equivalents at June 30, 2020</b>	<b>\$ 8,608,537</b>	<b>\$ 1,135,776</b>	<b>\$ 9,744,313</b>
<b><u>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:</u></b>			
Income (loss) from operations	\$ (800,005)	\$ (289,325)	\$ (1,089,330)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	122,899	235,358	358,257
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	8,111	(877)	7,234
Increase (decrease) in deposits	(1,254)	(1,154)	(2,408)
Increase (decrease) in payables	14,187	(9,336)	4,851
Increase (decrease) in pension related accounts	172,534	176,182	348,716
<b>Net cash provided (used) by operating activities</b>	<b>\$ (483,528)</b>	<b>\$ 110,848</b>	<b>\$ (372,680)</b>

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, 2020

---

### 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 seven 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:

#### Reporting Entity

In determining the financial reporting entity, the City of Harrisburg complies with Governmental Accounting Standards Board Statement 14 as amended, "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.

#### Basis of Presentation

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

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

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

# CITY OF HARRISBURG

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

---

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

#### 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.

Debt Service Fund - This fund is used to repay debts the City has collected, including principal, interest, and other costs.

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

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

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Non-major special revenue funds include Community & Economic Development Fund, Office Equipment Fund, Equipment Reserve Fund, Library Fund, Bike Path Reserve Fund, Storm Drain Reserve Fund, Transportation SDC Fund, Parks SDC Fund, Storm SDC Fund, Water SDC Fund, and Sewer SDC Fund.

# CITY OF HARRISBURG

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

---

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### 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.

#### 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, 2020

---

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### 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.

#### 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.

#### 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, 2020

---

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### 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.

#### Receivables

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

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

#### Deferred Inflows/Outflows of Resources:

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

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

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

#### 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, 2020

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

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, 2020 the City had sinking funds for debt service of \$125,155 in restricted assets.

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.

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

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, 2020

---

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

#### Equity Classifications:

##### *Government-wide Statements and Proprietary Fund Financial Statements*

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

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

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

##### *Governmental Fund Financial Statements*

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

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City did not have any nonspendable resources as of June 30, 2020.
- 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, 2020.
- 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, 2020

---

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

#### **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.

#### **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.

#### **Pensions**

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

### **CASH AND INVESTMENTS:**

For discussion of deposit and investment policies and other related information, see Cash and Investments note under the Summary of Significant Accounting Policies.

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 Cash and Investments note under the Summary of Significant Accounting Policies.

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

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

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

---

**CASH AND INVESTMENTS (Cont.):**

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

As of June 30, 2020, the reported amount of the City's deposits was \$302,939 and the bank balance was \$379,701. 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, 2020, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2020, 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)	\$ 9,160,671	N/A
Total Investments	<u>\$ 9,160,671</u>	

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

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

**RECEIVABLES:**

The following is a summary of receivable balances reported on the statement of net position at June 30, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts, net	\$ 73,852	\$ 124,019
Assessments	135,701	-
Property Tax	60,068	-
Loans	166,897	-
Total	<u>\$ 436,518</u>	<u>\$ 124,019</u>

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

**CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2020:

<b>Governmental Activities</b>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<b>Assets not being depreciated:</b>				
Land	\$ 395,470	\$ -	\$ -	\$ 395,470
Construction in Progress	618,058	-	-	618,058
Total	1,013,528	-	-	1,013,528
<b>Assets being depreciated:</b>				
Land Improvement	613,214	-	-	613,214
Building and Building Improvement	905,473	-	-	905,473
Machinery and Equipment	592,633	-	11,723	580,910
Infrastructure	4,636,343	-	-	4,636,343
Total Depreciable Assets	6,747,663	-	11,723	6,735,940
<b>Less: Accumulated Depreciation</b>				
Land Improvement	306,520	22,100	-	328,620
Building and Building Improvement	372,158	17,052	-	389,210
Machinery and Equipment	339,850	33,257	11,723	361,383
Infrastructure	1,637,994	165,202	-	1,803,196
Total Accumulated Depreciation	2,656,522	237,611	11,723	2,882,410
Net Value of Capital Assets Being Depreciated	4,091,141	(237,611)	-	3,853,531
Total Governmental Activities -- Net Value of Capital Assets	<u>\$ 5,104,670</u>	<u>\$ (237,611)</u>	<u>\$ -</u>	<u>\$ 4,867,059</u>

**Depreciation expense was charged to the functions of governmental activities as follows:**

General Government	\$ 22,413
Public Works	184,919
Culture and Recreation	30,279
Total Depreciation Expense	<u>\$ 237,611</u>

# CITY OF HARRISBURG

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

### CAPITAL ASSETS (Cont.):

<b>Business-Type Activities</b>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<b>Assets not being depreciated:</b>				
Land	\$ 533,872	\$ -	\$ -	\$ 533,872
Construction in Progress	305,553	-	-	305,553
Total	839,424	-	-	839,424
<b>Assets being depreciated:</b>				
Utility Systems	13,526,129	-	-	13,526,129
Machinery and Equipment	548,228	-	-	548,228
Total Depreciable Assets	14,074,358	-	-	14,074,358
<b>Less: Accumulated Depreciation</b>				
Utility Systems	7,560,810	331,204	-	7,892,014
Machinery and Equipment	401,563	27,053	-	428,616
Total Accumulated Depreciation	7,962,373	358,257	-	8,320,630
Net Value of Capital Assets Being Depreciated	6,111,984	(358,257)	-	5,753,727
Total Business-Type Activities -- Net Value of Capital Assets	<u>\$ 6,951,409</u>	<u>\$ (358,257)</u>	<u>\$ -</u>	<u>\$ 6,593,152</u>
Total Net Value of Capital Assets of Primary Government	<u>\$ 12,056,078</u>	<u>\$ (595,868)</u>	<u>\$ -</u>	<u>\$ 11,460,211</u>

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

Water	\$ 124,970
Sewer	238,517
Total Depreciation Expense	<u>\$ 363,487</u>

### LONG-TERM DEBT:

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

#### **GOVERNMENTAL ACTIVITIES:**

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

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

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

**LONG-TERM DEBT (Cont.):**

**GOVERNMENTAL ACTIVITIES (Cont.):**

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

**BUSINESS-TYPE ACTIVITIES:**

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

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

<u>Governmental Long-Term Debt</u>	Outstanding Balance July 1, 2019	New Issues	Reductions/ Adjustments	Interest Paid	Outstanding Balance June 30, 2020	Due Within One Year
<b>Bonds Payable:</b>						
General Obligation Refunding Bond, Series 2017	\$ 860,000	\$ -	\$ 30,000	\$ 31,550	\$ 830,000	\$ 35,000
Full Faith and Credit Project Bond, Series 2017 - HRA Development Projects	2,405,000	-	-	93,800	2,405,000	-
General Obligation Bonds, Series 2019	-	7,420,000	85,000	236,571	7,335,000	17,483
<b>Total Bonds Payable</b>	<u>3,265,000</u>	<u>7,420,000</u>	<u>115,000</u>	<u>361,921</u>	<u>10,570,000</u>	<u>52,483</u>
<b>Notes from Direct Borrowings:</b>						
KS State Bank Government Finance Dept. - HRA Development Loan	346,608	-	110,360	15,846	236,248	115,460
<b>Total Notes from Direct Borrowings</b>	<u>\$ 346,608</u>	<u>\$ -</u>	<u>\$ 110,360</u>	<u>\$ 15,846</u>	<u>\$ 236,248</u>	<u>\$ 115,460</u>
<b>Total Governmental Long-Term Debt</b>	<u>3,611,608</u>	<u>7,420,000</u>	<u>225,360</u>	<u>377,767</u>	<u>10,806,248</u>	<u>167,943</u>
<b>Bond Issuance Premiums</b>	<u>265,177</u>	<u>1,050,405</u>	<u>53,265</u>	<u>-</u>	<u>1,262,317</u>	<u>-</u>
<b>Governmental Long-Term Debt net of Unamortized Premiums</b>	<u>\$ 3,876,785</u>	<u>\$ 8,470,405</u>	<u>\$ 278,625</u>	<u>\$ 377,767</u>	<u>\$ 12,068,565</u>	<u>\$ 167,943</u>

<u>Business-Type Long-Term Debt</u>	Outstanding Balance July 1, 2019	New Issues	Reductions/ Adjustments	Interest Paid	Outstanding Balance June 30, 2020	Due Within One Year
<b>Bonds Payable:</b>						
Full Faith and Credit Refunding Bond, Series 2017	\$ 1,965,000	\$ -	\$ 45,000	\$ 76,800	\$ 1,920,000	45,000
<b>Total Bonds Payable</b>	<u>1,965,000</u>	<u>-</u>	<u>45,000</u>	<u>76,800</u>	<u>1,920,000</u>	<u>45,000</u>
<b>Total Business-Type Long-Term Debt</b>	<u>1,965,000</u>	<u>-</u>	<u>45,000</u>	<u>76,800</u>	<u>1,920,000</u>	<u>45,000</u>
<b>Bond Issuance Premiums</b>	<u>176,607</u>	<u>-</u>	<u>6,307</u>	<u>-</u>	<u>170,300</u>	<u>-</u>
<b>Business-Type Long-Term Debt net of Unamortized Premiums</b>	<u>\$ 2,141,607</u>	<u>\$ -</u>	<u>\$ 51,307</u>	<u>\$ 76,800</u>	<u>\$ 2,090,300</u>	<u>\$ 45,000</u>

