



HARRISBURG, OREGON

Annual Financial Report

June 30, 2023

CITY OF HARRISBURG

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

MAYOR & CITY COUNCIL

| | |
|---|-----------|
| ROBERT DUNCAN PO Box 224, Harrisburg, OR 97446 | Mayor |
| 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 Whitedge Place, Harrisburg, OR 97446 | Councilor |

ADMINISTRATION

| | |
|--|-----------------|
| CATHY NELSON PO Box 378, Harrisburg, OR 97446 | Finance Officer |
| MICHELE ELDRIDGE PO Box 378, Harrisburg, OR 97446 | City Manager |
| LORI ROSS PO Box 378, Harrisburg, OR 97446 | City Recorder |

CITY OF HARRISBURG

AUDIT REPORT

JUNE 30, 2023

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the City of Harrisburg's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Harrisburg as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Harrisburg and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Harrisburg's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Harrisburg's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about City of Harrisburg's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-11, schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 60-62, and the pension and OPEB schedules on pages 63-66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

We have applied certain limited procedures to the management's discussion and analysis and the pension and OPEB 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described on pages 62-64 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 our 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.

Supplementary Information

Our 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 supplementary information on pages 68-92 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Harrisburg.

The supplementary information on pages 68-92 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 our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

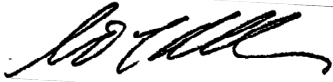
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the additional schedules listed in the Other Information section of the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basis financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it our report.

Reports on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated March 21, 2024, on our 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 our testing of compliance and the results of that testing and not to provide an opinion on the City's compliance.



Steve Tuchscherer, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
March 21, 2024

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2023
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, 2023. This discussion and analysis evaluate the City's financial performance. 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, 2023, are as follows:

- The City's net position increased by \$1,263,510, which represents a 7% increase from the previous year.
- The City's total revenue for the year was \$5,072,650, representing a 9% increase from the previous year. Out of this, \$3,003,361 (59.2%) came from general revenues, while \$2,069,289 (40.8%) came from program-specific revenues. Charges for services and operating grants accounted for \$1,557,730 (30.7%) and \$511,559 (10.1%) of the total program-specific revenue, and there were no capital grants received this year.
- The City had \$3,809,137 in program expenses. Of the program expenses, \$711,595 was for providing water service and \$908,693 was for providing sewer service.
- The City's current liabilities decreased by \$471,958 (51.9%) from the previous year, primarily due to a \$418,447 decrease in accounts payable.
- Among the governmental funds, the General Fund had \$1,774,463 in revenues, which primarily consisted of taxes and grants. The Street Fund had \$367,453 in revenues, which primarily consisted of intergovernmental revenues. The Harrisburg Redevelopment Agency Fund had \$519,474 in revenues, which primarily consisted of property taxes.
- Among proprietary funds, the Water Fund had \$650,284 in operating revenues, which primarily consisted of user fees. The Sewer Fund had \$797,293 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 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, 2023
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 libraries, 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 funds statements and individual fund statements in a later section of this report. The City reports two types of funds:

Governmental funds 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 government-wide financial statements, these statements report short-term fiscal accountability focusing on the 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 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 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, 2023
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 \$19,333,643 this is an increase of \$1,263,510 (7%).

A portion of the City's net position 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.

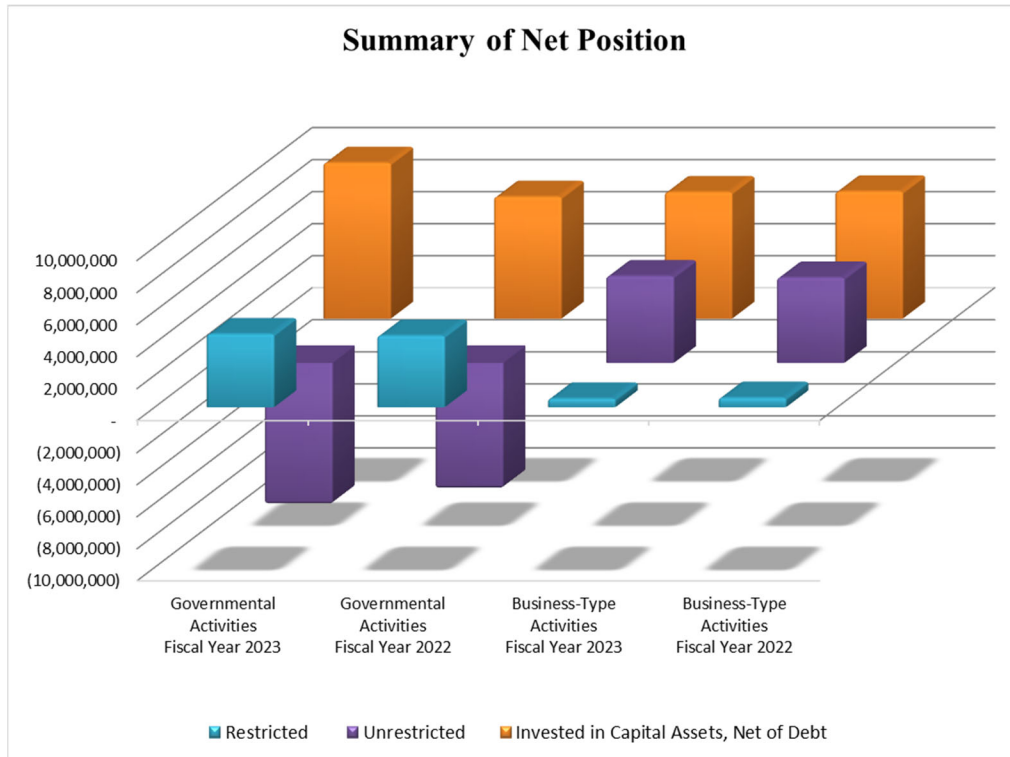
CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2023
Unaudited

The table below summarizes the City's net position in comparison to the prior fiscal year.

Summary of Net Position

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--------------------------------------|--------------------------------|--------------|---------------------------------|---------------|---------------|---------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Assets | | | | | | |
| Current and Other Assets | \$ 7,667,220 | \$ 7,491,975 | \$ 6,626,872 | \$ 6,767,935 | \$ 14,294,092 | \$ 14,259,910 |
| Capital Assets | 9,742,004 | 9,336,152 | 9,835,466 | 9,925,588 | 19,577,470 | 19,261,740 |
| Total Assets | 17,409,224 | 16,828,126 | 16,462,338 | 16,693,522 | 33,871,562 | 33,521,650 |
| Deferred Outflow of Resources | 229,223 | 187,376 | 319,593 | 323,956 | 548,816 | 511,332 |
| Liabilities | | | | | | |
| Current Liabilities | 322,655 | 793,479 | 114,531 | 115,665 | 437,186 | 909,144 |
| Long-Term Liabilities | 11,627,414 | 11,683,277 | 2,476,996 | 2,476,294 | 14,104,410 | 14,159,571 |
| Total Liabilities | 11,950,069 | 12,476,756 | 2,591,527 | 2,591,959 | 14,541,596 | 15,068,715 |
| Deferred Inflow of Resources | 228,087 | 327,650 | 317,051 | 566,484 | 545,138 | 894,134 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 9,726,348 | 7,605,463 | 7,899,087 | 7,937,902 | 17,625,435 | 15,543,365 |
| Restricted | 4,571,085 | 4,468,640 | 542,859 | 593,536 | 5,113,944 | 5,062,176 |
| Unrestricted | (8,843,502) | (7,863,006) | 5,419,656 | 5,327,598 | (3,423,846) | (2,535,408) |
| Total Net Position | \$ 5,453,931 | \$ 4,211,097 | \$ 13,861,602 | \$ 13,859,036 | \$ 19,315,533 | \$ 18,070,135 |

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, 2023
Unaudited

Changes in net position - The City's total revenues for the fiscal year ended June 30, 2023, were \$5,072,650. The total cost of all programs and services was \$3,809,137. The following table shows a comparative analysis of government-wide revenues, expenses, and changes in net position.

| | <u>Summary of Changes in Net Position</u> | | | | | |
|---|--|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
| | <u>2022-23</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2021-22</u> |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 110,153 | \$ 177,651 | \$ 1,447,577 | \$ 1,454,061 | \$ 1,557,730 | \$ 1,631,712 |
| Operating Grants and Contributions | 511,559 | 613,780 | - | - | 511,559 | 613,780 |
| Total Program Revenues | 621,712 | 791,431 | 1,447,577 | 1,454,061 | 2,069,289 | 2,245,492 |
| General Revenues | | | | | | |
| Local Sources | | | | | | |
| Property Taxes, Franchise Fees, & Public Service Taxes | 2,614,907 | 2,330,056 | - | - | 2,614,907 | 2,330,056 |
| Interest & Investment Earnings | 124,657 | 18,646 | 256,365 | 58,716 | 381,022 | 77,362 |
| Other Revenues | 7,432 | - | - | - | 7,432 | - |
| Total General Revenues | 2,746,996 | 2,348,702 | 256,365 | 58,716 | 3,003,361 | 2,407,418 |
| Total Revenues | 3,368,708 | 3,140,133 | 1,703,942 | 1,512,777 | 5,072,650 | 4,652,910 |
| Program Expenses | | | | | | |
| General Government | 672,330 | 297,196 | - | - | 672,330 | 297,196 |
| Public Safety | 300,028 | 287,712 | - | - | 300,028 | 287,712 |
| Public Works | 505,996 | 398,146 | - | - | 505,996 | 398,146 |
| Culture and Recreation | 117,272 | 83,781 | - | - | 117,272 | 83,781 |
| Urban Renewal Projects | 160,981 | 4,941 | - | - | 160,981 | 4,941 |
| Interest and Fees on Long-Term Debt | 366,506 | 447,534 | 65,736 | - | 432,242 | 447,534 |
| Utility Services | | | | | | |
| Water Utilities | - | - | 711,595 | 794,468 | 711,595 | 794,468 |
| Sewer Utilities | - | - | 908,693 | 836,742 | 908,693 | 836,742 |
| Total Program Expenses | 2,123,113 | 1,519,310 | 1,686,024 | 1,631,210 | 3,809,137 | 3,150,520 |
| Transfers | 3,600 | (2,400) | (3,600) | 2,400 | - | - |
| Change in Net Position | <u>\$ 1,249,195</u> | <u>\$ 1,618,423</u> | <u>\$ 14,318</u> | <u>\$ (116,033)</u> | <u>\$ 1,263,513</u> | <u>\$ 1,502,390</u> |

CITY OF HARRISBURG
Management’s Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2023
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 six major functional activities of the City. The table also shows each function’s net cost (total cost minus 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

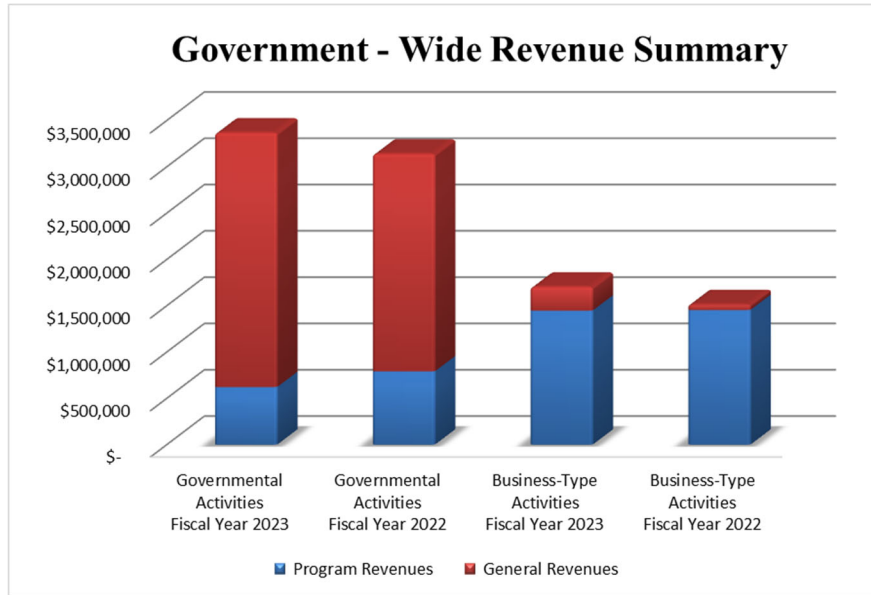
| | Total Cost of Services | | Net (Cost) Profit of Services | |
|-------------------------------|-----------------------------|-----------------------------|-------------------------------|----------------------------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| General Government | \$ (672,330) | \$ (297,196) | \$ (211,370) | \$ 218,089 |
| Public Safety | (300,028) | (287,712) | (271,798) | (276,021) |
| Public Works | (505,996) | (398,146) | (395,843) | (258,081) |
| Culture and Recreation | (117,272) | (83,781) | (94,903) | (78,761) |
| Urban Renewal Projects | (160,981) | (4,941) | (160,981) | 114,429 |
| Interest Expense | (366,506) | (447,534) | (366,506) | (447,534) |
| Total Program Expenses | <u>\$(2,123,113)</u> | <u>\$(1,519,310)</u> | <u>\$(1,501,401)</u> | <u>\$ (727,879)</u> |

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



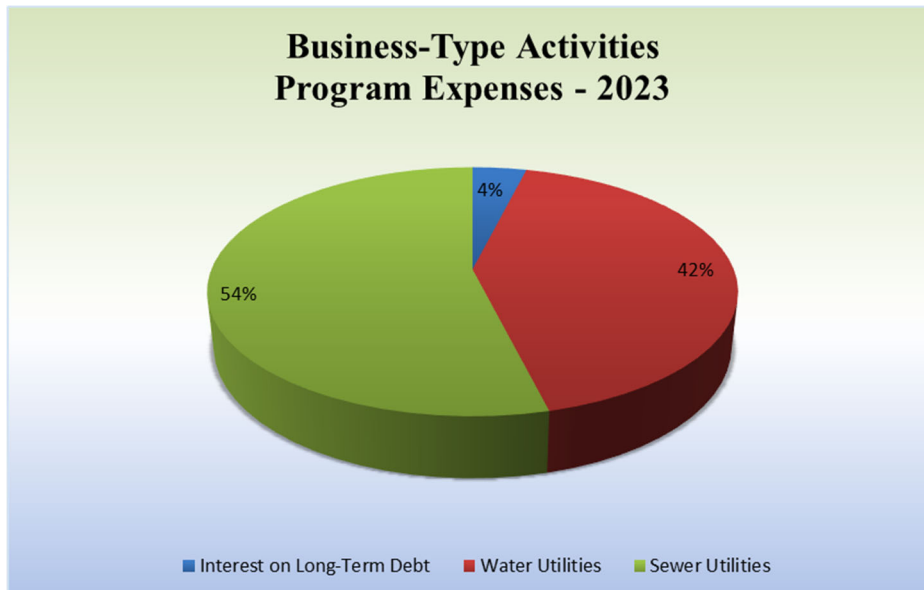
CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2023
Unaudited

The following chart compares revenue between governmental and business-type activities from the previous year to the current year. The table below presents the overall cost of major functional activities and interest payments on City debt for business-related activities. The graph represents the cost of the City's Program expenses by business-type activities.



Business-Type Activities

| | Total Cost of Services | | Net (Cost) Profit of Services | |
|-------------------------------|------------------------|----------------------|-------------------------------|---------------------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Utility Services | \$(1,620,288) | \$(1,699,046) | \$ (172,711) | \$ (244,985) |
| Interest on Long-Term Debt | (65,736) | - | (65,736) | - |
| Total Program Expenses | \$(1,686,024) | \$(1,699,046) | \$ (238,447) | \$ (244,985) |



CITY OF HARRISBURG
Management’s Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2023
Unaudited

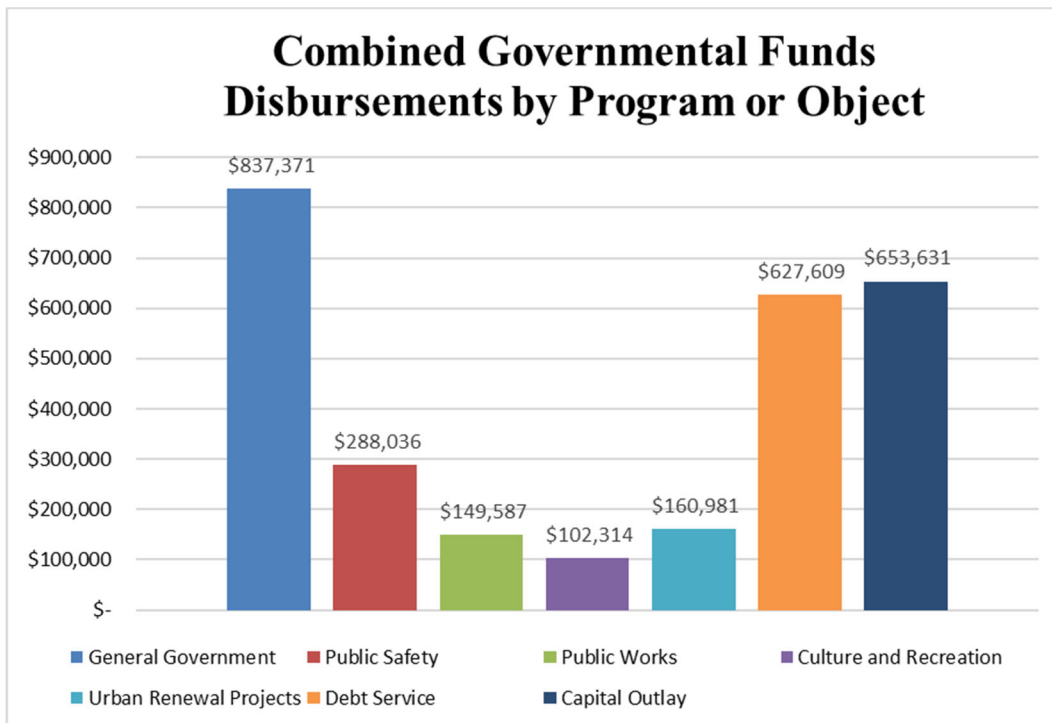
FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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. 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 \$ 7,225,507, an increase of \$534,571. The fund balance constitutes restricted, committed, assigned, and unassigned amounts. Of the current fund balances, \$539,331 is restricted for public works projects, \$156,029 is restricted for debt service, \$1,651,972 is restricted for capital projects, and \$2,223,753 is restricted for urban renewal projects, \$1,397,061 is committed for various programs, and \$1,257,361 is unassigned and available for spending at the City’s discretion.

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

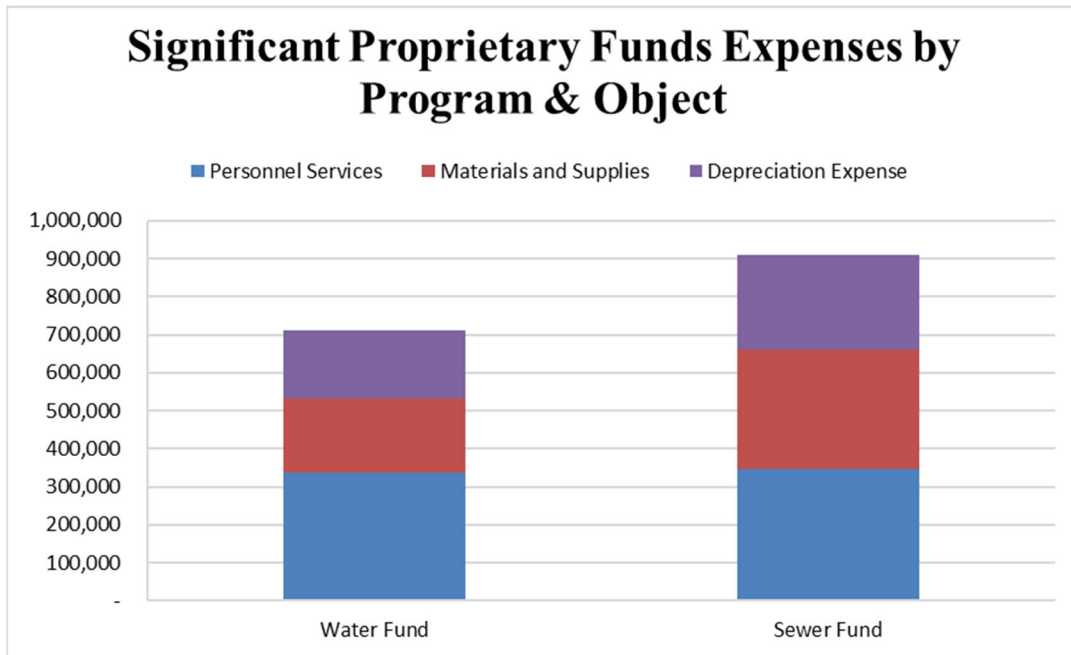


CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2023
Unaudited

Proprietary Funds

The City's enterprise funds reported an unrestricted net position of \$5,419,656, a decrease of \$98,841. The enterprise funds also report \$125,155 in restricted net position for debt service, \$417,704 in restricted net position for public works projects, and \$7,899,087 in net position invested in capital assets, net of related debt.

The following is a comparison of current expenses by program of proprietary funds.



Budgetary Highlights

General Fund resources were budgeted and anticipated to be available in the amount of \$1,677,730 during the fiscal year. Actual resources of \$1,774,463 were available, \$96,733 more than budgeted. The General Fund expenditures budget was underspent by \$763,534. The ending fund balance was greater than what was budgeted by \$980,161 and more than the prior year by \$57,467.

The Water Fund balance decreased by \$21,803 during the fiscal year and the Sewer Fund balance decreased by \$44,794. Both funds remained within their budgeted appropriations except for the Sewer Fund's Debt Service appropriation of \$121,812 reflecting an overspending of \$4,512. The Water Fund's actual resources were \$214,008 more than budgeted. The Sewer Fund's actual resources were less than budgeted by \$19,869.

CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2023
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the City had invested, before net reduction for accumulated depreciation, \$33,037,682 in capital assets, including buildings, land, vehicles, water and sewer utility systems, construction in progress, and other equipment. This amount represents an increase of \$1,168,571 from the prior year primarily due to additions being higher than deletions. In the governmental activities, there were \$2,136,541 of additions and \$1,730,689 of deletions in the current year and in the enterprise funds, there were \$2,804,698 of additions and \$2,894,820 of deletions.

Total depreciation expense for the year was \$852,842; of which \$424,315 is associated with general government activities, \$179,411 from water utilities, and \$249,116 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.

Long-Term Debt

As of June 30, 2023, the City had a total long-term debt outstanding of \$11,995,000. The principal paid on existing debt was \$255,000, and the interest paid on the debt amounted to \$493,862. 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

Several factors were considered by the City's officials during the process of developing the fiscal year 2023-24 budget. The City's budget for the fiscal year ending June 30, 2024, is \$16,356,430, representing an overall decrease of \$272,109 when compared with the current fiscal year. There were no major changes in the City's activities, nor any major financing plans at the moment.

Amounts available for appropriation in the General Fund, Street Fund, Water Fund, and Sewer Fund will be \$2,592,470, \$1,784,755, \$6,153,040, and \$1,228,050. The total unappropriated and reserved amounts total \$1,397,185.

The Harrisburg Redevelopment Agency budget for the fiscal year ending June 30, 2023, is \$2,454,551, representing an overall increase of \$39,436 when compared with the current fiscal year. The HRA's total appropriation amount for 2023-23 will be \$2,188,151. The remaining \$266,400 is unappropriated and reserved.

BE IT FURTHER RESOLVED that the following property taxes are hereby imposed upon the assessed value of all taxable property within the district for tax year 2023-2024:

1. At the rate of \$3.1875 per \$1000 of assessed value for permanent rate tax
2. In the amount of \$446,321 for debt service on general obligation bonds

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, 2023

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------------|
| <u>ASSETS:</u> | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 6,835,460 | \$ 6,323,903 | \$ 13,159,363 |
| Receivables | 527,464 | 105,537 | 633,001 |
| Inventory | - | 60,528 | 60,528 |
| Deposits | 141,906 | - | 141,906 |
| Total Current Assets | <u>7,504,830</u> | <u>6,489,968</u> | <u>13,994,798</u> |
| Restricted Assets: | | | |
| Sinking Funds for Debt Service | 156,029 | 125,155 | 281,184 |
| Net OPEB Asset (RHIA) | 6,361 | 11,749 | 18,110 |
| Total Restricted Assets | <u>162,390</u> | <u>136,904</u> | <u>299,294</u> |
| Capital Assets: | | | |
| Land and Construction In Progress | 536,094 | 1,921,620 | 2,457,714 |
| Depreciable Assets, Net of Depreciation | 9,205,910 | 7,913,846 | 17,119,756 |
| Total Capital Assets, Net of Depreciation | <u>9,742,004</u> | <u>9,835,466</u> | <u>19,577,470</u> |
| Total Assets | <u>17,409,224</u> | <u>16,462,338</u> | <u>33,871,562</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES:</u> | | | |
| Pension Related Deferrals | 228,196 | 317,200 | 545,396 |
| OPEB Related Deferrals - RHIA | 92 | 1,094 | 1,186 |
| OPEB Related Deferrals - CIS | 935 | 1,299 | 2,234 |
| Total Deferred Outflows of Resources | <u>229,223</u> | <u>319,593</u> | <u>548,816</u> |
| <u>LIABILITIES:</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable | 43,973 | - | 43,973 |
| Payroll Payable | 109,223 | - | 109,223 |
| Accrued Compensated Absences | 33,949 | 23,592 | 57,541 |
| Interest Payable | 22,521 | 4,255 | 26,776 |
| Deposits | 2,989 | 36,684 | 39,673 |
| Current Portion of Long-Term Liabilities: | | | |
| Bonds Payable | 110,000 | 50,000 | 160,000 |
| Total Current Liabilities | <u>322,655</u> | <u>114,531</u> | <u>437,186</u> |
| Long-Term Liabilities: | | | |
| Noncurrent Portion of Long-Term Liabilities: | | | |
| Bonds Payable (Net of unamortized premium) | 11,202,522 | 1,886,379 | 13,088,901 |
| Net Pension Liability | 408,563 | 567,918 | 976,481 |
| Net OPEB Obligation - CIS | 16,329 | 22,699 | 39,028 |
| Total Long-Term Liabilities | <u>11,627,414</u> | <u>2,476,996</u> | <u>14,104,410</u> |
| Total Liabilities | <u>11,950,069</u> | <u>2,591,527</u> | <u>14,541,596</u> |
| <u>DEFERRED INFLOW OF RESOURCES:</u> | | | |
| Pension Related Deferrals | 221,336 | 307,666 | 529,002 |
| OPEB Related Deferrals - RHIA | 1,786 | 2,483 | 4,269 |
| OPEB Related Deferrals - CIS | 4,965 | 6,902 | 11,867 |
| Total Deferred Inflow of Resources | <u>228,087</u> | <u>317,051</u> | <u>545,138</u> |
| <u>NET POSITION:</u> | | | |
| Net Investment in Capital Assets | 9,726,348 | 7,899,087 | 17,625,435 |
| Restricted for: | | | |
| Net Pension Asset | 6,361 | 11,749 | 18,110 |
| Debt Service | 156,029 | 125,155 | 281,184 |
| Public Works | 539,331 | 417,704 | 957,035 |
| Capital Projects | 1,651,972 | - | 1,651,972 |
| Urban Renewal Projects | 2,223,753 | - | 2,223,753 |
| Unrestricted | (8,843,502) | 5,419,656 | (3,423,846) |
| Total Net Position | <u>\$ 5,460,292</u> | <u>\$ 13,873,351</u> | <u>\$ 19,333,643</u> |