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

---

**LONG-TERM DEBT (Cont.):**

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

**General Obligation and Full Faith and Credit Bonds:**

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 115,000	\$ 501,513	\$ 616,513
2022	125,000	498,063	623,063
2023	255,000	493,863	748,863
2024	280,000	487,863	767,863
2025	300,000	477,013	777,013
2026 - 2030	1,880,000	2,189,213	4,069,213
2031 - 2035	2,640,000	1,757,613	4,397,613
2036 - 2040	2,870,000	1,180,813	4,050,813
2041 - 2045	3,235,000	594,075	3,829,075
2046 - 2050	790,000	33,288	823,288
Total	<u>\$ 12,490,000</u>	<u>\$ 8,213,313</u>	<u>\$ 20,703,313</u>

**Notes from Direct Borrowings:**

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 115,460	\$ 10,746	\$ 126,206
2022	120,788	5,492	126,280
Total	<u>\$ 236,248</u>	<u>\$ 16,238</u>	<u>\$ 252,486</u>

The City has no unused lines of credit.

The City has no assets that are specifically pledged as collateral for any of the debt.

For further detail on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Supplementary Data section of this report.

# CITY OF HARRISBURG

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

---

### PENSION PLAN:

#### Name of Pension Plan

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

#### Description of Benefit Terms

##### *Plan Benefits*

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

**1. Tier One/Tier Two Retirement Benefit (Chapter 238).** OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

##### *Pension Benefits*

The OPERS 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 an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-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 OPERS judge members) for disability benefits regardless of the length of OPERS-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, 2020

---

### **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 2019 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. The COLA is capped at 2.0 percent.

**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 2019 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. The COLA is capped at 2.0 percent.



# CITY OF HARRISBURG

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

---

### **PENSION PLAN (Cont.):**

#### **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) 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*

OPERS contracts with VOYA Financial to maintain IAP participant records.

###### Contributions

OPERS 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 OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. 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.

Members of OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The Employer makes this contribution on behalf of its employees.

Employer contributions for the year ended June 30, 2020 were \$124,178, excluding amounts to fund employer specific liabilities.

###### Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:  
<https://www.oregon.gov/PERS/Pages/Financials/Actuarial-Financial-Information.aspx>

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

---

**PENSION PLAN (Cont.):**

Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the Entry Age Normal actuarial cost method. For the Tier One/Tier Two component of the OPERS 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 OPERS 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.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study	2016, published July 26, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<b>Healthy retirees and beneficiaries:</b> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <b>Active members:</b> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <b>Disabled retirees:</b> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

# CITY OF HARRISBURG

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

---

### **PENSION PLAN (Cont.):**

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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.20 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.

#### *Depletion Date Projection*

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

# CITY OF HARRISBURG

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

### PENSION PLAN (Cont.):

#### *Assumed Asset Allocation*

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation</u>
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	20.1%
Public Equity	32.5% - 42.5%	37.5%	Public Equity	36.4%
Real estate	9.5% - 15.5%	12.5%	Real estate	11.1%
Private Equity	14.0% - 21.0%	17.5%	Private Equity	21.4%
Alternative Equity	0.0% - 12.5%	12.5%	Alternative Equity	8.9%
Opportunity Portfolio	0.0% - 3.0%	0.0%	Opportunity Portfolio	2.1%
Total		<u>100%</u>	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 2017 the Oregon PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Mean</u>	<u>20-Year Annualized Geometric Mean</u>	<u>Annual Standard Deviation</u>
Core Fixed Income	9.60%	4.14%	4.07%	3.90%
Short-Term Bonds	9.60%	3.70%	3.68%	2.10%
Bank/Leveraged Loans	3.60%	5.40%	5.19%	6.85%
High Yield Bonds	1.20%	6.13%	5.74%	9.35%
Large/Mid Cap US Equities	16.17%	7.35%	6.30%	15.50%
Small Cap US Equities	1.35%	8.35%	6.68%	19.75%
Micro Cap US Equities	1.35%	8.86%	6.79%	22.10%
Developed Foreign Equities	13.48%	8.30%	6.91%	17.95%
Emerging Foreign Equities	4.24%	10.35%	7.69%	25.35%
Non-US Small Cap Equities	1.93%	8.81%	7.25%	9.10%
Private Equities	17.50%	11.95%	8.33%	30.00%
Real Estate (Property)	10.00%	6.19%	5.55%	12.00%
Real Estate (REITS)	2.50%	8.29%	6.69%	19.30%
Hedge Fund of Funds - Diversified	1.50%	4.28%	4.06%	6.90%
Hedge Fund - Event-driven	0.38%	5.89%	5.59%	8.10%
Timber	1.13%	6.36%	5.61%	13.00%
Farmland	1.13%	6.87%	6.12%	13.00%
Infrastructure	2.25%	7.51%	6.67%	13.85%
Commodities	1.13%	5.34%	3.79%	18.70%

#### **Assumed Inflation - Mean**

**2.50%**

**1.85%**

\*Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund as most recently revised on April 24, 2019

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

---

**PENSION PLAN (Cont.):**

Sensitivity Analysis

The following presents the employer’s proportionate share of the net pension liability calculated using the discount rate of 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	6.20%	7.20%	8.20%
Employer's proportionate share of the net pension liability	\$ 2,348,860	\$ 1,466,744	\$ 728,534

Changes in Assumptions

A summary of key changes implemented since the December 31, 2017 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System, which was published on July 24, 2019 and can be found at:

[https://www.oregon.gov/PERS/Documents/Exp\\_Study\\_2018.pdf](https://www.oregon.gov/PERS/Documents/Exp_Study_2018.pdf)

*Changes in Actuarial Methods and Allocation Procedures*

There were no changes to actuarial methods and procedures since the December 31, 2017 valuation, with the exceptions of:

- Current Tier 1/Tier 2 UAL will be re-amortized over 22 years per Senate Bill 1049.
- Change allocation to 10% (0% for police & fire) based on account balance and 90% (100% for police & fire) based on length of service with each employer.

*Changes in Economic Assumption*

There were no changes in economic assumptions since the December 31, 2017 valuation.

*Changes in Demographic Assumptions*

The changes to demographic assumptions since the December 31, 2017 valuation are as follows:

- Adjust mortality assumptions to use the new “Pub-2010” base tables and a standard update to the mortality improvement scale, which is based on 60-year unisex average Social Security experience.
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience; reduce percentage of future retirees assumed to elect a partial lump sum; increase percentage of members assumed to purchase credited service at retirement.
- Increase the merit component of the salary increase assumption for two member categories based on observations of the last eight years of experience.
- Update pre-retirement termination of employment assumptions for two member categories.
- Lower assumed rates of ordinary disability and general service duty disability to more closely match recent experience.
- Increase the Tier One unused vacation cash out assumption for most member categories.
- Adjust the Tier One/Tier Two unused sick leave assumption for five member categories to reflect observed experience.
- Decrease the healthy participation assumption for the RHIA retiree healthcare program and decrease the RHIPA participation assumption for most service bands.

*Changes in Benefit Terms and Assumptions*

There were no changes to benefit terms and assumptions since the December 31, 2017 valuation.

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

**PENSION PLAN (Cont.):**

Mortality Rates

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

<b>Assumption</b>	<b>Recommended December 31, 2016 and 2017 Valuations</b>	<b>Recommended December 31, 2018 and 2019 Valuations</b>
<b>Healthy Annuitant Mortality</b>	<b>RP-2014 Healthy Annuitant, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male	White Collar, set back 12 months	Teachers, no set back
Other General Service male (and male beneficiary)	Blended 50% blue collar/50% white collar, set back 12 months	General Employees, set back 12 months
Police & Fire male	Blended 50% blue collar/50% white collar, set back 12 months	Public Safety, no set back
School District female	White Collar, set back 12 months	Teachers, no set back
Other female (and female beneficiary)	Blended 50% blue collar/50% white collar, set back 12 months	General Employees, set back 12 months
Police & Fire female	Blended 50% blue collar/50% white collar, set back 12 months	Public Safety, no set back
<b>Disabled Retiree Mortality</b>	<b>RP-201 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
Police & Fire male	No collar adjustment, no set back	Blended 50% Public Safety, 50% Non-Safety, no set back
Other General Service male	No collar adjustment, no set back	Non-Safety, set forward 24 months
Police & Fire female	No collar adjustment, no set back	Blended 50% Public Safety, 50% Non-Safety, no set back
Other General Service female	No collar adjustment, no set back	Non-Safety, set forward 12 months
<b>Non-Annuitant Mortality</b>	<b>RP-2014 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>	<b>Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male	Same collar and set back as Healthy Annuitant assumption	120% of same table and set back as Healthy Annuitant assumption
Other General Service male	Same collar and set back as Healthy Annuitant assumption	115% of same table and set back as Healthy Annuitant assumption
Police & Fire male	Same collar and set back as Healthy Annuitant assumption	100% of same table and set back as Healthy Annuitant assumption
School District female	Same collar and set back as Healthy Annuitant assumption	100% of same table and set back as Healthy Annuitant assumption
Other General Service female	Same collar and set back as Healthy Annuitant assumption	125% of same table and set back as Healthy Annuitant assumption
Police & Fire female	Same collar and set back as Healthy Annuitant assumption	100% of same table and set back as Healthy Annuitant assumption

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

June 30, 2020

---

**PENSION PLAN (Cont.):**

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date that we are aware of.