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

CITY OF HARRISBURG
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

| | <u>(Expenses)</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Change in Net Position</u> |
|--|-----------------------|-------------------------------------|---|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| <u>GOVERNMENTAL ACTIVITIES:</u> | | | | | |
| General Government | \$ (672,330) | \$ - | \$ 460,960 | \$ - | \$ (211,370) |
| Public Safety | (300,028) | - | 28,230 | - | (271,798) |
| Public Works | (505,996) | 110,153 | - | - | (395,843) |
| Culture and Recreation | (117,272) | - | 22,369 | - | (94,903) |
| Urban Renewal Projects | (160,981) | - | - | - | (160,981) |
| Interest and Fees Expense | (366,506) | - | - | - | (366,506) |
| Total Governmental Activities | \$ (2,123,113) | \$ 110,153 | \$ 511,559 | \$ - | \$ (1,501,401) |
| <u>BUSINESS-TYPE ACTIVITIES:</u> | | | | | |
| Water Utilities | \$ (711,595) | \$ 650,284 | \$ - | \$ - | \$ (61,311) |
| Sewer Utilities | (908,693) | 797,293 | - | - | (111,400) |
| Interest on Long-Term Debt | (65,736) | - | - | - | (65,736) |
| Total Business-type Activities | \$ (1,686,024) | \$ 1,447,577 | \$ - | \$ - | \$ (238,447) |
| Total Primary Government | \$ (3,809,137) | \$ 1,557,730 | \$ 511,559 | \$ - | \$ (1,739,848) |
| | | | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| <u>CHANGES IN NET POSITION:</u> | | | | | |
| Net (expense) revenue | | | \$ (1,501,401) | \$ (238,447) | \$ (1,739,848) |
| General Revenues: | | | | | |
| Property Taxes, levied for general purposes | | | 815,503 | - | 815,503 |
| Property Taxes, levied for debt service | | | 434,467 | - | 434,467 |
| Property Taxes, levied for urban renewal programs | | | 459,303 | - | 459,303 |
| Intergovernmental Tax Turnovers | | | 492,179 | - | 492,179 |
| Franchise Taxes | | | 358,344 | - | 358,344 |
| Other Taxes and Assessments | | | 55,111 | - | 55,111 |
| Interest and Investment Earnings | | | 124,657 | 256,365 | 381,022 |
| Other Revenue | | | 7,432 | - | 7,432 |
| Subtotal - General Revenues | | | 2,746,996 | 256,365 | 3,003,361 |
| Interfund Transfers | | | 3,600 | (3,600) | - |
| Total general revenues, special items, and transfers | | | 2,750,596 | 252,765 | 3,003,361 |
| Change in Net Position | | | 1,249,195 | 14,318 | 1,263,513 |
| Net Position, July 1, 2022 | | | 4,211,097 | 13,859,033 | 18,070,130 |
| Net Position, June 30, 2023 | | | \$ 5,460,292 | \$ 13,873,351 | \$19,333,643 |

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, 2023

| | Component Unit | | | | | Total Governmental Funds |
|---|-----------------------|--------------------|--------------------------|---|---------------------------------|---------------------------------|
| | General Fund | Street Fund | Debt Service Fund | Harrisburg Redevelopment Agency Fund | Other Governmental Funds | |
| ASSETS: | | | | | | |
| Cash and Investments | \$ 1,365,241 | \$ 539,331 | \$ 152,493 | \$ 2,029,847 | \$ 2,904,577 | \$ 6,991,489 |
| Receivables: | | | | | | |
| Accounts, net | 321 | - | - | - | 6,091 | 6,412 |
| Assessments | - | 100,609 | - | - | 86,036 | 186,645 |
| Property Tax | 31,962 | - | 16,942 | 19,107 | - | 68,011 |
| Loans | 37,753 | - | - | 228,643 | - | 266,396 |
| Deposits | 2,989 | - | - | - | 138,917 | 141,906 |
| Total Assets | \$1,438,266 | \$639,940 | \$169,435 | \$ 2,277,597 | \$ 3,135,621 | \$ 7,660,859 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES: | | | | | | |
| LIABILITIES: | | | | | | |
| Accounts Payable | \$ 43,421 | \$ - | \$ - | \$ - | \$ 552 | \$ 43,973 |
| Payroll Payable | 109,223 | - | - | - | - | 109,223 |
| Deposits | 2,989 | - | - | - | - | 2,989 |
| Total Liabilities | 155,633 | - | - | - | 552 | 156,185 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Delinquent Property Tax Revenue Not Available | 25,272 | - | 13,406 | 15,125 | - | 53,803 |
| Unavailable Revenue from Loans | - | - | - | 38,719 | - | 38,719 |
| Uncollected Assessments | - | 100,609 | - | - | 86,036 | 186,645 |
| Total Deferred Inflows of Resources | 25,272 | 100,609 | 13,406 | 53,844 | 86,036 | 279,167 |
| FUND BALANCES: | | | | | | |
| Restricted for: | | | | | | |
| Debt Service | - | - | 156,029 | - | - | 156,029 |
| Capital Projects | - | - | - | - | 1,651,972 | 1,651,972 |
| Urban Renewal Projects | - | - | - | 2,223,753 | - | 2,223,753 |
| Public Works | - | 539,331 | - | - | - | 539,331 |
| Committed for: | | | | | | |
| Parks and Recreation Programs | - | - | - | - | 46,702 | 46,702 |
| Community Development Projects | - | - | - | - | 117,184 | 117,184 |
| Public Works | - | - | - | - | 305,785 | 305,785 |
| Equipment Acquisition | - | - | - | - | 927,390 | 927,390 |
| Unassigned | 1,257,361 | - | - | - | - | 1,257,361 |
| Total Fund Balances | 1,257,361 | 539,331 | 156,029 | 2,223,753 | 3,049,033 | 7,225,507 |
| Total Liabilities, Deferred Inflows of Resources & Fund Balances | \$1,438,266 | \$639,940 | \$169,435 | \$ 2,277,597 | \$ 3,135,621 | \$ 7,660,859 |

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, 2023

| | | |
|---|--------------------|----------------------------|
| Total Fund Balances - Governmental Funds | | \$ 7,225,507 |
| 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 - | \$ 13,743,192 | |
| The accumulated depreciation is - | <u>(4,001,188)</u> | |
| Net Value of Assets | | 9,742,004 |
| Net OPEB and pension assets/liabilities reported in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| | | (418,531) |
| Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds: | | |
| Property Taxes | 53,803 | |
| Loan Revenue | 38,719 | |
| Assessments | <u>186,645</u> | |
| | | 279,167 |
| Deferred inflows and outflows of pension contributions and earnings are not reported in the governmental funds | | |
| Net Pension and OPEB Related Deferrals | | 1,136 |
| Interest Payable is not recorded in the governmental funds: | | |
| | | (22,521) |
| Accrued Compensated Absences are not recorded in the governmental funds: | | |
| | | (33,949) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| | | <u>(11,312,522)</u> |
| Net Position of Governmental Activities | | <u><u>\$ 5,460,291</u></u> |

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, 2023

| | Component Unit | | | | | Total Governmental Funds |
|--|-------------------------|------------------------|----------------------------------|---|---|---|
| | General Fund | Street Fund | Debt Service Fund | Harrisburg Redevelopment Agency Fund | Other Governmental Funds | |
| <u>REVENUES:</u> | | | | | | |
| Taxes and Assessments | \$ 729,638 | \$ - | \$ 434,467 | \$ 459,303 | \$ 67,657 | \$ 1,691,065 |
| Intergovernmental | 134,147 | 355,452 | - | - | 2,580 | 492,179 |
| Franchise Taxes | 358,344 | - | - | - | - | 358,344 |
| Licenses & Permits | 7,432 | - | - | - | - | 7,432 |
| Charges for Service | - | - | - | - | 110,153 | 110,153 |
| Fines and Forfeitures | 55,111 | - | - | - | - | 55,111 |
| Investment Revenue | 13,063 | 11,401 | 3,444 | 60,171 | 36,578 | 124,657 |
| Grants | 461,021 | - | - | - | - | 461,021 |
| Other Revenue | 15,707 | 600 | - | - | 34,231 | 50,538 |
| Total Revenues | 1,774,463 | 367,453 | 437,911 | 519,474 | 251,199 | 3,350,500 |
| <u>EXPENDITURES:</u> | | | | | | |
| Current Operating: | | | | | | |
| General Government | 771,464 | - | - | - | 65,907 | 837,371 |
| Public Safety | 288,036 | - | - | - | - | 288,036 |
| Public Works | - | 109,125 | - | - | 40,462 | 149,587 |
| Culture and Recreation | 20,000 | - | - | - | 82,314 | 102,314 |
| Urban Renewal Projects | - | - | - | 160,981 | - | 160,981 |
| Debt Service | | | | | | |
| Principal | - | - | 90,000 | 120,000 | - | 210,000 |
| Interest and Fees | - | - | 327,762 | 89,847 | - | 417,609 |
| Capital Outlay | 42,496 | 167,544 | - | 2,253 | 441,338 | 653,631 |
| Contingency | - | - | - | - | - | - |
| Total Expenditures | 1,121,996 | 276,669 | 417,762 | 373,081 | 630,021 | 2,819,529 |
| Excess (Deficiency) of Revenues Over Expenditures | 652,467 | 90,784 | 20,149 | 146,393 | (378,822) | 530,971 |
| <u>OTHER FINANCING SOURCES (USES):</u> | | | | | | |
| Interfund Transfers In | - | 170,000 | - | - | 454,900 | 624,900 |
| Interfund Transfers (Out) | (595,000) | (26,300) | - | - | - | (621,300) |
| Total Other Financing Sources (Uses) | (595,000) | 143,700 | - | - | 454,900 | 3,600 |
| Net Change in Fund Balances | 57,467 | 234,484 | 20,149 | 146,393 | 76,078 | 534,571 |
| Fund Balances - July 1, 2022 | 1,199,894 | 304,847 | 135,880 | 2,077,360 | 2,972,954 | 6,690,935 |
| Fund Balances - June 30, 2023 | \$ 1,257,361 | \$ 539,331 | \$ 156,029 | \$ 2,223,753 | \$ 3,049,032 | \$ 7,225,506 |

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, 2023

Net Changes in Fund Balances - Total Governmental Funds \$ 534,571

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

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

| | | |
|-------------------------------------|---------------------|---------|
| Expenditures for capitalized assets | \$ 830,167 | |
| Less current year depreciation | <u>\$ (424,315)</u> | |
| | | 405,852 |

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 | 18,208 | |
| | | 18,208 |

Expense accruals in the governmental funds do not include all accrued interest expense payable.

| | | |
|--|--|---------|
| The change in interest payable from the prior year to the current year is reconciled here. | | (2,162) |
|--|--|---------|

| | | |
|--|--|---------|
| Changes to vacation payable are reported as a change in expenses | | (6,426) |
|--|--|---------|

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:

| | | |
|---------------------------|----------------|---------|
| General Obligations Bonds | <u>210,000</u> | |
| | | 210,000 |

Prepaid expenses were originally reported in the governmental funds as an expenditure. In the Statement of Activities the amount to be charged each year as an expense over the estimated expense incurred to pay the obligation is amortized, rather than expensed at the time of the prepayment.

| | | |
|--|--|--------|
| Amount of current year amortization - Bond Premium | | 53,265 |
|--|--|--------|

| | | |
|---|--|---------------|
| Adjustment for pension costs on accrued basis | | <u>35,887</u> |
|---|--|---------------|

| | | |
|--|--|-----------------------------------|
| Change in Net Position of Governmental Activities | | <u><u>\$ 1,249,195</u></u> |
|--|--|-----------------------------------|

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, 2023

| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Total Enterprise Funds</u> |
|--|--------------------------|--------------------------|---------------------------------------|
| <u>ASSETS:</u> | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 5,787,569 | \$ 536,334 | \$ 6,323,903 |
| Receivables | 43,259 | 62,278 | 105,537 |
| Inventory | 55,472 | 5,056 | 60,528 |
| Total Current Assets | 5,886,300 | 603,668 | 6,489,968 |
| Restricted Assets: | | | |
| Sinking Funds for Debt Service | - | 125,155 | 125,155 |
| Net OPEB Asset (RHIA) | 4,422 | 7,327 | 11,749 |
| Total Restricted Assets | 4,422 | 132,482 | 136,904 |
| Capital Assets: | | | |
| Land and Construction In Progress | 1,473,423 | 448,197 | 1,921,620 |
| Depreciable Assets, Net of Depreciation | 4,065,699 | 3,848,147 | 7,913,846 |
| Total Capital Assets | 5,539,122 | 4,296,344 | 9,835,466 |
| Total Assets | 11,429,844 | 5,032,494 | 16,462,338 |
| <u>DEFERRED OUTFLOW OF RESOURCES:</u> | | | |
| Pension Related Deferrals | 158,638 | 158,562 | 317,200 |
| OPEB Related Deferrals - RHIA | 1,030 | 64 | 1,094 |
| OPEB Related Deferrals - CIS | 650 | 649 | 1,299 |
| Total Deferred Outflow of Resources | \$ 160,318 | \$ 159,275 | \$ 319,593 |
| <u>LIABILITIES:</u> | | | |
| Current Liabilities: | | | |
| Accrued Compensated Absences | 11,796 | 11,796 | 23,592 |
| Interest Payable | - | 4,255 | 4,255 |
| Customer Deposits | 18,645 | 18,039 | 36,684 |
| Current Portion of Long-Term Liabilities: | | | |
| Bond Payable | - | 50,000 | 50,000 |
| Total Current Liabilities | 30,441 | 84,090 | 114,531 |
| Long-Term Liabilities: | | | |
| Noncurrent Portion of Long-Term Liabilities: | | | |
| Bonds Payable (Net of unamortized premium) | - | 1,886,379 | 1,886,379 |
| Net Pension Liability | 284,027 | 283,891 | 567,918 |
| Net OPEB Obligation - CIS | 11,352 | 11,347 | 22,699 |
| Total Long-Term Liabilities | 295,379 | 2,181,617 | 2,476,996 |
| Total Liabilities | 325,820 | 2,265,707 | 2,591,527 |
| <u>DEFERRED INFLOW OF RESOURCES:</u> | | | |
| Pension Related Deferrals | 153,870 | 153,796 | 307,666 |
| OPEB Related Deferrals - RHIA | 1,242 | 1,241 | 2,483 |
| OPEB Related Deferrals - CIS | 3,452 | 3,450 | 6,902 |
| Total Deferred Inflow of Resources | \$ 158,564 | \$ 158,487 | \$ 317,051 |
| <u>NET POSITION:</u> | | | |
| Net Investment in Capital Assets | 5,539,122 | 2,359,965 | 7,899,087 |
| Restricted for Debt Service | - | 125,155 | 125,155 |
| Restricted for Public Works | 195,750 | 221,954 | 417,704 |
| Restricted for Net Pension Asset | 4,422 | 7,327 | 11,749 |
| Unrestricted | 5,366,483 | 53,173 | 5,419,656 |
| Total Net Position | \$ 11,105,777 | \$ 2,767,574 | \$ 13,873,351 |

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, 2023

| | Water Utility | Sewer Utility | Total Enterprise Funds |
|---|--------------------------|--------------------------|---------------------------------------|
| <u>OPERATING REVENUES:</u> | | | |
| Charges for Services & Fees | \$ 621,656 | \$ 786,923 | \$ 1,408,579 |
| Other Revenue | 28,628 | 10,370 | 38,998 |
| Total Operating Revenues | 650,284 | 797,293 | 1,447,577 |
| <u>OPERATING EXPENSES:</u> | | | |
| Personnel Services | 336,250 | 346,731 | 682,981 |
| Materials and Supplies | 195,934 | 312,847 | 508,781 |
| Depreciation Expense | 179,411 | 249,115 | 428,526 |
| Total Operating Expenses | 711,595 | 908,693 | 1,620,288 |
| Operating Income (Loss) | (61,311) | (111,400) | (172,711) |
| <u>NON-OPERATING REVENUES (EXPENSES):</u> | | | |
| Investment Revenue | 244,053 | 12,312 | 256,365 |
| Interest Expense | - | (65,736) | (65,736) |
| Total Non-Operating Revenues (Expenses) | 244,053 | (53,424) | 190,629 |
| Income Before Other Revenues, Expenses, and Transfers | 182,742 | (164,824) | 17,918 |
| <u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u> | | | |
| Transfers to Other Funds | (49,300) | (49,300) | (98,600) |
| Transfers from Other Funds | 42,000 | 53,000 | 95,000 |
| Total Capital Contributions and Transfers | (7,300) | 3,700 | (3,600) |
| Changes in Net Position | 175,442 | (161,124) | 14,318 |
| Net Position, July 1, 2022 | 10,930,335 | 2,928,698 | 13,859,033 |
| Net Position, June 30, 2023 | \$ 11,105,777 | \$ 2,767,574 | \$ 13,873,351 |

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, 2023

| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Total Enterprise Funds</u> |
|--|--------------------------|--------------------------|---------------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | |
| Cash Received from User Charges | \$ 646,438 | \$ 798,914 | \$ 1,446,973 |
| Cash Payments for Employee Services | (438,892) | (437,116) | (865,847) |
| Cash Payments to Suppliers | (198,787) | (312,822) | (511,609) |
| Net Cash Provided (Used) by Operating Activities | 8,759 | 48,976 | 57,735 |
| <u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u> | | | |
| Transfer to Other Funds | (49,300) | (49,300) | (98,600) |
| Transfer from Other Funds | 42,000 | 53,000 | 95,000 |
| Net Cash Provided (Used) by Non-capital Financing Activities | (7,300) | 3,700 | (3,600) |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | | | |
| Acquisition of Capital Assets | (287,799) | (50,606) | (338,405) |
| Principal Paid on Long Term Debt | - | (45,000) | (45,000) |
| Interest and Fees Paid on Long Term Debt | - | (72,300) | (72,300) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (287,799) | (167,906) | (455,705) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | |
| Investment Income | 244,053 | 12,312 | 256,365 |
| Net Cash Provided (Used) by Investing Activities | 244,053 | 12,312 | 256,365 |
| Cash and Cash Equivalents at July 1, 2022 | 5,829,855 | 764,408 | 6,594,263 |
| Cash and Cash Equivalents at June 30, 2023 | \$ 5,787,568 | \$ 661,490 | \$ 6,449,058 |
| <u>Reconciliation of income (loss) from operations</u> | | | |
| <u>to net cash provided (used) by operating activities:</u> | | | |
| Income (loss) from operations | \$ (61,311) | \$ (111,400) | \$ (172,711) |
| Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities: | | | |
| Depreciation | 179,411 | 249,115 | 428,526 |
| Change in assets and liabilities: | | | |
| Decrease (increase) in accounts receivable | (2,297) | 3,121 | 824 |
| Increase (decrease) in deposits | (1,549) | (1,500) | (3,049) |
| Increase (decrease) in payables | (2,853) | 25 | (2,828) |
| Increase (decrease) in pension related accounts | (102,642) | (90,385) | (193,027) |
| Net cash provided (used) by operating activities | \$ 8,759 | \$ 48,976 | \$ 57,735 |

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, 2023

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 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 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 can 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 can impose its will on the Agency as determined based on 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 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 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, 2023

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 funds are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid by 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, 2023

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 in 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 is 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, 2023

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 detailed budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse on 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 the 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. The 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. 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, 2023

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 is reported as liabilities in the government-wide statements and represents 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 of 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 qualify 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 qualify 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, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and 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, 2023, the City had sinking funds for debt service of \$273,302 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 principal and interest are reported as expenditures. The accounting for proprietary funds is the same in 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 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, 2023

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, grantors, 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 are 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, 2023.
- 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, 2023.
- 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, 2023

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 a discussion of deposit and investment policies and other related information, see the 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 in the 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 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, 2023

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, 2023, the reported amount of the City's deposits was \$572,316 and the bank balance was \$525,574. 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, 2023, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

As of June 30, 2023, the City's investments in financial institutions are as follows:

| <u>Type of Investment</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|---|-----------------------------|----------------------|
| Oregon State Treasurer's Local Government Investment Pool (LGIP) | <u>\$ 13,092,783</u> | N/A |
| Total Investments | <u><u>\$ 13,092,783</u></u> | |

Investments in the LGIP and federal agency notes do not require disclosure of 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 investment.

RECEIVABLES:

The following is a summary of receivable balances reported on the statement of net position as of June 30, 2023:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---------------|------------------------------------|-------------------------------------|
| Accounts, net | \$ 6,412 | \$ 105,537 |
| Assessments | 186,645 | - |
| Property Tax | 68,011 | - |
| Loans | 266,396 | - |
| Total | <u><u>\$ 527,464</u></u> | <u><u>\$ 105,537</u></u> |

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

CAPITAL ASSETS:

The following is a summary of governmental capital asset activity for the fiscal year ended June 30, 2023:

**Depreciable Assets Schedule
For the Fiscal Year Ended June 30, 2023**

| Governmental Activities | <u>Beginning Balances</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balances</u> |
|--|---------------------------|---------------------|---------------------|------------------------|
| Assets not being depreciated: | | | | |
| Land | \$ 520,438 | \$ - | \$ - | \$ 520,438 |
| Construction in Progress | 1,730,689 | 15,656 | 1,730,689 | 15,656 |
| Total | 2,251,127 | 15,656 | 1,730,689 | 536,094 |
| | | | | |
| Assets being depreciated: | | | | |
| Land Improvement | 651,697 | - | - | 651,697 |
| Building and Building Improvement | 1,178,448 | 10,269 | - | 1,188,717 |
| Machinery and Equipment | 685,771 | - | - | 685,771 |
| Infrastructure | 8,145,981 | 2,534,931 | - | 10,680,912 |
| Total Depreciable Assets | 10,661,898 | 2,545,200 | - | 13,207,098 |
| | | | | |
| Less: Accumulated Depreciation | | | | |
| Land Improvement | 378,260 | 24,575 | - | 402,834 |
| Building and Building Improvement | 432,665 | 26,745 | - | 459,410 |
| Machinery and Equipment | 445,731 | 38,334 | - | 484,065 |
| Infrastructure | 2,320,217 | 334,661 | - | 2,654,879 |
| Total Accumulated Depreciation | 3,576,873 | 424,315 | - | 4,001,188 |
| Net Value of Capital Assets Being Depreciated | 7,085,025 | 2,120,885 | - | 9,205,910 |
| | | | | |
| Total Governmental Activities -- Net Value of Capital Assets | <u>\$ 9,336,152</u> | <u>\$ 2,136,541</u> | <u>\$ 1,730,689</u> | <u>\$ 9,742,004</u> |

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

| | |
|----------------------------|-------------------|
| General Government | \$ 18,747 |
| Public Safety | 11,992 |
| Public Works | 364,671 |
| Culture and Recreation | 28,905 |
| Total Depreciation Expense | <u>\$ 424,315</u> |

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

CAPITAL ASSETS (Cont.):

The following is a summary of business-type capital asset activity for the fiscal year ended June 30, 2023:

**Depreciable Assets Schedule
For the Fiscal Year Ended June 30, 2023**

| Business-Type Activities | Beginning Balances | Additions | Deletions | Ending Balances |
|---|---------------------------|---------------------|---------------------|------------------------|
| Assets not being depreciated: | | | | |
| Land | \$ 533,872 | \$ - | \$ - | \$ 533,872 |
| Construction in Progress | 3,868,461 | 414,107 | 2,894,820 | 1,387,748 |
| Total | 4,402,333 | 414,107 | 2,894,820 | 1,921,620 |
| Assets being depreciated: | | | | |
| Utility Systems | 13,890,815 | 2,819,118 | - | 16,709,933 |
| Machinery and Equipment | 662,938 | - | - | 662,938 |
| Total Depreciable Assets | 14,553,753 | 2,819,118 | - | 17,372,871 |
| Less: Accumulated Depreciation | | | | |
| Utility Systems | 8,520,332 | 389,463 | - | 8,909,795 |
| Machinery and Equipment | 510,166 | 39,064 | - | 549,230 |
| Total Accumulated Depreciation | 9,030,497 | 428,527 | - | 9,459,025 |
| Net Value of Capital Assets Being Depreciated | 5,523,255 | 2,390,591 | - | 7,913,846 |
| Total Business-Type Activities -- Net Value of Capital Assets | <u>\$ 9,925,589</u> | <u>\$ 2,804,698</u> | <u>\$ 2,894,820</u> | <u>\$ 9,835,466</u> |
| Total Net Value of Capital Assets of Primary Government | <u>\$ 19,261,741</u> | <u>\$ 4,941,238</u> | <u>\$ 4,625,509</u> | <u>\$ 19,577,470</u> |

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

| | |
|----------------------------|-------------------|
| Water | \$ 179,411 |
| Sewer | 249,116 |
| Total Depreciation Expense | <u>\$ 428,527</u> |

LONG-TERM DEBT:

In the following paragraphs, long-term debt information is presented separately concerning governmental and business-type activities.

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 the 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 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, 2023

LONG-TERM DEBT (Cont.):

Business-Type Activities:

On August 21, 2019, the City issued General Obligation Bonds, Series 2019 to finance capital costs related to the City's water system for \$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.

On August 24, 2017, the City issued \$2,405,000 in Full Faith and Credit Refunding Obligations, Series 2017, entered with US Bank for the refinancing of USDA Revenue Bonds for Sewer Projects with an interest rate between 2% and 4%.

The table below presents the current year's changes in those obligations and the current portions due for each issue.

CITY OF HARRISBURG

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2023

| | Outstanding Balance July 1, 2022 | Reductions/ Adjustments | Interest Paid | Outstanding Balance June 30, 2023 | Due Within One Year |
|---|--|----------------------------|------------------|---|---------------------------|
| <u>Governmental Long-Term Debt</u> | | | | | |
| Bonds Payable: | | | | | |
| General Obligation Refunding Bond, Series 2017 | \$ 760,000 | \$ 35,000 | \$ 28,550 | \$ 725,000 | \$ 35,000 |
| Full Faith and Credit Project Bond, Series 2017 - HRA Development Projects | 2,405,000 | 120,000 | 93,800 | 2,285,000 | 125,000 |
| General Obligation Bonds, Series 2019 | 7,255,000 | 55,000 | 299,212 | 7,200,000 | 70,000 |
| Total Bonds Payable | <u>10,420,000</u> | <u>210,000</u> | <u>421,562</u> | <u>10,210,000</u> | <u>230,000</u> |
| Total Governmental Long-Term Debt | <u>10,420,000</u> | <u>210,000</u> | <u>421,562</u> | <u>10,210,000</u> | <u>230,000</u> |
| Bond Issuance Premiums | <u>1,155,787</u> | <u>53,265</u> | <u>-</u> | <u>1,102,522</u> | <u>-</u> |
| Governmental Long-Term Debt net of Unamortized Premiums | <u>11,575,787</u> | <u>263,265</u> | <u>421,562</u> | <u>11,312,522</u> | <u>230,000</u> |
| | Outstanding Balance July 1, 2022 | Reductions/ Adjustments | Interest Paid | Outstanding Balance June 30, 2023 | Due Within One Year |
| <u>Business-Type Long-Term Debt</u> | | | | | |
| Bonds Payable: | | | | | |
| Full Faith and Credit Refunding Bond, Series 2017 | 1,830,000 | 45,000 | 72,300 | 1,785,000 | 50,000 |
| Total Business-Type Long-Term Debt | <u>1,830,000</u> | <u>45,000</u> | <u>72,300</u> | <u>1,785,000</u> | <u>50,000</u> |
| Bond Issuance Premiums | <u>157,686</u> | <u>6,307</u> | <u>-</u> | <u>151,379</u> | <u>-</u> |
| Business-Type Long-Term Debt net of Unamortized Premiums | <u>\$ 1,987,686</u> | <u>\$ 51,307</u> | <u>\$ 72,300</u> | <u>\$ 1,936,379</u> | <u>\$ 50,000</u> |

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

LONG-TERM DEBT (Cont.):

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

General Obligation and Full Faith and Credit Bonds:

| Due Fiscal Year Ending June 30, | Principal | Interest | Total |
|------------------------------------|----------------------|---------------------|----------------------|
| 2024 | \$ 280,000 | \$ 487,863 | \$ 767,863 |
| 2025 | 300,000 | 477,013 | 777,013 |
| 2026 | 330,000 | 465,363 | 795,363 |
| 2027 | 350,000 | 452,563 | 802,563 |
| 2028 | 370,000 | 438,963 | 808,963 |
| 2029 - 2033 | 2,310,000 | 1,948,813 | 4,258,813 |
| 2034 - 2038 | 2,995,000 | 1,418,613 | 4,413,613 |
| 2039 - 2043 | 2,840,000 | 839,413 | 3,679,413 |
| 2044 - 2048 | 2,220,000 | 191,275 | 2,411,275 |
| Total | <u>\$ 11,995,000</u> | <u>\$ 6,719,875</u> | <u>\$ 18,714,875</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, 2023

PENSION PLAN:

The City of Harrisburg offers various retirement plans to qualified employees as described below.