*Deferred Items*

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2019, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.

Employer Contributions

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position.

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

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 76, of the June 30, 2019 Oregon PERS CAFR.

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

At June 30, 2020, the employer reported a liability of \$1,466,744 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

---

**PENSION PLAN (Cont.):**

At June 30, 2019, the employer's proportion was 0.00847946%.

For the year ended June 30, 2020, the employer recognized pension expense of \$369,712. On June 30, 2020, 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	\$ 80,887	\$ -
Changes of assumptions	198,980	-
Net difference between projected and actual earnings on investments	-	41,581
Changes in proportionate share	145,738	63,837
Differences between employer contributions and employer's proportionate share of system contributions	<u>6,307</u>	<u>27,207</u>
Total Deferred Outflows/Inflows	\$ 431,912	\$ 132,625
Post-measurement date contributions	124,178	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 556,090</u>	<u>\$ 132,625</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>299,287</u>

The City reported \$124,178 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the next fiscal year. 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	\$ 141,879
2nd Fiscal Year	38,800
3rd Fiscal Year	61,015
4th Fiscal Year	51,500
5th Fiscal Year	6,093
Thereafter	-
Total	<u>\$ 299,287</u>



# CITY OF HARRISBURG

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

---

### OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

#### *Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)*

##### Plan Description

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

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

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at <https://www.oregon.gov/PERS/Pages/Financials/Actuarial-Financial-Information.aspx>.

##### Funding Policy

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

##### Contributions

The City's contributions to OPERS' RHIA for the years ended June 30, 2020, 2019, and 2018 were \$99, \$3,571, and \$3,406, respectively, which equaled the required contributions for the year.

##### Actuarial Methods and Assumptions Used in Developing Total Pension Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2019. That independently audited report was dated February 20, 2020 and can be found at:

<https://www.oregon.gov/PERS/EMP/Documents/GASB/2019/PERS%20GASB%2075%20RHIA%20Report%20FY%206.30.19.pdf>

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

<b>Actuarial Methods and Assumptions - OPEB Plans - RHIA</b>	
Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study	2016, published July 26, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 35%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	<p><b>Healthy retirees and beneficiaries:</b>                      RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>                      RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>                      RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

Long-Term Expected Rate of Return

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

<https://www.oregon.gov/PERS/Documents/Financials/CAFR/2019-CAFR.pdf>

Sensitivity Analysis

The following presents the employer's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the employer's proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
Employer's proportionate share of the net OPEB liability	\$ (10,792)	\$ (13,921)	\$ (16,587)

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

At June 30, 2020, the City had a net OPEB liability/(asset) of \$(13,921) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2019, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2017. Consistent with GASB Statement No. 75, paragraph 59(a), The City's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2019, the City's proportion was 0.00720404%. OPEB expense/(income) for the year ended June 30, 2020 was \$(1,916).

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

At June 30, 2020, the employer had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,836
Changes of assumptions	-	14
Net difference between projected and actual earnings on investments	-	859
Changes in proportionate share	-	153
Differences between employer contributions and	-	-
Total Deferred Outflows/Inflows	<u>\$ -</u>	<u>\$ 2,862</u>
Post-measurement date contributions	99	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 99</u>	<u>\$ 2,862</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(2,862)</u>

Contributions of \$99 were made subsequent to the measurement date, but prior to the end of the City's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (1,490)
2nd Fiscal Year	(1,297)
3rd Fiscal Year	(164)
4th Fiscal Year	89
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ (2,862)</u>

**Changes Subsequent to the Measurement Date**

We are not aware of any changes subsequent to the June 30, 2019 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

# **CITY OF HARRISBURG**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

---

### **OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS:**

#### *Retiree Healthcare Insurance Premiums Subsidy*

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

#### Plan Description

The City operates a single employer retiree benefit plan through the Citycounty Insurance Services that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The City is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. In some cases, the premium itself for retirees, does not represent the full cost of medical coverage (as retirees can be expected to generate higher medical claims and therefore higher premiums than the active population). Providing the same rate to retirees as provided to current employees, raises the medical premium rates for the entire employee group. This additional cost is called the “implicit subsidy” and is required to be valued under GASB 75. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

#### Funding Policy

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

The amount of net OPEB liability (asset) for CIS is anticipated to be below the threshold for materiality for all opinion units and therefore, will not be reported on the Statement of Net Position.

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

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

Actuarial Methods and Assumptions – The City has not engaged the actuary to perform an evaluation due to the immateriality of the account. If they had engaged the actuary, this is methodology that CIS uses to determine the actuarial valuations. The valuation uses entry age normal Actuarial Cost Method. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

<b>Discount Rate</b>	3.87%	3.50%
<b>Other Key Actuarial Assumptions and Methods</b>		
Valuation date	July 1, 2018	July 1, 2018
Measurement date	June 30, 2018	June 30, 2019
Inflation	2.50%	2.50%
Salary increases	3.50%	3.50%
Withdrawal, retirement, and mortality rates	December 31, 2017 Oregon PERS valuation	December 31, 2017 Oregon PERS valuation
Election and Lapse Rates	40% of eligible employees 60% of male members and 35% of females members will elect spouse coverage. 5% annual lapse rate	40% of eligible employees 60% of male members and 35% of females members will elect spouse coverage. 5% annual lapse rate
Actuarial cost method	Entry Age Normal	Entry Age Normal

Discount Rate

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

Withdrawal, Retirement and Mortality Rates

They are generally using the rates adopted by the Oregon Public Employees Retirement System (OPERS) for its December 31, 2017 actuarial valuation of retirement benefits.

Election and Lapse Rates

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

**CITY OF HARRISBURG**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2020

---

**CONTINGENT LIABILITIES:**

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

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

**RISK MANAGEMENT:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of City-County Insurance Services (CIS), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS for insurance coverage.

Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

**COMMITMENTS:**

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

**INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2020 were as follows:

	Transfers Out	Transfers In
	<u>                    </u>	<u>                    </u>
General Fund	\$ 247,000	-
Library Fund	-	82,000
Office Equipment Fund	-	36,000
Equipment Reserve Fund	-	54,000
Sewer Fund	36,000	-
Street Fund	18,000	165,000
Water Fund	61,000	-
Water System Reserve Fund	-	25,000
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 362,000</u>	<u>\$ 362,000</u>

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

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



**CITY OF HARRISBURG**

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

**GENERAL FUND**

**For the Fiscal Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 604,005	\$ 604,005	\$ 640,199	\$ 36,194
Intergovernmental	383,437	383,437	397,240	13,803
Franchise Fees	327,880	327,880	323,391	(4,489)
Licenses and Permits	81,500	81,500	130,775	49,275
Fines and Forfeitures	22,000	22,000	43,157	21,157
Investment Revenue	15,000	15,000	16,311	1,311
Other Revenue	17,750	17,750	37,722	19,972
<b>Total Revenues</b>	<b><u>1,451,572</u></b>	<b><u>1,451,572</u></b>	<b><u>1,588,795</u></b>	<b><u>137,223</u></b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	494,146	494,146	406,134	(88,012)
Materials and Services	877,562	877,562	839,930	(37,632)
Capital Outlay	25,000	25,000	10,332	(14,668)
Contingency	218,327	218,327	-	(218,327)
<b>Total Expenditures</b>	<b><u>1,615,035</u></b>	<b><u>1,615,035</u></b>	<b><u>1,256,396</u></b>	<b><u>(358,639)</u></b>
Excess (Deficiency) of Revenues Over Expenditures	(163,463)	(163,463)	332,399	495,862
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(247,000)	(247,000)	(247,000)	-
Special Payments	(15,000)	(15,000)	(15,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b><u>(262,000)</u></b>	<b><u>(262,000)</u></b>	<b><u>(262,000)</u></b>	<b><u>-</u></b>
Net Change in Fund Balance	(425,463)	(425,463)	70,399	495,862
Fund Balance - July 1, 2019	731,700	731,700	789,889	58,189
<b>Fund Balance - June 30, 2020</b>	<b><u>\$ 306,237</u></b>	<b><u>\$ 306,237</u></b>	<b><u>\$ 860,288</u></b>	<b><u>\$ 554,051</u></b>