Name of Pension Plan

The City of Harrisburg participates with other state agencies in the Oregon Public Employees Retirement System (OPERS) which is a cost-sharing multiple-employer defined benefit pension plan.

Description of Benefit Terms

Plan Benefits

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (PERS Board) to administer and manage the System.

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.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project: A new limitation on subject final average salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods was added, (\$210,582 as of January 1, 2022). This amount is indexed annually to the Consumer Price Index (CPI).

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$3,333/month in House Bill 2906 as of June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an “Employee Pension Stability Account.” The Employee Pension Stability Account will be used to pay for part of the member’s future pension benefit.
 - Tier One/Tier Two members: 2.5 percent of each member’s IAP contribution amount, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remainder will continue to go to the member’s existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member’s birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

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.

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 (COLA). The COLA is capped at 2.0 percent.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

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.

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project: A new limitation on subject final average salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods was added (\$210,582 as of January 1, 2022). This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$3,333/mSouth in House Bill 2906 as of June 2021), a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - OPSRP members: 0.75 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPSA. The remaining 5.25 percent of salary will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.

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.

3. Individual Account Program (IAP).

Benefit Terms

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400.

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 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.

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.

4. Postemployment Healthcare Benefits.

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 900 participating employers. 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 costs, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

Description of Funding and Contributions for PERS Benefit Plans

OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to OPERS are calculated based on creditable compensation for active members reported by employers. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The City's employer contributions for the year ended June 30, 2023 were \$155,897 excluding amounts to fund employer specific liabilities.

The contribution rates in effect for the period July 1, 2021 to June 30, 2023 were: Tier1/Tier2 – 22.22%, OPSRP General Service – 19.75%, and OPSRP Police and Fire – 24.11%.

Member Contributions

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

During FY 2022-2023, approximately \$45,147 in employee IAP contributions were paid or picked up by the City.

Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and OPEB (Other Post Employment Benefit) Plans. Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6%) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement.

For **Oregon PERS Defined Benefit Plans**, Effective July 1, 2021, the contribution rate for State Agencies was 20.36%, the State and Local Government Rate Pool 28.08%, Schools 27.54%, Cities 28.64% and Judiciary 24.56% of PERS-covered salaries.

For **Oregon PERS OPSRP Benefit Plans**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Members of OPSRP are required to contribute 6.0% of their salary covered under the plan which is invested in the IAP. For employees in Tier One / Tier two, the Employer makes this contribution on behalf of its members.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

For **Oregon PERS Postemployment Benefit Plans**, for the fiscal year ended June 30, 2023, PERS employers contributed 5.0% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No UAL rate was assigned for the RHIA program as it was funded at over 100% as of December 31, 2019. These rates were based on the December 31, 2019, actuarial valuation.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

ORS 238.415 established the Retiree Health Insurance Premium Account (RHIPA) and requires the Board on or before January 1 of each year to calculate the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the Board and health insurance premiums paid by active state employees.

For **OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Pension Plan CAFR/ ACFR

Oregon PERS produces an independently audited ACFR which can be found at:
[2022-Annual-Comprehensive-Financial-Report.pdf \(oregon.gov\)](#)

Actuarial Valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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 by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

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.

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program's accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses. No UAL rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

| Actuarial Methods and Assumptions Used in Developing Total Pension Liability: | |
|--|--|
| Valuation Date | December 31, 2020 |
| Measurement Date | June 30, 2022 |
| Experience Study | 2020, published July 24, 2021 |
| Actuarial cost method | Entry Age Normal |
| Actuarial assumptions: | |
| Inflation rate | 2.40 percent |
| Long-term expected rate of return | 6.90 percent |
| Discount rate | 6.90 percent |
| Projected salary increases | 3.40 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 | <p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> |

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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

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.

OIC Target and Actual Investment Allocation as of June 30, 2022

| <u>Asset Class/Strategy</u> | <u>OIC Policy Range</u> | <u>OIC Target Allocation</u> | <u>Asset Class/Strategy</u> | <u>Actual Allocation²</u> |
|------------------------------------|-------------------------|------------------------------|-----------------------------|--------------------------------------|
| Debt Securities | 15.0% - 25.0% | 20.0% | Debt Securities | 19.8% |
| Public Equity | 25.0% - 35.0% | 30.0% | Public Equity | 21.2% |
| Real Estate | 7.5% - 17.5% | 12.5% | Real estate | 13.6% |
| Private Equity | 15.0% - 27.5% | 20.0% | Private Equity | 28.0% |
| Risk Parity | 0.0% - 3.5% | 2.5% | Risk Parity | 2.0% |
| Real Assets | 2.5% - 10.0% | 7.5% | Real Assets | 7.9% |
| Diversifying Strategies | 2.5% - 10.0% | 7.5% | Diversifying Strategies | 4.9% |
| Opportunity Portfolio ¹ | 0.0% - 5.0% | 0.0% | Opportunity Portfolio | 2.6% |
| Total | | <u>100%</u> | Total | <u>100%</u> |

¹Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total plan net position.

²Based on the actual investment value at 6/30/2022.

³In October 2021 the Alternatives Portfolio was split into Real Assets and Diversifying Strategies.

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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>Long Term Expected Rate of Return¹</u> | Annual Target Allocation | Annual Arithmetic Return ² | 20-Year Annualized Geometric Mean | Annual Standard Deviation |
|---|--------------------------------|---|---|---------------------------------|
| Global Equity | 30.62% | 7.11% | 5.85% | 17.05% |
| Private Equity | 25.50% | 11.35% | 7.71% | 30.00% |
| Core Fixed Income | 23.75% | 2.80% | 2.73% | 3.85% |
| Real Estate | 12.25% | 6.29% | 5.66% | 12.00% |
| Master Limited Partnerships | 0.75% | 7.65% | 5.71% | 21.30% |
| Infrastructure | 1.50% | 7.24% | 6.26% | 15.00% |
| Commodities | 0.63% | 4.68% | 3.10% | 18.85% |
| Hedge Fund of Funds - Multistrategy | 1.25% | 5.42% | 5.11% | 8.45% |
| Hedge Fund Equity - Hedge | 0.63% | 5.85% | 5.31% | 11.05% |
| Hedge Fund - Macro | 5.62% | 5.33% | 5.06% | 7.90% |
| US Cash ³ | -2.50% | 1.77% | 1.76% | 1.20% |
| Assumed Inflation - Mean | | | 2.40% | 1.65% |

¹Based 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 June 2, 2021.

²The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

Sensitivity Analysis

The following presents the employer’s proportionate share of the net pension liability calculated using the discount rate of 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

| | 1% Decrease 5.90% | Discount Rate 6.90% | 1% Increase 7.90% |
|---|----------------------|------------------------|----------------------|
| Employer's proportionate share of the net pension liability | \$ 1,731,706 | \$ 976,482 | \$ 344,394 |

Changes Since Last Valuation

A summary of key changes implemented after the December 31, 2020 valuation, which was used in the 2022 PERS ACFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published on July 20, 2021, which can be found at: [2020-Experience-Study.pdf \(oregon.gov\)](https://www.oregon.gov/PSERS/Pages/2020-Experience-Study.pdf)

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

PENSION PLAN (Cont.):

Changes in Actuarial Methods and Allocation Procedures

There were no changes in actuarial methods and allocation procedures since the December 31,2020 actuarial valuation.

Changes in Assumptions

The changes in assumptions since the December 31,2020 actuarial valuation, were limited to non-annuitant Police and Fire Mortality, as shown below.

Mortality Rates

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

| Assumption | Recommended December 31, 2020 and 2021 Valuations | Recommended December 31, 2022 and 2023 Valuations |
|--|--|--|
| Healthy Annuitant Mortality | Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale | Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale |
| School District male | Blend 80% Teachers and 20% General Employees, no set back | No change |
| Other General Service male (and male beneficiary) | General Employees, set back 12 months | No change |
| Police & Fire male | Public Safety, no set back | No change |
| School District female | Teachers, no set back | No change |
| Other female (and female beneficiary) | General Employees, no set back | No change |
| Police & Fire female | Public Safety, set back 12 months | No change |
| Disabled Retiree Mortality | Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale | Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale |
| Police & Fire male | Blended 50% Public Safety, 50% Non-Safety, no set back | No change |
| Other General Service male | Non-Safety, set forward 24 months | No change |
| Police & Fire female | Blended 50% Public Safety, 50% Non-Safety, no set back | No change |
| Other General Service female | Non-Safety, set forward 12 months | No change |
| Non-Annuitant Mortality | Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale | Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale |
| School District male | 125% of same table and set back as Non-Disabled Annuitant assumption | No change |
| Other General Service male | 115% of same table and set back as Non-Disabled Annuitant assumption | No change |
| Police & Fire male | 100% of same table and set back as Non-Disabled Annuitant assumption | 125% of same table and set back as Non-Disabled Annuitant assumption |
| School District female | 100% of same table and set back as Non-Disabled Annuitant assumption | No change |
| Other General Service female | 125% of same table and set back as Non-Disabled Annuitant assumption | No change |
| Police & Fire female | 100% of same table and set back as Non-Disabled Annuitant assumption | No change |

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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, 2022, 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, 2022 Oregon PERS ACFR. [2022-Annual-Comprehensive-Financial-Report.pdf \(oregon.gov\)](#).

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

At June 30, 2023, the employer reported a liability of \$976,482 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2022, 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, 2023

PENSION PLAN (Cont.):

At June 30, 2022, the employer's proportion was 0.00637723%

For the year ended June 30, 2023, the employer recognized pension expense of \$70,369. On June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 47,400 | \$ 6,090 |
| Changes of assumptions | 153,215 | 1,400 |
| Net difference between projected and actual earnings on investments | - | 174,576 |
| Changes in proportionate share | 27,798 | 229,970 |
| Differences between employer contributions and employer's proportionate share of system contributions | 5,190 | 116,965 |
| Total Deferred Outflows/Inflows | \$ 233,603 | \$ 529,001 |
| Post-measurement date contributions | 155,897 | N/A |
| Total Deferred Outflow/(Inflow) of Resources | \$ 389,500 | \$ 529,001 |
| Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions | | (295,398) |

Contributions of \$155,897, for PERS defined benefits, were made subsequent to the measurement date, but prior to the end of the District's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in 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:

| Employer subsequent fiscal years | Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions) |
|-------------------------------------|--|
| 1st Fiscal Year | \$ (65,841) |
| 2nd Fiscal Year | (103,113) |
| 3rd Fiscal Year | (148,960) |
| 4th Fiscal Year | 36,289 |
| 5th Fiscal Year | (13,773) |
| Thereafter | - |
| Total | \$ (295,398) |

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

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

Plan Description

The City 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.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

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 [2022-Annual-Comprehensive-Financial-Report.pdf \(oregon.gov\)](#).

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB. For the fiscal year ended June 30, 2021, state agencies contributed 0.06 and 0.12 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA and RHIPA benefits, respectively. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

Contributions

The City's contributions to OPERS' RHIA for the years ended June 30, 2023, 2022, and 2021 were \$101, \$105 and \$95 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, 2021. That independently audited report was dated February 25, 2022 and can be found at:

<https://sos.oregon.gov/audits/Documents/2022-09.pdf>

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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

| Actuarial Methods and Assumptions - OPEB Plans - RHIA | |
|---|--|
| | RHIA |
| Valuation Date | December 31, 2020 |
| Measurement Date | June 30, 2022 |
| Experience Study | 2020, published July 20, 2021 |
| Actuarial cost method | Entry Age Normal |
| Actuarial assumptions: | |
| Inflation rate | 2.40 percent |
| Long-term expected rate of return | 6.90 percent |
| Discount rate | 6.90 percent |
| Projected salary increases | 3.40 percent |
| Retiree healthcare participation | Healthy retirees: 27.5% Disabled retirees: 15% |
| Healthcare cost trend rate | Not applicable |
| Mortality | <p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90 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, 2023

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Table 31 on page 74 shows Milliman’s assumptions for each of the asset classes in which the plans were 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 on page 74. 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://sos.oregon.gov/audits/Documents/2022-09.pdf>

Sensitivity Analysis

The following presents the employer’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

| | 1% Decrease 5.90% | Discount Rate 6.90% | 1% Increase 7.90% |
|--|----------------------|------------------------|----------------------|
| Employer's proportionate share of the net OPEB liability | \$ (13,702) | \$ (15,203) | \$ (16,490) |

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

At June 30, 2022, the City reported a net OPEB RHIA liability/(asset) of \$(15,203) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2022 Consistent with GASB Statement No. 75, paragraph 59(a), The City’s proportion of the net OPEB RHIA 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, 2021, the City’s proportion was 0.00427858 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2022 was \$(1,768).