# **CITY OF HARRISBURG**

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

### **STREET FUND**

**For the Fiscal Year Ended June 30, 2020**

	<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>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 432	\$ 432	\$ 498	\$ 66
Intergovernmental	342,170	342,170	257,884	(84,286)
Investment Revenue	11,500	11,500	15,785	4,285
Miscellaneous Revenue	200	200	2,092	1,892
<b>Total Revenues</b>	<b>354,302</b>	<b>354,302</b>	<b>276,259</b>	<b>(78,043)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	43,170	43,170	39,958	(3,212)
Materials and Services	87,200	87,200	47,977	(39,223)
Capital Outlay	766,433	766,433	28,769	(737,664)
Contingency	59,835	59,835	-	(59,835)
<b>Total Expenditures</b>	<b>956,638</b>	<b>956,638</b>	<b>116,704</b>	<b>(839,934)</b>
Excess (Deficiency) of Revenues Over Expenditures	(602,336)	(602,336)	159,555	761,891
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	165,000	165,000	165,000	-
Operating Transfer Out	(18,000)	(18,000)	(18,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>147,000</b>	<b>147,000</b>	<b>147,000</b>	<b>-</b>
Net Change In Fund Balance	(455,336)	(455,336)	306,555	761,891
Fund Balance - July 1, 2019	552,400	552,400	641,941	89,541
<b>Fund Balance - June 30, 2020</b>	<b>\$ 97,064</b>	<b>\$ 97,064</b>	<b>\$ 948,496</b>	<b>\$ 851,432</b>

**CITY OF HARRISBURG**

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

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

**For the Fiscal Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 389,150	\$ 389,150	\$ 390,943	\$ 1,793
Investment Revenue	1,800	1,800	4,666	2,866
<b>Total Revenues</b>	<b>390,950</b>	<b>390,950</b>	<b>395,609</b>	<b>4,659</b>
<b><u>EXPENDITURES:</u></b>				
Debt Service				
Principal	105,050	105,050	114,999	9,949
Interest and Fees	281,600	281,600	268,109	(13,491)
<b>Total Expenditures</b>	<b>386,650</b>	<b>386,650</b>	<b>383,108</b>	<b>(3,542)</b>
Net Change In Fund Balance	4,300	4,300	12,501	8,201
Fund Balance - July 1, 2019	57,350	57,350	87,743	30,393
<b>Fund Balance - June 30, 2020</b>	<b>\$ 61,650</b>	<b>\$ 61,650</b>	<b>\$ 100,244</b>	<b>\$ 38,594</b>

# CITY OF HARRISBURG

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

### HARRISBURG REDEVELOPMENT AGENCY FUND - A COMPONENT UNIT

For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes and Assessments	\$ 308,100	\$ 308,100	\$ 343,480	\$ 35,380
Investment Revenue	65,000	65,000	67,998	2,998
Grants	200,000	200,000	41,480	(158,520)
<b>Total Revenues</b>	<b>573,100</b>	<b>573,100</b>	<b>452,958</b>	<b>(120,142)</b>
<b>EXPENDITURES:</b>				
Materials and Supplies	17,600	17,600	11,549	(6,051)
Capital Outlay	2,977,003	2,977,003	92,163	(2,884,840)
Debt Service				
Principal	110,437	110,437	110,363	(74)
Interest and Fees	109,575	109,575	109,643	68
<b>Total Expenditures</b>	<b>3,214,615</b>	<b>3,214,615</b>	<b>323,718</b>	<b>(2,890,897)</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,641,515)	(2,641,515)	129,240	2,770,755
<b>OTHER FINANCING SOURCES / (USES):</b>				
Special Payments	(327,441)	(327,441)	(161,306)	166,135
Loan Proceeds	-	-	13,156	13,156
<b>Total Other Financing Sources</b>	<b>(327,441)</b>	<b>(327,441)</b>	<b>(148,150)</b>	<b>179,291</b>
Net Change In Fund Balance	(2,968,956)	(2,968,956)	(18,910)	2,950,046
Fund Balance - July 1, 2019	2,955,800	2,955,800	3,028,619	72,819
<b>Fund Balance - June 30, 2020</b>	<b>\$ (13,156)</b>	<b>\$ (13,156)</b>	<b>\$ 3,009,709</b>	<b>\$ 3,022,865</b>

#### Reconciliation to generally accepted accounting principles basis

Net Change in Fund Balance - from above	(18,910)
Payments Collected on Loans Receivable	(13,156)
Loan Receivable Disbursements	53,689
Change in Net Position as Reported in Proprietary Funds	
Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 21,623</u>

**CITY OF HARRISBURG**

**SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY**

**PERS**

**Last 10 Fiscal Years \***

---

Measurement Date June 30,	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll	(b/c) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.00847946%	\$ 1,466,744	\$ 651,070	225.28%	80.2%
2019	0.00745724%	1,129,674	797,117	141.72%	82.1%
2018	0.00781471%	1,053,426	875,307	120.35%	83.1%
2017	0.00647747%	972,419	805,323	120.75%	91.9%
2016	0.00896029%	514,452	800,417	64.27%	91.9%
2015	0.00955061%	(216,485)	833,570	-25.97%	103.6%
2014	0.00955061%	\$ 487,382	\$ 833,570	58.47%	92.0%

\*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

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

### PERS

#### Last 10 Fiscal Years

---

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 124,178	\$ 124,178	\$ -	\$ 651,070	19.07%
2019	114,355	114,355	-	797,117	14.35%
2018	107,405	107,405	-	875,307	15.33%
2017	123,456	123,456	-	805,323	15.33%
2016	122,704	122,704	-	800,417	12.27%
2015	102,279	102,279	-	833,570	12.27%
2014	143,030	143,030	-	1,165,689	12.12%
2013	119,316	119,316	-	984,455	12.12%
2012	114,457	114,457	-	944,365	10.73%
2011	\$ 84,943	\$ 84,943	\$ -	\$ 791,640	10.73%

---

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

Measurement Date June 30,	(a) Employer's proportion of the net OPEB liability (asset)	(b) Employer's proportionate share of the net OPEB liability (asset)	(c) Employer's covered payroll	(b/c)	Plan fiduciary net position as a percentage of the total OPEB liability
				Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	
2020	0.00720404%	\$ (13,921)	\$ 651,070	-2.14%	144.4%
2019	0.00703468%	(7,853)	797,117	-0.99%	124.0%
2018	0.00662924%	(2,767)	875,307	-0.32%	108.9%
2017	0.00709781%	\$ 1,927	\$ 805,323	0.24%	94.2%

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

**CITY OF HARRISBURG**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**OPEB RHIA**

**Last 10 Fiscal Years\***

---

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered employee payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 99	\$ 99	\$ -	\$ 651,070	0.02%
2019	3,570	3,570	-	797,117	0.45%
2018	3,406	3,406	-	875,307	0.39%
2017	3,324	3,324	-	805,323	0.41%
2016	3,282	3,282	-	800,417	0.41%
2015	\$ 2,736	\$ 2,736	\$ -	\$ 833,570	0.33%

\*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



**OTHER**  
**SUPPLEMENTARY**  
**DATA**

**Proprietary Funds**

**Water Funds**

**CITY OF HARRISBURG**

**COMBINING STATEMENT OF NET POSITION**

**WATER FUNDS**

**For the Fiscal Year Ended June 30, 2020**

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 8,376,993	\$ 231,545	\$ 8,608,538
Accounts Receivable	54,488	-	54,488
Inventory	55,472	-	55,472
Total Current Assets	<u>8,486,953</u>	<u>231,545</u>	<u>8,718,498</u>
Non-Current Assets:			
Net OPEB Asset (RHIA)	4,653	-	4,653
Capital Assets:			
Land and Construction In Progress	211,984	-	211,984
Capital Assets, Net of Depreciation	2,157,433	-	2,157,433
Total Capital Assets	<u>2,369,417</u>	<u>-</u>	<u>2,369,417</u>
<b>Total Assets</b>	<b><u>\$10,861,023</u></b>	<b><u>\$ 231,545</u></b>	<b><u>\$11,092,568</u></b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	144,354	-	144,354
<b>Total Deferred Outflow of Resources</b>	<b><u>\$ 144,354</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 144,354</u></b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 35,901	\$ -	\$ 35,901
Compensated Absences Payable	9,007	-	9,007
Customer Deposits	16,890	-	16,890
Total Current Liabilities	61,798	-	61,798
Long-Term Liabilities:			
Net Pension Liability	490,215	-	490,215
Total Long-Term Liabilities	490,215	-	490,215
<b>Total Liabilities</b>	<b><u>\$ 552,013</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 552,013</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	44,326	-	44,326
OPEB Related Deferrals - RHIA	957	-	957
<b>Total Deferred Inflow of Resources</b>	<b><u>\$ 45,283</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 45,283</u></b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 2,369,417	\$ -	\$ 2,369,417
Restricted for:			
Capital Projects	-	231,545	231,545
Net Pension Asset	4,653	-	4,653
Unrestricted	8,034,011	-	8,034,011
<b>Total Net Position</b>	<b><u>\$10,408,081</u></b>	<b><u>\$ 231,545</u></b>	<b><u>\$10,639,626</u></b>