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 412 |
| Changes of assumptions | 119 | 507 |
| Net difference between projected and actual earnings on investments | - | 1,159 |
| Changes in proportionate share | - | 2,191 |
| Differences between employer contributions and employer's proportionate share of system contributions | - | - |
| Total Deferred Outflows/Inflows | \$ 119 | \$ 4,269 |
| Post-measurement date contributions | 101 | N/A |
| Total Deferred Outflow/(Inflow) of Resources | \$ 220 | \$ 4,269 |
| Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions | | (4,150) |

Contributions of \$105 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 (inflows) of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

Deferred outflows of resources and deferred inflows of resources related to OPEB's will be recognized in OBEB expense as follows:

| Employer subsequent fiscal years | Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions) |
|-------------------------------------|--|
| 1st Fiscal Year | \$ (2,720) |
| 2nd Fiscal Year | (1,070) |
| 3rd Fiscal Year | (732) |
| 4th Fiscal Year | 372 |
| 5th Fiscal Year | - |
| Thereafter | - |
| Total | \$ (4,150) |

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2022 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, 2023

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS:

Retiree Healthcare Insurance Premiums Subsidy

Plan Description

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

Funding Policy

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

At June 30, 2023, the City reported a net OPEB IRSP liability/(asset) of \$39,028 for its proportionate share of the net OPEB IRSP liability/(asset). The OPEB IRSP liability/(asset) was measured as of June 30, 2022, and the total OPEB IRSP liability/(asset) used to calculate the net OPEB IRSP liability/(asset) was determined by an actuarial valuation as of July 1, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), The City’s proportion of the net OPEB IRSP 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, 2021, the City’s OPEB IRSP expense/(income) for the year ended June 30, 2023 was \$3,358.

Actuarial Methods and Assumptions - The City engaged an actuary to perform an evaluation as of July 1, 2022, using entry age normal Actuarial Cost Method. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

| Fiscal Year Ending | June 30, 2022 | June 30, 2023 | June 30, 2024 |
|--|---|---|---|
| Discount Rate | 2.16% | 3.54% | 3.65% |
| Other Key Actuarial Assumptions and Methods | | | |
| Valuation date | July 1, 2020 | July 1, 2022 | July 1, 2022 |
| Measurement date | June 30, 2021 | June 30, 2022 | June 30, 2023 |
| Inflation | 2.50% | 2.40% | 2.40% |
| Salary increases | 3.50% | 3.40% | 3.40% |
| Withdrawal, retirement, and mortality rates | December 31, 2019 Oregon PERS valuation | December 31, 2021 Oregon PERS valuation | December 31, 2021 Oregon PERS valuation |
| Healthy Mortality | 40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate | 35% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate | 35% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate |
| Actuarial cost method | Entry Age Normal | Entry Age Normal | Entry Age Normal |

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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

Discount Rate

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index. The discount rate in effect for the June 30, 2022 reporting date 2.16%, and the discount rate in effect for the June 30, 2023 reporting date is 3.54%.

Health Care Cost Trend

The assumed medical and vision costs will increase 4.25% in the first year (July 1, 2022 premiums compared with July 1, 2021 premiums). In future years, the medical and vision cost trend varies between 6.75% and 3.75%.

Withdrawal, Retirement and Mortality Rates

They are generally using the rates adopted by the Oregon Public Employees Retirement System (OPERS) for its December 31, 2021 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.

Sensitivity Analysis

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

| | 1% Decrease 2.54% | Discount Rate 3.54% | 1% Increase 4.54% |
|---|----------------------|------------------------|----------------------|
| Total OPEB liability from Implicit Rate Subsidy | \$ 41,689 | \$ 39,028 | \$ 36,472 |
| | | | |
| | 1% Decrease | Trend Rate | 1% Increase |
| Total OPEB liability from Implicit Rate Subsidy | \$ 35,009 | \$ 39,028 | \$ 43,713 |

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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

Participation

The following table represents the number of the City's covered participants at the time of the actuarial study:

| <u>Count as of Actuarial date 7/1/2022</u> | <u>PERS Police & Fire</u> | <u>PERS General Service</u> | <u>Total</u> |
|--|---------------------------------------|-------------------------------------|--------------|
| Number of Members | | | |
| Active | 0 | 11 | 11 |
| Retired Members | 0 | 0 | 0 |
| Spouses of Ineligible Retirees | 0 | 0 | 0 |
| Total Participants | 0 | 11 | 11 |
| Spouses of Eligible Retirees | 0 | 0 | 0 |

Changes in Net OPEB IRSP Liability

| Changes in Total OPEB Liability | Increase (Decrease) Total OPEB Liability |
|---|---|
| Balance as of June 30, 2021 | \$ 48,319 |
| Changes for the year: | |
| Service Cost | 3,474 |
| Interest | 1,116 |
| Effect of assumptions or other inputs | (5,880) |
| Benefit payments | (216) |
| <u>Net OPEB Liability at June 30, 2022</u> | <u>\$ 39,028</u> |

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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

Components of OPEB IRSP Expense

| OPEB Expense | <u>July 1, 2022 to June 30, 2023</u> |
|---|---|
| Service cost | 3,474 |
| Interest on total OPEB liability | 1,116 |
| Recognition of Deferred (Inflows)/Outflows of Resources | - |
| Recognition of economic/demographic (gains) or losses | (1,024) |
| Recognition of assumption changes | (208) |
| OPEB Expense | <u><u>\$ 3,358</u></u> |

Schedule of Deferred Inflows and Outflows of Resources for OBEB CIS IRSP

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 6,761 |
| Changes of assumptions or inputs | <u>2,234</u> | <u>5,106</u> |
| Total Deferred Outflows/Inflows | \$ 2,234 | \$ 11,867 |
| Post-measurement date contributions | - | N/A |
| Total Deferred Outflow/(Inflow) of Resources | <u><u>\$ 2,234</u></u> | <u><u>\$ 11,867</u></u> |
| Net Deferred Outflow/(Inflow) of Resources | | <u><u>(9,633)</u></u> |

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB CIS IRSP 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 | \$ (1,232) |
| 2nd Fiscal Year | (1,232) |
| 3rd Fiscal Year | (1,232) |
| 4th Fiscal Year | (1,284) |
| 5th Fiscal Year | (1,776) |
| Thereafter | <u>(2,877)</u> |
| Total | <u><u>\$ (9,633)</u></u> |

CITY OF HARRISBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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 on 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.

INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2023, were as follows:

| <u>Fund</u> | <u>Transfers Out</u> | <u>Transfers In</u> |
|---------------------------------------|--------------------------|-------------------------|
| General Fund | \$ 595,000 | - |
| Community & Economic Development Fund | - | 220,000 |
| Library Fund | - | 85,000 |
| Office Equipment Fund | - | 66,000 |
| Equipment Reserve Fund | - | 78,900 |
| Sewer Fund | 49,300 | 53,000 |
| Storm Drain Reserve Fund | - | 5,000 |
| Street Fund | 26,300 | 170,000 |
| Water Fund | 49,300 | 42,000 |
| Total | <u>\$ 719,900</u> | <u>\$ 719,900</u> |

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

EXPENDITURES OVER APPROPRIATIONS:

The City Expended over Appropriations as follows:

| <u>Fund</u> | <u>Budget</u> | <u>Actual</u> |
|--|---------------|---------------|
| General Fund/Capital Outlay | \$40,000 | \$42,496 |
| Redevelopment Agency Fund/Materials and Supplies | 23,400 | 116,848 |
| Sewer Fund/Debt Service | 117,300 | 121,812 |

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, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|-------------------|-------------------|--|---------------------------------|
| | Original | Final | Amounts (Budgetary Basis) (See Note 1) | Final Budget Over (Under) |
| <u>REVENUES:</u> | | | | |
| Taxes and Assessments | \$ 689,500 | \$ 689,500 | \$ 729,638 | \$ 40,138 |
| Intergovernmental | 117,480 | 117,480 | 134,147 | 16,667 |
| Franchise Fees | 334,820 | 334,820 | 358,344 | 23,524 |
| Licenses and Permits | 13,000 | 13,000 | 7,432 | (5,568) |
| Fines and Forfeitures | 44,550 | 44,550 | 55,111 | 10,561 |
| Investment Revenue | 1,650 | 1,650 | 13,063 | 11,413 |
| Grants | 464,350 | 464,350 | 461,021 | (3,329) |
| Other Revenue | 12,380 | 12,380 | 15,707 | 3,327 |
| Total Revenues | 1,677,730 | 1,677,730 | 1,774,463 | 96,733 |
| <u>EXPENDITURES:</u> | | | | |
| Personnel Services | 523,850 | 523,850 | 476,166 | (47,684) |
| Materials and Services | 1,019,110 | 1,019,110 | 603,334 | (415,776) |
| Capital Outlay | 40,000 | 40,000 | 42,496 | 2,496 |
| Contingency | 302,570 | 302,570 | - | (302,570) |
| Total Expenditures | 1,885,530 | 1,885,530 | 1,121,996 | (763,534) |
| Excess (Deficiency) of Revenues Over Expenditures | (207,800) | (207,800) | 652,467 | 860,267 |
| <u>OTHER FINANCING SOURCES / (USES):</u> | | | | |
| Operating Transfer (Out) | (595,000) | (595,000) | (595,000) | - |
| Total Other Financing Sources (Uses) | (595,000) | (595,000) | (595,000) | - |
| Net Change in Fund Balance | (802,800) | (802,800) | 57,467 | 860,267 |
| Fund Balance - July 1, 2022 | 1,080,000 | 1,080,000 | 1,199,894 | 119,894 |
| Fund Balance - June 30, 2023 | \$ 277,200 | \$ 277,200 | \$ 1,257,361 | \$ 980,161 |

CITY OF HARRISBURG

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

STREET FUND

For the Fiscal Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance with Final Budget Over (Under) |
|--|--------------------------|--------------------------|--|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES:</u> | | | | |
| Intergovernmental | \$ 1,126,500 | \$ 1,126,500 | \$ 355,452 | \$ (771,048) |
| Investment Revenue | 1,440 | 1,440 | 11,401 | 9,961 |
| Miscellaneous Revenue | 900 | 900 | 600 | (300) |
| Total Revenues | <u>1,128,840</u> | <u>1,128,840</u> | <u>367,453</u> | <u>(761,387)</u> |
| <u>EXPENDITURES:</u> | | | | |
| Personnel Services | 52,670 | 52,670 | 42,696 | (9,974) |
| Materials and Services | 103,280 | 103,280 | 66,429 | (36,851) |
| Capital Outlay | 853,860 | 853,860 | 167,544 | (686,316) |
| Contingency | 130,429 | 130,429 | - | (130,429) |
| Total Expenditures | <u>1,140,239</u> | <u>1,140,239</u> | <u>276,669</u> | <u>(863,570)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (11,399) | (11,399) | 90,784 | 102,183 |
| <u>OTHER FINANCING SOURCES / (USES):</u> | | | | |
| Operating Transfer In | 170,000 | 170,000 | 170,000 | - |
| Operating Transfer Out | (26,300) | (26,300) | (26,300) | - |
| Total Other Financing Sources (Uses) | <u>143,700</u> | <u>143,700</u> | <u>143,700</u> | <u>-</u> |
| Net Change In Fund Balance | 132,301 | 132,301 | 234,484 | 102,183 |
| Fund Balance - July 1, 2022 | 167,700 | 167,700 | 304,847 | 137,147 |
| Fund Balance - June 30, 2023 | <u>\$ 300,001</u> | <u>\$ 300,001</u> | <u>\$ 539,331</u> | <u>\$ 239,330</u> |

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, 2023**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance with Final Budget Over (Under) |
|--|------------------|------------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes and Assessments | \$ 232,625 | \$ 232,625 | \$ 459,303 | \$ 226,678 |
| Investment Revenue | 9,980 | 9,980 | 60,171 | 50,191 |
| Total Revenues | 242,605 | 242,605 | 519,474 | 276,869 |
| EXPENDITURES: | | | | |
| Materials and Supplies | 23,400 | 23,400 | 116,848 | 93,448 |
| Capital Outlay | 2,177,955 | 2,177,955 | 90,218 | (2,087,737) |
| Debt Service | 213,800 | 213,800 | 213,800 | - |
| Total Expenditures | 2,415,155 | 2,415,155 | 420,866 | (1,994,289) |
| Excess (Deficiency) of Revenues Over Expenditures | (2,172,550) | (2,172,550) | 98,608 | 2,271,158 |
| OTHER FINANCING SOURCES / (USES): | | | | |
| Loan Proceeds | 9,000 | 9,000 | 8,801 | (199) |
| Total Other Financing Sources | 9,000 | 9,000 | 8,801 | (199) |
| Net Change In Fund Balance | (2,163,550) | (2,163,550) | 107,409 | 2,270,959 |
| Fund Balance - July 1, 2022 | 2,163,550 | 2,163,550 | 2,072,366 | (91,184) |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 2,179,775 | \$ 2,179,775 |

Reconciliation to generally accepted accounting principles basis

| | |
|--|-------------------|
| Net Change in Fund Balance - from above | 107,409 |
| Disbursements of Loan Amounts are Not Expenditures for Fund Financial Reporting | 52,779 |
| Loan Receivable Collections | (13,795) |
| Change in Net Position as Reported in Proprietary Funds | |
| Statement of Revenues, Expenses, and Changes in Net Position | <u>\$ 146,393</u> |