# CITY OF HARRISBURG

## Combining Statement of Revenues, Expenses, and Changes in Net Position WATER FUNDS

For the Fiscal Year Ended June 30, 2020

	<u>Water Fund</u>	<u>Water Reserve Fund</u>	<u>Total Water Utility</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services:			
Water Charges	\$ 617,567	\$ -	\$ 617,567
Other Revenue	15,351	-	15,351
<b>Total Operating Revenues</b>	<b>632,918</b>	<b>-</b>	<b>632,918</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	578,832	-	578,832
Materials and Supplies	627,962	103,230	731,192
Depreciation	122,899	-	122,899
<b>Total Operating Expenses</b>	<b>1,329,693</b>	<b>103,230</b>	<b>1,432,923</b>
Operating Income (Loss)	(696,775)	(103,230)	(800,005)
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Interest Income	146,386	5,137	151,523
<b>Total Non-Operating Revenues (Expenses)</b>	<b>146,386</b>	<b>5,137</b>	<b>151,523</b>
Income Before Other Revenues, Expenses, and Transfers	(550,389)	(98,093)	(648,482)
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>			
Transfers In	-	25,000	25,000
Transfers (Out)	(61,000)	-	(61,000)
Bond Proceeds Transfer In	8,470,405		8,470,405
<b>Total Capital Contributions and Transfers</b>	<b>8,409,405</b>	<b>25,000</b>	<b>8,434,405</b>
Change in Net Position	7,859,016	(73,093)	7,785,923
Net Position, July 1, 2019	2,549,065	304,638	2,853,703
<b>Net Position, June 30, 2020</b>	<b>\$10,408,081</b>	<b>\$ 231,545</b>	<b>\$10,639,626</b>

**CITY OF HARRISBURG**

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

**WATER FUND**

**For the Fiscal Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 618,000	\$ 618,000	\$ 617,567	\$ (433)
Investment Revenue	12,000	12,000	146,386	134,386
Other Revenue	13,350	13,350	15,351	2,001
<b>Total Revenues</b>	<b>643,350</b>	<b>643,350</b>	<b>779,304</b>	<b>135,954</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	425,793	425,793	404,802	(20,991)
Materials and supplies	252,600	252,600	144,082	(108,518)
Capital Outlay	7,650,000	7,650,000	483,880	(7,166,120)
Contingency	79,470	79,470	-	(79,470)
<b>Total Expenditures</b>	<b>8,407,863</b>	<b>8,407,863</b>	<b>1,032,764</b>	<b>(7,375,099)</b>
Excess (Deficiency) of Revenues Over Expenditures	(7,764,513)	(7,764,513)	(253,460)	7,511,053
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(61,000)	(61,000)	(61,000)	-
Proceeds from Bond Sales	8,100,000	8,100,000	8,470,405	370,405
Interfund Loan Repayment	(350,000)	(350,000)	(350,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>7,689,000</b>	<b>7,689,000</b>	<b>8,059,405</b>	<b>370,405</b>
Net Change In Fund Balance	(75,513)	(75,513)	7,805,945	7,881,458
Fund Balance - July 1, 2019	397,400	397,400	628,217	230,817
<b>Fund Balance - June 30, 2020</b>	<b>\$ 321,887</b>	<b>\$ 321,887</b>	<b>\$ 8,434,162</b>	<b>\$ 8,112,275</b>

**Reconciliation to generally accepted accounting principles basis**

Net Change in Fund Balance - from above	7,805,945
Change in Compensated Absences	(1,496)
Change in Pension Expense	(172,534)
Interfund Loan Repayment is a Reduction of the Liability for GAAP basis	350,000
Depreciation Expense	(122,899)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 7,859,016</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, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 5,000	\$ 5,000	\$ 5,137	\$ 137
<b>Total Revenues</b>	<b>5,000</b>	<b>5,000</b>	<b>5,137</b>	<b>137</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	304,300	304,300	103,230	(201,070)
<b>Total Expenditures</b>	<b>304,300</b>	<b>304,300</b>	<b>103,230</b>	<b>(201,070)</b>
Excess (Deficiency) of Revenues Over Expenditures	(299,300)	(299,300)	(98,093)	201,207
<b><u>Other Financing Sources / (Uses)</u></b>				
Operating Transfer In	25,000	25,000	25,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>
Net Change In Fund Balance	(274,300)	(274,300)	(73,093)	201,207
Fund Balance - July 1, 2019	274,300	274,300	304,638	30,338
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 231,545</b>	<b>\$ 231,545</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	(73,093)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (73,093)</u>

**OTHER**  
**SUPPLEMENTARY**  
**DATA**

**Proprietary Funds**

**Sewer Funds**

**CITY OF HARRISBURG**  
**COMBINING STATEMENT OF NET POSITION**  
**SEWER FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Sewer Fund	Sewer Reserve Fund	Total Sewer Utility
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Investments	\$ 382,089	\$ 628,532	\$ 1,010,621
Accounts Receivable	69,531	-	69,531
Inventory	5,056	-	5,056
Total Current Assets	456,676	628,532	1,085,208
Non-Current Assets:			
Restricted Cash	-	125,155	125,155
Net OPEB Asset (RHIA)	4,697	-	4,697
Total Non-Current Assets	4,697	125,155	129,852
Capital Assets:			
Land and Construction In Progress	627,441	-	627,441
Depreciable Assets, Net of Depreciation	3,596,295	-	3,596,295
Total Capital Assets	4,223,736	-	4,223,736
<b>Total Assets</b>	<b>\$ 4,685,109</b>	<b>\$ 753,687</b>	<b>\$ 5,438,796</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	145,716	-	145,716
<b>Total Deferred Outflow of Resources</b>	<b>\$ 145,716</b>	<b>\$ -</b>	<b>\$ 145,716</b>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	\$ 14,144	\$ 1,420	\$ 15,564
Compensated Absences Payable	9,007	-	9,007
Accrued Interest Payable	4,576	-	4,576
Customer Deposits	16,385	-	16,385
Current Portion of Long-Term Liabilities:			
Bond Payable	38,767	-	38,767
Total Current Liabilities	82,879	1,420	84,299
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Bonds Payable (Net of unamortized premium)	2,051,533	-	2,051,533
Net Pension Liability	494,842	-	494,842
Total Long-Term Liabilities	2,546,375	-	2,546,375
<b>Total Liabilities</b>	<b>\$ 2,629,254</b>	<b>\$ 1,420</b>	<b>\$ 2,630,674</b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Pension Related Deferrals	44,744	-	44,744
OPEB Related Deferrals - RHIA	966	-	966
<b>Total Deferred Inflow of Resources</b>	<b>\$ 45,710</b>	<b>\$ -</b>	<b>\$ 45,710</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 2,133,436	\$ -	\$ 2,133,436
Restricted for:			
Debt Service	-	125,155	125,155
Capital Projects	-	627,112	627,112
Net Pension Asset	4,697	-	4,697
Unrestricted	17,728	-	17,728
<b>Total Net Position</b>	<b>\$ 2,155,861</b>	<b>\$ 752,267</b>	<b>\$ 2,908,128</b>

**CITY OF HARRISBURG**

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
SEWER FUNDS**

**For the Fiscal Year Ended June 30, 2020**

	<u>Sewer Fund</u>	<u>Sewer Reserve Fund</u>	<u>Total Sewer Utility</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for Services:			
Sewer Charges	\$ 785,079	\$ -	\$ 785,079
Other Revenue	8,042	-	8,042
<b>Total Operating Revenues</b>	<b>793,121</b>	<b>-</b>	<b>793,121</b>
<b><u>OPERATING EXPENSES:</u></b>			
Personnel Services	586,090	-	586,090
Materials and Supplies	260,998	-	260,998
Depreciation	235,358	-	235,358
<b>Total Operating Expenses</b>	<b>1,082,446</b>	<b>-</b>	<b>1,082,446</b>
Operating Income (Loss)	(289,325)	-	(289,325)
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
Interest Income	12,987	8,812	21,799
Interest Expense	(70,360)	-	(70,360)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(57,373)</b>	<b>8,812</b>	<b>(48,561)</b>
Income Before Other Revenues, Expenses, and Transfers	(346,698)	8,812	(337,886)
<b><u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u></b>			
Transfers (Out)	(36,000)	-	(36,000)
Capital Asset Transfers In	60,469	-	60,469
Capital Asset Transfers (Out)	-	(60,469)	(60,469)
<b>Total Capital Contributions and Transfers</b>	<b>24,469</b>	<b>(60,469)</b>	<b>(36,000)</b>
Change In Net Position	(322,229)	(51,657)	(373,886)
Net Position, July 1, 2019	2,478,090	803,924	3,282,014
<b>Net Position, June 30, 2020</b>	<b>\$ 2,155,861</b>	<b>\$ 752,267</b>	<b>\$ 2,908,128</b>



**CITY OF HARRISBURG**

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

**SEWER FUND**

**For the Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 772,550	\$ 772,550	\$ 785,079	\$ 12,529
Investment Revenue	9,500	9,500	12,987	3,487
Other Revenue	6,436	6,436	8,042	1,606
<b>Total Revenues</b>	<b>788,486</b>	<b>788,486</b>	<b>806,108</b>	<b>17,622</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	433,793	433,793	408,412	(25,381)
Materials and supplies	239,050	239,050	165,042	(74,008)
Capital Outlay	60,000	60,000	35,487	(24,513)
Debt Service:				
Principal	45,000	45,000	45,000	-
Interest	75,500	75,500	76,775	1,275
Contingency	51,679	51,679	-	(51,679)
<b>Total Expenditures</b>	<b>905,022</b>	<b>905,022</b>	<b>730,716</b>	<b>(174,306)</b>
Excess (Deficiency) of Revenues Over Expenditures	(116,536)	(116,536)	75,392	191,928
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer (Out)	(36,000)	(36,000)	(36,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(36,000)</b>	<b>(36,000)</b>	<b>(36,000)</b>	<b>-</b>
Net Change In Fund Balance	(152,536)	(152,536)	39,392	191,928
Fund Balance - July 1, 2019	245,100	245,100	386,755	141,655
<b>Fund Balance - June 30, 2020</b>	<b>\$ 92,564</b>	<b>\$ 92,564</b>	<b>\$ 426,147</b>	<b>\$ 333,583</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	39,392
Change in Compensated Absences	(1,496)
Change in Accrued Interest	108
Change in Pension and OPEB Expense	(176,182)
Debt Principal Payments	45,000
Current Year Amoritization of Bond Premium	6,307
Equity transfer of capital assets	60,469
Capital outlay that is capitalized	(60,469)
Depreciation Expense	(235,358)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (322,229)</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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 10,000	\$ 10,000	\$ 8,812	\$ (1,188)
<b>Total Revenues</b>	<b>10,000</b>	<b>10,000</b>	<b>8,812</b>	<b>(1,188)</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	734,300	734,300	60,469	(673,831)
<b>Total Expenditures</b>	<b>734,300</b>	<b>734,300</b>	<b>60,469</b>	<b>(673,831)</b>
Excess (Deficiency) of Revenues Over Expenditures	(724,300)	(724,300)	(51,657)	672,643
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Loan Repayment from Water Fund	350,000	350,000	350,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>-</b>
Net Change In Fund Balance	(374,300)	(374,300)	298,343	672,643
Fund Balance - July 1, 2019	374,300	374,300	453,924	79,624
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 752,267</b>	<b>\$ 752,267</b>

**Reconciliation to generally accepted accounting principles basis**

Net change in fund balance from above	298,343
Capital outlay that is capitalized	60,469
Equity transfer of capital assets	(60,469)
Interfund Loan is Receivable for GAAP basis	<u>(350,000)</u>
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (51,657)</u>

**OTHER**  
**SUPPLEMENTARY**  
**DATA**

**Non – Major**  
**Special Revenue Funds**

**CITY OF HARRISBURG**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

	Community & Economic Development Fund	Office Equipment Fund	Equipment Reserve Fund	Library Fund	Bike Path Reserve Fund	Storm Drain Reserve Fund	Trans- portation SDC Fund	Parks SDC Fund	Storm SDC Fund	Water SDC Fund	Sewer SDC Fund	Total
<b>ASSETS:</b>												
Cash & Investments	\$ 216,691	\$ 8,815	\$ 216,268	\$ 66,712	\$ 37,863	\$ 328,924	\$ 584,483	\$ 95,784	\$ 105,723	\$ 305,978	\$ 808,341	\$ 2,775,582
Accounts Receivable	34	-	-	-	-	5,807	-	-	-	-	-	5,841
Assessment Receivable	-	-	-	-	-	-	-	-	-	-	86,036	86,036
Deposits	-	-	-	-	-	-	-	138,916	-	-	-	138,916
<b>Total Assets</b>	<b>\$ 216,725</b>	<b>\$ 8,815</b>	<b>\$ 216,268</b>	<b>\$ 66,712</b>	<b>\$ 37,863</b>	<b>\$ 334,731</b>	<b>\$ 584,483</b>	<b>\$ 234,700</b>	<b>\$ 105,723</b>	<b>\$ 305,978</b>	<b>\$ 894,377</b>	<b>\$ 3,006,375</b>
<b>LIABILITIES:</b>												
Accounts Payable	1,117	1,100	653	126	-	6,770	228,078	-	-	-	-	237,844
<b>Total Liabilities</b>	<b>1,117</b>	<b>1,100</b>	<b>653</b>	<b>126</b>	<b>-</b>	<b>6,770</b>	<b>228,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237,844</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>												
Uncollected Assessments	-	-	-	-	-	-	-	-	-	-	86,036	86,036
<b>Total Deferred Inflow of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,036</b>	<b>86,036</b>
<b>FUND BALANCES:</b>												
Restricted for:												
Capital Projects	-	-	-	-	-	-	356,405	234,700	105,723	305,978	808,341	1,811,147
Committed for:												
Parks and Recreation Programs	-	-	-	-	37,864	-	-	-	-	-	-	37,864
Community Development Projects	-	-	-	66,586	-	-	-	-	-	-	-	66,586
Equipment Acquisition	215,608	7,715	215,615	-	-	-	-	-	-	-	-	438,938
Public Works	-	-	-	-	-	327,961	-	-	-	-	-	327,961
<b>Total Fund Balances</b>	<b>215,608</b>	<b>7,715</b>	<b>215,615</b>	<b>66,586</b>	<b>37,864</b>	<b>327,961</b>	<b>356,405</b>	<b>234,700</b>	<b>105,723</b>	<b>305,978</b>	<b>808,341</b>	<b>2,682,496</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 216,725</b>	<b>\$ 8,815</b>	<b>\$ 216,268</b>	<b>\$ 66,712</b>	<b>\$ 37,864</b>	<b>\$ 334,731</b>	<b>\$ 584,483</b>	<b>\$ 234,700</b>	<b>\$ 105,723</b>	<b>\$ 305,978</b>	<b>\$ 894,377</b>	<b>\$ 3,006,376</b>

**CITY OF HARRISBURG**

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

**NON-MAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2020**

	Community & Economic Development Fund	Office Equipment Fund	Equipment Reserve Fund	Library Fund	Bike Path Reserve Fund	Storm Drain Reserve Fund	Trans- portation SDC Fund	Parks SDC Fund	Storm SDC Fund	Water SDC Fund	Sewer SDC Fund	Total
<b>REVENUES:</b>												
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,514
Intergovernmental	-	-	-	-	2,599	-	-	-	-	-	-	2,599
Charges for Services	-	-	-	-	-	-	27,643	20,600	13,114	54,887	50,260	166,504
Investment Revenue	5,046	362	4,343	1,052	716	6,342	10,760	5,000	1,972	5,132	15,080	55,805
Other Revenue	9,038	-	-	1,651	-	-	-	-	-	-	-	10,689
<b>Total Revenues</b>	<b>14,084</b>	<b>362</b>	<b>4,343</b>	<b>2,703</b>	<b>3,315</b>	<b>72,856</b>	<b>38,403</b>	<b>25,600</b>	<b>15,086</b>	<b>60,019</b>	<b>65,340</b>	<b>302,111</b>
<b>EXPENDITURES:</b>												
General Government	32,625	46,609	-	-	-	-	-	-	-	-	-	79,234
Highways and Street	-	-	-	-	-	5,577	-	-	-	-	-	5,577
Culture and Recreation	-	-	-	60,071	-	-	-	-	-	-	-	60,071
Capital Outlay	181,846	-	51,045	-	-	33,666	228,078	57,623	-	-	-	552,258
<b>Total Expenditures</b>	<b>214,471</b>	<b>46,609</b>	<b>51,045</b>	<b>60,071</b>	<b>-</b>	<b>39,243</b>	<b>228,078</b>	<b>57,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>697,140</b>
Excess (Deficiency) of Revenues Over Expenditures	(200,387)	(46,247)	(46,702)	(57,368)	3,315	33,613	(189,675)	(32,023)	15,086	60,019	65,340	(395,029)
<b>OTHER FINANCING SOURCES (USES):</b>												
Operating Transfers In	-	36,000	54,000	82,000	-	-	-	-	-	-	-	172,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>36,000</b>	<b>54,000</b>	<b>82,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172,000</b>
Net Change in Fund Balances	(200,387)	(10,247)	7,298	24,632	3,315	33,613	(189,675)	(32,023)	15,086	60,019	65,340	(223,029)
Fund Balances - July 1, 2019	415,995	17,962	208,317	41,954	34,549	294,348	546,080	266,723	90,637	245,959	743,001	2,905,525
<b>Fund Balances - June 30, 2020</b>	<b>\$ 215,608</b>	<b>\$ 7,715</b>	<b>\$ 215,615</b>	<b>\$ 66,586</b>	<b>\$ 37,864</b>	<b>\$ 327,961</b>	<b>\$356,405</b>	<b>\$ 234,700</b>	<b>\$105,723</b>	<b>\$ 305,978</b>	<b>\$ 808,341</b>	<b>\$ 2,682,496</b>