CITY OF HARRISBURG

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

PERS

Last 10 Fiscal Years*

| Fiscal Year Ended June 30, ¹ | Measurement Date | (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 as of Measurement Date | (b/c) | Plan fiduciary net position as a percentage of the total pension liability |
|---|---------------------|--|--|--|---|--|
| | | | | | Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | |
| 2023 | June 30, 2022 | 0.00637723% | \$ 976,482 | \$ 752,443 | 129.77% | 84.5% |
| 2022 | June 30, 2021 | 0.00683647% | 818,085 | 762,339 | 107.31% | 87.6% |
| 2021 | June 30, 2020 | 0.00821571% | 1,792,951 | 537,113 | 333.81% | 75.8% |
| 2020 | June 30, 2019 | 0.00847946% | 1,466,744 | 651,070 | 225.28% | 80.2% |
| 2019 | June 30, 2018 | 0.00745724% | 1,129,674 | 797,117 | 141.72% | 82.1% |
| 2018 | June 30, 2017 | 0.00781471% | 1,053,426 | 757,943 | 138.98% | 83.1% |
| 2017 | June 30, 2016 | 0.00647747% | 972,419 | 701,971 | 138.53% | 91.9% |
| 2016 | June 30, 2015 | 0.00896029% | 514,452 | 703,800 | 73.10% | 91.9% |
| 2015 | June 30, 2014 | 0.00955061% | (216,485) | 589,973 | -36.69% | 103.6% |
| 2014 | June 30, 2013 | 0.00955061% | 487,382 | 833,570 | 58.47% | 92.0% |

CITY OF HARRISBURG

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 |
|------------------------|--|---|---|--------------------------------------|--|
| 2023 | \$ 155,897 | \$ 155,897 | \$ - | \$ 752,443 | 20.72% |
| 2022 | 159,501 | 159,501 | - | \$ 762,339 | 20.92% |
| 2021 | 152,617 | 152,617 | - | \$ 537,113 | 28.41% |
| 2020 | 124,178 | 124,178 | - | \$ 651,070 | 19.07% |
| 2019 | 114,355 | 114,355 | - | \$ 797,117 | 14.35% |
| 2018 | 107,405 | 107,405 | - | \$ 757,943 | 14.17% |
| 2017 | 123,456 | 123,456 | - | \$ 701,971 | 17.59% |
| 2016 | 122,704 | 122,704 | - | \$ 703,800 | 17.43% |
| 2015 | 102,279 | 102,279 | - | \$ 589,973 | 17.34% |
| 2014 | 143,030 | 143,030 | - | \$ 833,570 | 17.16% |

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

| Fiscal Year Ended June 30, ¹ | Measurement Date | (a) | (b) | (c) | (b/c) | Plan fiduciary net position as a percentage of the total pension liability |
|---|---------------------|---|--|---|---|--|
| | | Employer's proportion of the net pension liability (asset) | Employer's proportionate share of the net pension liability (asset) | Employer's covered payroll as of Measurement Date | Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | |
| 2023 | June 30, 2022 | 0.00427858% | \$ (15,203) | \$ 752,443 | -2.02% | 194.6% |
| 2022 | June 30, 2021 | 0.00356319% | (12,236) | 762,339 | -1.61% | 183.9% |
| 2021 | June 30, 2020 | 0.00138483% | (2,822) | 537,113 | -0.53% | 150.1% |
| 2020 | June 30, 2019 | 0.00720404% | (13,921) | 651,070 | -2.14% | 144.4% |
| 2019 | June 30, 2018 | 0.00703468% | (7,853) | 797,117 | -0.99% | 124.0% |
| 2018 | June 30, 2017 | 0.00662924% | (2,767) | 757,943 | -0.37% | 108.9% |
| 2017 | June 30, 2016 | 0.00709781% | 1,927 | 701,971 | 0.27% | 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 payroll | (b/c) Contributions as a percent of covered payroll |
|------------------------|--|---|---|--------------------------------------|---|
| 2023 | \$ 101 | \$ 101 | \$ - | \$ 752,443 | 0.01% |
| 2022 | 105 | 105 | - | 762,339 | 0.01% |
| 2021 | 95 | 95 | - | 537,113 | 0.02% |
| 2020 | 99 | 99 | - | 651,070 | 0.02% |
| 2019 | 3,570 | 3,570 | - | 797,117 | 0.45% |
| 2018 | 3,406 | 3,406 | - | 757,943 | 0.45% |
| 2017 | 3,324 | 3,324 | - | 701,971 | 0.47% |
| 2016 | 3,282 | 3,282 | - | 703,800 | 0.47% |
| 2015 | 2,736 | 2,736 | - | 589,973 | 0.46% |

*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

SUPPLEMENTARY
INFORMATION

Debt Service Fund

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, 2023

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|--------------------------|--------------------------|-----------------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | (Budgetary Basis) (See Note 1) | Over (Under) |
| <u>REVENUES:</u> | | | | |
| Taxes and Assessments | \$ 444,739 | \$ 444,739 | \$ 434,467 | \$ (10,272) |
| Investment Revenue | 435 | 435 | 3,444 | 3,009 |
| Total Revenues | <u>445,174</u> | <u>445,174</u> | <u>437,911</u> | <u>(7,263)</u> |
| <u>EXPENDITURES:</u> | | | | |
| Debt Service | | | | |
| Principal | 90,000 | 90,000 | 90,000 | - |
| Interest and Fees | 327,765 | 327,765 | 327,762 | (3) |
| Total Expenditures | <u>417,765</u> | <u>417,765</u> | <u>417,762</u> | <u>(3)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 27,409 | 27,409 | 20,149 | (7,260) |
| Net Change In Fund Balance | 27,409 | 27,409 | 20,149 | (7,260) |
| Fund Balance - July 1, 2022 | 135,865 | 135,865 | 135,880 | 15 |
| Fund Balance - June 30, 2023 | <u>\$ 163,274</u> | <u>\$ 163,274</u> | <u>\$ 156,029</u> | <u>\$ (7,245)</u> |

SUPPLEMENTARY
INFORMATION

Proprietary Funds

Water Funds

CITY OF HARRISBURG
COMBINING STATEMENT OF NET POSITION
WATER FUNDS
For the Fiscal Year Ended June 30, 2023

| | Water Fund | Water Reserve Fund | Total Water Utility |
|--|-----------------------------|--------------------------|-----------------------------|
| <u>ASSETS:</u> | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 5,591,819 | \$ 195,750 | \$ 5,787,569 |
| Accounts Receivable | 43,259 | - | 43,259 |
| Inventory | 55,472 | - | 55,472 |
| Total Current Assets | <u>5,690,550</u> | <u>195,750</u> | <u>5,886,300</u> |
| Non-Current Assets: | | | |
| Net OPEB Asset (RHIA) | 4,422 | - | 4,422 |
| Capital Assets: | | | |
| Land and Construction In Progress | 1,473,423 | - | 1,473,423 |
| Capital Assets, Net of Depreciation | 4,065,699 | - | 4,065,699 |
| Total Capital Assets | <u>5,539,122</u> | <u>-</u> | <u>5,539,122</u> |
| Total Assets | <u>\$ 11,234,094</u> | <u>\$ 195,750</u> | <u>\$ 11,429,844</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES:</u> | | | |
| Pension Related Deferrals | 158,638 | - | 158,638 |
| OPEB Related Deferrals - RHIA | 1,030 | - | 1,030 |
| OPEB Related Deferrals - CIS | 650 | - | 650 |
| Total Deferred Outflow of Resources | <u>\$ 160,318</u> | <u>\$ -</u> | <u>\$ 160,318</u> |
| <u>LIABILITIES:</u> | | | |
| Current Liabilities: | | | |
| Compensated Absences Payable | 11,796 | - | 11,796 |
| Customer Deposits | 18,645 | - | 18,645 |
| Total Current Liabilities | <u>30,441</u> | <u>-</u> | <u>30,441</u> |
| Long-Term Liabilities: | | | |
| Net Pension Liability | 284,027 | - | 284,027 |
| Net OPEB Obligation - CIS | 11,352 | - | 11,352 |
| Total Long-Term Liabilities | <u>295,379</u> | <u>-</u> | <u>295,379</u> |
| Total Liabilities | <u>\$ 325,820</u> | <u>\$ -</u> | <u>\$ 325,820</u> |
| <u>DEFERRED INFLOW OF RESOURCES:</u> | | | |
| Pension Related Deferrals | 153,870 | - | 153,870 |
| OPEB Related Deferrals - RHIA | 1,242 | - | 1,242 |
| OPEB Related Deferrals - CIS | 3,452 | - | 3,452 |
| Total Deferred Inflow of Resources | <u>\$ 158,564</u> | <u>\$ -</u> | <u>\$ 158,564</u> |
| <u>NET POSITION:</u> | | | |
| Net Investment in Capital Assets | \$ 5,539,122 | \$ - | \$ 5,539,122 |
| Restricted for: | | | |
| Capital Projects | - | 195,750 | 195,750 |
| Net Pension Asset | 4,422 | - | 4,422 |
| Unrestricted | 5,366,483 | - | 5,366,483 |
| Total Net Position | <u>\$ 10,910,027</u> | <u>\$ 195,750</u> | <u>\$ 11,105,777</u> |

CITY OF HARRISBURG

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

WATER FUNDS

For the Fiscal Year Ended June 30, 2023

| | <u>Water Fund</u> | <u>Water Reserve Fund</u> | <u>Total Water Utility</u> |
|---|---------------------|-------------------------------|--------------------------------|
| <u>OPERATING REVENUES:</u> | | | |
| Charges for Services: | | | |
| Water Charges | \$ 621,656 | \$ - | \$ 621,656 |
| Other Revenue | 28,628 | - | 28,628 |
| Total Operating Revenues | 650,284 | - | 650,284 |
| <u>OPERATING EXPENSES:</u> | | | |
| Personnel Services | 336,250 | - | 336,250 |
| Materials and Supplies | 195,934 | - | 195,934 |
| Depreciation | 179,411 | - | 179,411 |
| Total Operating Expenses | 711,595 | - | 711,595 |
| Operating Income (Loss) | (61,311) | - | (61,311) |
| <u>NON-OPERATING REVENUES (EXPENSES):</u> | | | |
| Interest Income | 240,609 | 3,444 | 244,053 |
| Total Non-Operating Revenues (Expenses) | 240,609 | 3,444 | 244,053 |
| Income Before Other Revenues, Expenses, and Transfers | 179,298 | 3,444 | 182,742 |
| <u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u> | | | |
| Transfers In | 42,000 | - | 42,000 |
| Transfers (Out) | (49,300) | - | (49,300) |
| Total Capital Contributions and Transfers | (7,300) | - | (7,300) |
| Change in Net Position | 171,998 | 3,444 | 175,442 |
| Net Position, July 1, 2022 | 10,738,029 | 192,306 | 10,930,335 |
| Net Position, June 30, 2023 | \$10,910,027 | \$ 195,750 | \$11,105,777 |

CITY OF HARRISBURG

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

WATER FUND

For the Fiscal Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance with Final Budget Over (Under) |
|--|-------------------------|-------------------|--|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES:</u> | | | | |
| Charges for Services | \$ 630,200 | \$ 630,200 | \$ 621,656 | \$ (8,544) |
| Investment Revenue | 26,335 | 26,335 | 240,609 | 214,274 |
| Other Revenue | 20,350 | 20,350 | 28,628 | 8,278 |
| Total Revenues | 676,885 | 676,885 | 890,893 | 214,008 |
| <u>EXPENDITURES:</u> | | | | |
| Personnel Services | 516,285 | 516,285 | 421,664 | (94,621) |
| Materials and supplies | 248,130 | 248,130 | 189,223 | (58,907) |
| Capital Outlay | 5,192,200 | 5,192,200 | 294,509 | (4,897,691) |
| Contingency | 22,040 | 22,040 | - | (22,040) |
| Total Expenditures | 5,978,655 | 5,978,655 | 905,396 | (5,073,259) |
| Excess (Deficiency) of Revenues Over Expenditures | (5,301,770) | (5,301,770) | (14,503) | 5,287,267 |
| <u>OTHER FINANCING SOURCES / (USES):</u> | | | | |
| Operating Transfer In | 42,000 | 42,000 | 42,000 | - |
| Operating Transfer (Out) | (49,300) | (49,300) | (49,300) | - |
| Total Other Financing Sources (Uses) | (7,300) | (7,300) | (7,300) | - |
| Net Change In Fund Balance | (5,309,070) | (5,309,070) | (21,803) | 5,287,267 |
| Fund Balance - July 1, 2022 | 5,659,070 | 5,659,070 | 5,699,139 | 40,069 |
| Fund Balance - June 30, 2023 | \$ 350,000 | \$ 350,000 | \$ 5,677,336 | \$ 5,327,336 |

Reconciliation to generally accepted accounting principles basis

| | |
|---|-------------------|
| Net Change in Fund Balance - from above | (21,803) |
| Change in Compensated Absences | (17,228) |
| Change in Pension Expense | 102,642 |
| Capital outlay that is capitalized | 287,798 |
| Depreciation Expense | (179,411) |
| Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position | <u>\$ 171,998</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, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|----------------|--|---------------------------------|
| | Original | Final | Amounts (Budgetary Basis) (See Note 1) | Final Budget Over (Under) |
| <u>REVENUES:</u> | | | | |
| Investment Revenue | \$ 435 | \$ 435 | \$ 3,444 | \$ 3,009 |
| Total Revenues | 435 | 435 | 3,444 | 3,009 |
| <u>EXPENDITURES:</u> | | | | |
| Capital Outlay | 191,355 | 191,355 | - | (191,355) |
| Total Expenditures | 191,355 | 191,355 | - | (191,355) |
| Excess (Deficiency) of Revenues Over Expenditures | (190,920) | (190,920) | 3,444 | 194,364 |
| Net Change In Fund Balance | (190,920) | (190,920) | 3,444 | 194,364 |
| Fund Balance - July 1, 2022 | 190,920 | 190,920 | 192,306 | 1,386 |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 195,750 | \$ 195,750 |