**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, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 8,000	\$ 8,000	\$ 5,046	\$ (2,954)
Other Revenue	13,500	13,500	9,038	(4,462)
<b>Total Revenues</b>	<b>21,500</b>	<b>21,500</b>	<b>14,084</b>	<b>(7,416)</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	106,113	106,113	32,625	(73,488)
Capital Outlay	250,187	250,187	181,846	(68,341)
<b>Total Expenditures</b>	<b>356,300</b>	<b>356,300</b>	<b>214,471</b>	<b>(141,829)</b>
Net Change in Fund Balance	(334,800)	(334,800)	(200,387)	134,413
Fund Balance - July 1, 2019	334,800	334,800	415,995	81,195
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 215,608</b>	<b>\$ 215,608</b>

**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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 450	\$ 450	\$ 362	\$ (88)
<b>Total Revenues</b>	<b>450</b>	<b>450</b>	<b>362</b>	<b>(88)</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	42,150	42,150	46,609	4,459
Capital Outlay	16,000	16,000	-	(16,000)
<b>Total Expenditures</b>	<b>58,150</b>	<b>58,150</b>	<b>46,609</b>	<b>(11,541)</b>
Excess (Deficiency) of Revenues Over Expenditures	(57,700)	(57,700)	(46,247)	11,453
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	36,000	36,000	36,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>-</b>
Net Change In Fund Balance	(21,700)	(21,700)	(10,247)	11,453
Fund Balance - July 1, 2019	21,700	21,700	17,962	(3,738)
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,715</b>	<b>\$ 7,715</b>

**CITY OF HARRISBURG**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**EQUIPMENT RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 5,500	\$ 5,500	\$ 4,343	\$ (1,157)
<b>Total Revenues</b>	<b>5,500</b>	<b>5,500</b>	<b>4,343</b>	<b>(1,157)</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	254,900	254,900	51,045	(203,855)
<b>Total Expenditures</b>	<b>254,900</b>	<b>254,900</b>	<b>51,045</b>	<b>(203,855)</b>
Excess (Deficiency) of Revenues Over Expenditures	(249,400)	(249,400)	(46,702)	202,698
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	54,000	54,000	54,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>54,000</b>	<b>54,000</b>	<b>54,000</b>	<b>-</b>
Net Change In Fund Balance	(195,400)	(195,400)	7,298	202,698
Fund Balance - July 1, 2019	195,400	195,400	208,317	12,917
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 215,615</b>	<b>\$ 215,615</b>



**CITY OF HARRISBURG**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**LIBRARY FUND**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Over
			(See Note 1)	(Under)
<b><u>REVENUES:</u></b>				
Investment Revenue	\$ 2,200	\$ 2,200	\$ 1,052	\$ (1,148)
Miscellaneous Revenue	1,950	1,950	1,651	(299)
<b>Total Revenues</b>	<b>4,150</b>	<b>4,150</b>	<b>2,703</b>	<b>(1,447)</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services	50,848	50,848	39,487	(11,361)
Materials and Services	25,300	25,300	20,584	(4,716)
Capital Outlay	5,000	5,000	-	(5,000)
Contingency	5,578	5,578	-	(5,578)
<b>Total Expenditures</b>	<b>86,726</b>	<b>86,726</b>	<b>60,071</b>	<b>(26,655)</b>
Excess (Deficiency) of Revenues Over Expenditures	(82,576)	(82,576)	(57,368)	25,208
<b><u>OTHER FINANCING SOURCES / (USES):</u></b>				
Operating Transfer In	82,000	82,000	82,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>82,000</b>	<b>82,000</b>	<b>82,000</b>	<b>-</b>
Net Change In Fund Balance	(576)	(576)	24,632	25,208
Fund Balance - July 1, 2019	25,400	25,400	41,954	16,554
<b>Fund Balance - June 30, 2020</b>	<b>\$ 24,824</b>	<b>\$ 24,824</b>	<b>\$ 66,586</b>	<b>\$ 41,762</b>

**CITY OF HARRISBURG**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
BIKE PATH RESERVE FUND**

**For the Fiscal Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 2,500	\$ 2,500	\$ 2,599	\$ 99
Investment Revenue	550	550	716	166
<b>Total Revenues</b>	<b>3,050</b>	<b>3,050</b>	<b>3,315</b>	<b>265</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	36,950	36,950	-	(36,950)
<b>Total Expenditures</b>	<b>36,950</b>	<b>36,950</b>	<b>-</b>	<b>(36,950)</b>
Net Change In Fund Balance	(33,900)	(33,900)	3,315	37,215
Fund Balance - July 1, 2019	33,900	33,900	34,549	649
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,864</b>	<b>\$ 37,864</b>

**CITY OF HARRISBURG**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**STORM DRAIN RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Taxes and Assessments	\$ 65,000	\$ 65,000	\$ 66,514	\$ 1,514
Investment Revenue	4,800	4,800	6,342	1,542
<b>Total Revenues</b>	<b>69,800</b>	<b>69,800</b>	<b>72,856</b>	<b>3,056</b>
<b><u>EXPENDITURES:</u></b>				
Materials and Services	20,000	20,000	5,577	(14,423)
Capital Outlay	290,600	290,600	33,666	(256,934)
<b>Total Expenditures</b>	<b>310,600</b>	<b>310,600</b>	<b>39,243</b>	<b>(271,357)</b>
Net Change In Fund Balance	(240,800)	(240,800)	33,613	274,413
Fund Balance - July 1, 2019	240,800	240,800	294,348	53,548
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 327,961</b>	<b>\$ 327,961</b>

**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, 2020**

---

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
System Development Charges	\$ 9,135	\$ 9,135	\$ 27,643	\$ 18,508
Investment Revenue	10,000	10,000	10,760	760
<b>Total Revenues</b>	<b>19,135</b>	<b>19,135</b>	<b>38,403</b>	<b>19,268</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	543,235	543,235	228,078	(315,157)
<b>Total Expenditures</b>	<b>543,235</b>	<b>543,235</b>	<b>228,078</b>	<b>(315,157)</b>
Net Change in Fund Balance	(524,100)	(524,100)	(189,675)	334,425
Fund Balance - July 1, 2019	524,100	524,100	546,080	21,980
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 356,405</b>	<b>\$ 356,405</b>

**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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> (Budgetary Basis) (See Note 1)	<u>Final Budget</u> Over (Under)
<b><u>REVENUES:</u></b>				
System Development Charges	\$ 5,400	\$ 5,400	\$ 20,600	\$ 15,200
Investment Revenue	4,800	4,800	5,000	200
<b>Total Revenues</b>	<b>10,200</b>	<b>10,200</b>	<b>25,600</b>	<b>15,400</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	214,500	214,500	57,623	(156,877)
<b>Total Expenditures</b>	<b>214,500</b>	<b>214,500</b>	<b>57,623</b>	<b>(156,877)</b>
Net Change in Fund Balance	(204,300)	(204,300)	(32,023)	172,277
Fund Balance - July 1, 2019	204,300	204,300	266,723	62,423
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 234,700</b>	<b>\$ 234,700</b>

**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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
System Development Charges	\$ 1,350	\$ 1,350	\$ 13,114	\$ 11,764
Investment Revenue	1,200	1,200	1,972	772
<b>Total Revenues</b>	<b>2,550</b>	<b>2,550</b>	<b>15,086</b>	<b>12,536</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	82,250	82,250	-	(82,250)
<b>Total Expenditures</b>	<b>82,250</b>	<b>82,250</b>	<b>-</b>	<b>(82,250)</b>
Net Change in Fund Balance	(79,700)	(79,700)	15,086	94,786
Fund Balance - July 1, 2019	79,700	79,700	90,637	10,937
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 105,723</b>	<b>\$ 105,723</b>

**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, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
System Development Charges	\$ 12,666	\$ 12,666	\$ 54,887	\$ 42,221
Investment Revenue	4,200	4,200	5,132	932
<b>Total Revenues</b>	<b>16,866</b>	<b>16,866</b>	<b>60,019</b>	<b>43,153</b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	255,366	255,366	-	(255,366)
<b>Total Expenditures</b>	<b>255,366</b>	<b>255,366</b>	<b>-</b>	<b>(255,366)</b>
Net Change in Fund Balance	(238,500)	(238,500)	60,019	298,519
Fund Balance - July 1, 2019	238,500	238,500	245,959	7,459
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 305,978</b>	<b>\$ 305,978</b>

**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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b>REVENUES:</b>				
System Development Charges	\$ 10,770	\$ 10,770	\$ 50,260	\$ 39,490
Investment Revenue	12,500	12,500	15,080	2,580
<b>Total Revenues</b>	<b>23,270</b>	<b>23,270</b>	<b>65,340</b>	<b>42,070</b>
<b>EXPENDITURES:</b>				
Capital Outlay	759,370	759,370	-	(759,370)
<b>Total Expenditures</b>	<b>759,370</b>	<b>759,370</b>	<b>-</b>	<b>(759,370)</b>
Net Change in Fund Balance	(736,100)	(736,100)	65,340	801,440
Fund Balance - July 1, 2019	736,100	736,100	743,001	6,901
<b>Fund Balance - June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 808,341</b>	<b>\$ 808,341</b>



**OTHER**  
**SUPPLEMENTARY**  
**DATA**

**Additional**  
**Supporting Schedules**

**CITY OF HARRISBURG**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2020**

**Full Faith and Credit Refunding Bond, Series 2017**

Full Faith and Credit Refunding Bond, Series 2017 entered into with US Bank for refinancing of USDA Revenue Bonds for Sewer Projects. Original amount \$4,470,000 with an interest rate between 2.00% and 4.00%. The loan total is divided between the City and HRA Debt 6 below.

**Current Year Activity:**

	Outstanding Balance July 1, 2019	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2020	Due Within One Year
Principal	\$ 1,965,000	\$ -	\$ 45,000	\$ 1,920,000	\$ 45,000
Interest	-	76,800	76,800	-	75,450
Total	<u>\$ 1,965,000</u>	<u>\$ 76,800</u>	<u>\$ 121,800</u>	<u>\$ 1,920,000</u>	<u>\$ 120,450</u>

**Future Requirements:**

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2021	\$ 45,000	\$ 75,450	\$ 120,450	3.00%
2022	45,000	74,100	119,100	4.00%
2023	45,000	72,300	117,300	2.00%
2024	50,000	71,400	121,400	4.00%
2025	50,000	69,400	119,400	4.00%
2026	55,000	67,400	122,400	4.00%
2027	55,000	65,200	120,200	4.00%
2028	55,000	63,000	118,000	4.00%
2029	60,000	60,800	120,800	4.00%
2030	60,000	58,400	118,400	4.00%
2031	65,000	56,000	121,000	4.00%
2032	65,000	53,400	118,400	4.00%
2033	70,000	50,800	120,800	4.00%
2034	70,000	48,000	118,000	4.00%
2035	75,000	45,200	120,200	4.00%
2036	80,000	42,200	122,200	4.00%
2037	80,000	39,000	119,000	4.00%
2038	85,000	35,800	120,800	4.00%
2039	90,000	32,400	122,400	4.00%
2040	90,000	28,800	118,800	4.00%
2041	95,000	25,200	120,200	4.00%
2042	100,000	21,400	121,400	4.00%
2043	105,000	17,400	122,400	4.00%
2044	105,000	13,200	118,200	4.00%
2045	110,000	9,000	119,000	4.00%
2046	115,000	4,600	119,600	4.00%
Total	<u>\$ 1,920,000</u>	<u>\$ 1,199,850</u>	<u>\$ 3,119,850</u>	

**CITY OF HARRISBURG**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2020**

**General Obligation Refunding Bond, Series 2017**

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

**Current Year Activity:**

	Outstanding Balance July 1, 2019	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2020	Due Within One Year
Principal	\$ 860,000	\$ -	\$ 30,000	\$ 830,000	\$ 35,000
Interest	-	31,550	31,550	-	30,650
Total	<u>\$ 860,000</u>	<u>\$ 31,550</u>	<u>\$ 61,550</u>	<u>\$ 830,000</u>	<u>\$ 65,650</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2021	\$ 35,000	\$ 30,650	\$ 65,650	3.00%
	2022	35,000	29,600	64,600	3.00%
	2023	35,000	28,550	63,550	3.00%
	2024	35,000	27,500	62,500	3.00%
	2025	35,000	26,450	61,450	3.00%
	2026	40,000	25,400	65,400	3.00%
	2027	40,000	24,200	64,200	3.00%
	2028	40,000	23,000	63,000	4.00%
	2029	40,000	21,400	61,400	4.00%
	2030	45,000	19,800	64,800	4.00%
	2031	45,000	18,000	63,000	4.00%
	2032	45,000	16,200	61,200	4.00%
	2033	50,000	14,400	64,400	4.00%
	2034	50,000	12,400	62,400	4.00%
	2035	55,000	10,400	65,400	4.00%
	2036	55,000	8,200	63,200	4.00%
	2037	60,000	6,000	66,000	4.00%
	2038	60,000	3,600	63,600	4.00%
	2039	30,000	1,200	31,200	4.00%
Total		<u>\$ 830,000</u>	<u>\$ 346,950</u>	<u>\$ 1,176,950</u>	

**CITY OF HARRISBURG**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2020**

---

**KS State Bank Government Finance Dept. - HRA Development Loan**

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

**Current Year Activity:**

	Outstanding Balance July 1, 2019	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2020	Due Within One Year
Principal	\$ 346,608	\$ -	\$ 110,360	\$ 236,248	\$ 115,460
Interest	-	15,846	15,846	-	10,746
Total	<u>\$ 346,608</u>	<u>\$ 15,846</u>	<u>\$ 126,206</u>	<u>\$ 236,248</u>	<u>\$ 126,206</u>

**Future Requirements:**

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2021	\$ 115,460	\$ 10,746	\$ 126,206	4.55%
2022	120,713	5,492	126,205	4.55%
Total	<u>\$ 236,173</u>	<u>\$ 16,238</u>	<u>\$ 252,411</u>	

**CITY OF HARRISBURG**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2020**

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

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

**Current Year Activity:**

	Outstanding Balance July 1, 2019	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2020	Due Within One Year
Principal	\$ 2,405,000	\$ -	\$ -	\$ 2,405,000	\$ -
Interest	-	93,800	93,800	-	93,800
Total	<u>\$ 2,405,000</u>	<u>\$ 93,800</u>	<u>\$ 93,800</u>	<u>\$ 2,405,000</u>	<u>\$ 93,800</u>

**Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2021	\$ -	\$ 93,800	\$ 93,800	0.00%
	2022	-	93,800	93,800	0.00%
	2023	120,000	93,800	213,800	2.00%
	2024	125,000	91,400	216,400	4.00%
	2025	130,000	86,400	216,400	4.00%
	2026	135,000	81,200	216,200	4.00%
	2027	140,000	75,800	215,800	4.00%
	2028	145,000	70,200	215,200	4.00%
	2029	150,000	64,400	214,400	4.00%
	2030	160,000	58,400	218,400	4.00%
	2031	165,000	52,000	217,000	4.00%
	2032	170,000	45,400	215,400	4.00%
	2033	180,000	38,600	218,600	4.00%
	2034	185,000	31,400	216,400	4.00%
	2035	190,000	24,000	214,000	4.00%
	2036	200,000	16,400	216,400	4.00%
	2037	210,000	8,400	218,400	4.00%
Total		<u>\$ 2,405,000</u>	<u>\$ 1,025,400</u>	<u>\$ 3,430,400</u>	

**CITY OF HARRISBURG**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**For the Fiscal Year Ended June 30, 2020**

**General Obligation Bonds, Series 2019**

On August 21, 2019, the City issued General Obligation Bonds, Series 2019 to finance capital costs related to the City's water system in the amount of \$7,420,000. The Bonds are held by US Bank and carry an interest rate between 3.0 and 4.25%. Interest payments are due June 1 and December 1 with a principal payment due June 1 of each year, with the first interest payment due December 1, 2019.

**Current Year Activity:**

	Outstanding Balance July 1, 2019	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2020	Due Within One Year
Principal	\$ -	\$ 7,420,000	\$ 85,000	\$ 7,335,000	\$ 35,000
Interest	-	236,571	236,571	-	301,613
<b>Total</b>	<b>\$ -</b>	<b>\$ 7,656,571</b>	<b>\$ 321,571</b>	<b>\$ 7,335,000</b>	<b>\$ 336,613</b>

**Future Requirements:**

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2021	\$ 35,000	\$ 301,613	\$ 336,613	3.00%
2022	45,000	300,563	345,563	3.00%
2023	55,000	299,213	354,213	3.00%
2024	70,000	297,563	367,563	4.00%
2025	85,000	294,763	379,763	4.00%
2026	100,000	291,363	391,363	4.00%
2027	115,000	287,363	402,363	4.00%
2028	130,000	282,763	412,763	4.00%
2029	150,000	277,563	427,563	4.00%
2030	165,000	271,563	436,563	4.00%
2031	185,000	264,963	449,963	4.00%
2032	210,000	257,563	467,563	4.00%
2033	230,000	249,163	479,163	4.00%
2034	255,000	239,963	494,963	4.00%
2035	280,000	229,763	509,763	4.00%
2036	305,000	218,563	523,563	4.00%
2037	335,000	206,363	541,363	4.00%
2038	365,000	192,963	557,963	4.00%
2039	395,000	178,363	573,363	4.00%
2040	430,000	162,563	592,563	4.25%
2041	465,000	144,288	609,288	4.25%
2042	500,000	124,525	624,525	4.25%
2043	540,000	103,275	643,275	4.25%
2044	585,000	80,325	665,325	4.25%
2045	630,000	55,463	685,463	4.25%
2046	675,000	28,688	703,688	4.25%
<b>Total</b>	<b>\$ 7,335,000</b>	<b>\$ 5,641,113</b>	<b>\$ 12,976,113</b>	

**ACCOMPANYING**  
**INFORMATION**

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

**As of June 30, 2020**

---

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

I have audited the basic financial statements of the City of Harrisburg as of and for the year ended June 30, 2020 and have issued my report thereon dated November 30, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

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

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

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

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

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

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

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



Steve Tuhscherer, CPA  
Umpqua Valley Financial  
Roseburg, Oregon  
November 30, 2020