Reconciliation to generally accepted accounting principles basis

| | |
|---|-----------------|
| Net change in fund balance from above | 3,444 |
| Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position | <u>\$ 3,444</u> |

SUPPLEMENTARY
INFORMATION

Proprietary Funds

Sewer Funds

CITY OF HARRISBURG
COMBINING STATEMENT OF NET POSITION
SEWER FUNDS

For the Fiscal Year Ended June 30, 2023

| | Sewer Fund | Sewer Reserve Fund | Total Sewer Utility |
|--|---------------------|-----------------------|------------------------|
| <u>ASSETS:</u> | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 314,380 | \$ 221,954 | \$ 536,334 |
| Accounts Receivable | 62,278 | - | 62,278 |
| Inventory | 5,056 | - | 5,056 |
| Total Current Assets | 381,714 | 221,954 | 603,668 |
| Non-Current Assets: | | | |
| Restricted Cash | - | 125,155 | 125,155 |
| Net OPEB Asset (RHIA) | 7,327 | - | 7,327 |
| Total Non-Current Assets | 7,327 | 125,155 | 132,482 |
| Capital Assets: | | | |
| Land and Construction In Progress | 448,197 | - | 448,197 |
| Depreciable Assets, Net of Depreciation | 3,848,147 | - | 3,848,147 |
| Total Capital Assets | 4,296,344 | - | 4,296,344 |
| Total Assets | \$ 4,685,385 | \$ 347,109 | \$ 5,032,494 |
| <u>DEFERRED OUTFLOW OF RESOURCES:</u> | | | |
| Pension Related Deferrals | 158,562 | - | 158,562 |
| OPEB Related Deferrals - RHIA | 64 | - | 64 |
| OPEB Related Deferrals - CIS | 649 | - | 649 |
| Total Deferred Outflow of Resources | \$ 159,275 | \$ - | \$ 159,275 |
| <u>LIABILITIES:</u> | | | |
| Current Liabilities: | | | |
| Compensated Absences Payable | 11,796 | - | 11,796 |
| Accrued Interest Payable | 4,255 | - | 4,255 |
| Customer Deposits | 18,039 | - | 18,039 |
| Current Portion of Long-Term Liabilities: | | | |
| Bond Payable | 50,000 | - | 50,000 |
| Total Current Liabilities | 84,090 | - | 84,090 |
| Long-Term Liabilities: | | | |
| Noncurrent Portion of Long-Term Liabilities: | | | |
| Bonds Payable (Net of unamortized premium) | 1,886,379 | - | 1,886,379 |
| Net Pension Liability | 283,891 | - | 283,891 |
| Net OPEB Obligation - CIS | 11,347 | - | 11,347 |
| Total Long-Term Liabilities | 2,181,617 | - | 2,181,617 |
| Total Liabilities | \$ 2,265,707 | \$ - | \$ 2,265,707 |
| <u>DEFERRED INFLOW OF RESOURCES:</u> | | | |
| Pension Related Deferrals | 153,796 | - | 153,796 |
| OPEB Related Deferrals - RHIA | 1,241 | - | 1,241 |
| OPEB Related Deferrals - CIS | 3,450 | - | 3,450 |
| Total Deferred Inflow of Resources | \$ 158,487 | \$ - | \$ 158,487 |
| <u>NET POSITION:</u> | | | |
| Net Investment in Capital Assets | \$ 2,359,965 | \$ - | \$ 2,359,965 |
| Restricted for: | | | |
| Debt Service | - | 125,155 | 125,155 |
| Capital Projects | - | 221,954 | 221,954 |
| Net Pension Asset | 7,327 | - | 7,327 |
| Unrestricted | 53,173 | - | 53,173 |
| Total Net Position | \$ 2,420,465 | \$ 347,109 | \$ 2,767,574 |

CITY OF HARRISBURG

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

For the Fiscal Year Ended June 30, 2023

| | <u>Sewer Fund</u> | <u>Sewer Reserve Fund</u> | <u>Total Sewer Utility</u> |
|--|--------------------|-------------------------------|--------------------------------|
| <u>OPERATING REVENUES:</u> | | | |
| Charges for Services: | | | |
| Sewer Charges | \$ 786,923 | \$ - | \$ 786,923 |
| Other Revenue | 10,370 | - | 10,370 |
| Total Operating Revenues | 797,293 | - | 797,293 |
| <u>OPERATING EXPENSES:</u> | | | |
| Personnel Services | 346,731 | - | 346,731 |
| Materials and Supplies | 312,847 | - | 312,847 |
| Depreciation | 249,115 | - | 249,115 |
| Total Operating Expenses | 908,693 | - | 908,693 |
| Operating Income (Loss) | (111,400) | - | (111,400) |
| <u>NON-OPERATING REVENUES (EXPENSES):</u> | | | |
| Interest Income | 8,868 | 3,444 | 12,312 |
| Interest Expense | (65,736) | - | (65,736) |
| Total Non-Operating Revenues (Expenses) | (56,868) | 3,444 | (53,424) |
| Income Before Other Revenues, Expenses, and Transfer | (168,268) | 3,444 | (164,824) |
| <u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u> | | | |
| Transfers In | 53,000 | - | 53,000 |
| Transfers (Out) | (49,300) | - | (49,300) |
| Capital Asset Transfers In | 57,565 | - | 57,565 |
| Capital Asset Transfers (Out) | - | (57,565) | (57,565) |
| Total Capital Contributions and Transfers | 61,265 | (57,565) | 3,700 |
| Change In Net Position | (107,003) | (54,121) | (161,124) |
| Net Position, July 1, 2022 | 2,527,468 | 401,230 | 2,928,698 |
| Net Position, June 30, 2023 | \$2,420,465 | \$ 347,109 | \$2,767,574 |

CITY OF HARRISBURG

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

SEWER FUND

For the Fiscal Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance with Final Budget Over (Under) |
|--|--------------------------|--------------------------|--|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES:</u> | | | | |
| Charges for Services | \$ 817,500 | \$ 817,500 | \$ 786,923 | \$ (30,577) |
| Investment Revenue | 1,090 | 1,090 | 8,868 | 7,778 |
| Other Revenue | 7,440 | 7,440 | 10,370 | 2,930 |
| Total Revenues | <u>826,030</u> | <u>826,030</u> | <u>806,161</u> | <u>(19,869)</u> |
| <u>EXPENDITURES:</u> | | | | |
| Personnel Services | 526,285 | 526,285 | 426,955 | (99,330) |
| Materials and supplies | 240,300 | 240,300 | 210,796 | (29,504) |
| Capital Outlay | 136,000 | 136,000 | 95,092 | (40,908) |
| Debt Service | 117,300 | 117,300 | 121,812 | 4,512 |
| Contingency | 24,715 | 24,715 | - | (24,715) |
| Total Expenditures | <u>1,044,600</u> | <u>1,044,600</u> | <u>854,655</u> | <u>(189,945)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (218,570) | (218,570) | (48,494) | 170,076 |
| <u>OTHER FINANCING SOURCES / (USES):</u> | | | | |
| Operating Transfer In | 53,000 | 53,000 | 53,000 | - |
| Operating Transfer (Out) | (49,300) | (49,300) | (49,300) | - |
| Total Other Financing Sources (Uses) | <u>3,700</u> | <u>3,700</u> | <u>3,700</u> | <u>-</u> |
| Net Change In Fund Balance | (214,870) | (214,870) | (44,794) | 170,076 |
| Fund Balance - July 1, 2022 | 360,600 | 360,600 | 403,957 | 43,357 |
| Fund Balance - June 30, 2023 | <u>\$ 145,730</u> | <u>\$ 145,730</u> | <u>\$ 359,163</u> | <u>\$ 213,433</u> |

Reconciliation to generally accepted accounting principles basis

| | |
|---|---------------------|
| Net change in fund balance from above | (44,794) |
| Change in Compensated Absences | 5,433 |
| Change in Accrued Interest | (4,512) |
| Change in Pension and OPEB Expense | 90,385 |
| Debt Principal Payments | 45,000 |
| Capital outlay that is capitalized | 50,601 |
| Depreciation Expense | <u>(249,115)</u> |
| Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position | <u>\$ (107,002)</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, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|----------------|--|---------------------------------|
| | Original | Final | Amounts (Budgetary Basis) (See Note 1) | Final Budget Over (Under) |
| <u>REVENUES:</u> | | | | |
| Investment Revenue | \$ 435 | \$ 435 | \$ 3,444 | \$ 3,009 |
| Total Revenues | 435 | 435 | 3,444 | 3,009 |
| <u>EXPENDITURES:</u> | | | | |
| Capital Outlay | 417,455 | 417,455 | 57,565 | (359,890) |
| Total Expenditures | 417,455 | 417,455 | 57,565 | (359,890) |
| Excess (Deficiency) of Revenues Over Expenditures | (417,020) | (417,020) | (54,121) | 362,899 |
| Net Change In Fund Balance | (417,020) | (417,020) | (54,121) | 362,899 |
| Fund Balance - July 1, 2022 | 417,020 | 417,020 | 401,230 | (15,790) |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 347,109 | \$ 347,109 |

Reconciliation to generally accepted accounting principles basis

| | |
|---|--------------------|
| Net change in fund balance from above | <u>(54,121)</u> |
| Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position | <u>\$ (54,121)</u> |

SUPPLEMENTARY
INFORMATION

Non – Major
Special Revenue Funds

CITY OF HARRISBURG
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023

| | 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 | Building Permit Fund | Electrical Permit Fund | Total |
|---|---|-----------------------------|------------------------------|-------------------|------------------------------|--------------------------------|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------------|---------------------------|---------------------|
| ASSETS: | | | | | | | | | | | | | | |
| Cash & Investments | \$ 564,001 | \$ 22,363 | \$ 341,472 | \$ 117,183 | \$ 46,702 | \$ 264,373 | \$ 221,398 | \$ 77,325 | \$ 27,067 | \$ 362,553 | \$ 824,715 | \$ 29,388 | \$ 6,037 | \$ 2,904,577 |
| Accounts Receivable | 104 | - | - | - | - | 5,987 | - | - | - | - | - | - | - | 6,091 |
| Assessment Receivable | - | - | - | - | - | - | - | - | - | - | 86,036 | - | - | 86,036 |
| Deposits | - | - | - | - | - | - | - | 138,916 | - | - | - | - | - | 138,916 |
| Total Assets | \$ 564,105 | \$ 22,363 | \$ 341,472 | \$ 117,183 | \$ 46,702 | \$ 270,360 | \$ 221,398 | \$ 216,242 | \$ 27,067 | \$ 362,553 | \$ 910,751 | \$ 29,388 | \$ 6,037 | \$ 3,135,621 |
| LIABILITIES: | | | | | | | | | | | | | | |
| Accounts Payable | 552 | - | - | - | - | - | - | - | - | - | - | - | - | 552 |
| Total Liabilities | 552 | - | - | - | - | - | - | - | - | - | - | - | - | 552 |
| DEFERRED INFLOW OF RESOURCES: | | | | | | | | | | | | | | |
| Uncollected Assessments | - | - | - | - | - | - | - | - | - | - | 86,036 | - | - | 86,036 |
| Total Deferred Inflow of Resources | - | - | - | - | - | - | - | - | - | - | 86,036 | - | - | 86,036 |
| FUND BALANCES: | | | | | | | | | | | | | | |
| Restricted for: | | | | | | | | | | | | | | |
| Capital Projects | - | - | - | - | - | - | 221,397 | 216,241 | 27,066 | 362,553 | 824,715 | - | - | 1,651,972 |
| Committed for: | | | | | | | | | | | | | | |
| Parks and Recreation Programs | - | - | - | - | 46,702 | - | - | - | - | - | - | - | - | 46,702 |
| Community Development Projects | - | - | - | 117,184 | - | - | - | - | - | - | - | - | - | 117,184 |
| Equipment Acquisition | 563,555 | 22,362 | 341,473 | - | - | - | - | - | - | - | - | - | - | 927,390 |
| Public Works | - | - | - | - | - | 270,360 | - | - | - | - | - | 29,388 | 6,037 | 305,785 |
| Total Fund Balances | 563,555 | 22,362 | 341,473 | 117,184 | 46,702 | 270,360 | 221,397 | 216,241 | 27,066 | 362,553 | 824,715 | 29,388 | 6,037 | 3,049,033 |
| Total Liabilities, Deferred Inflows, and Fund Balances | \$ 564,107 | \$ 22,362 | \$ 341,473 | \$ 117,184 | \$ 46,702 | \$ 270,360 | \$ 221,397 | \$ 216,241 | \$ 27,066 | \$ 362,553 | \$ 910,751 | \$ 29,388 | \$ 6,037 | \$ 3,135,621 |

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, 2023

| | 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 | Building Permit Fund | Electrical Permit Fund | Total |
|--|---|-----------------------------|------------------------------|------------------|------------------------------|--------------------------------|------------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------|---------------------------|--------------------|
| REVENUES: | | | | | | | | | | | | | | |
| Taxes and Assessments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 67,657 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 67,657 |
| Intergovernmental | - | - | - | - | 2,580 | - | - | - | - | - | - | - | - | 2,580 |
| Charges for Services | - | - | - | - | - | - | 12,875 | 8,500 | 3,326 | 25,332 | 21,540 | 30,699 | 7,881 | 110,153 |
| Investment Revenue | 3,761 | 238 | 3,088 | 792 | 475 | 4,195 | 5,146 | 3,761 | 1,346 | 3,444 | 10,332 | - | - | 36,578 |
| Other Revenue | 11,862 | - | - | 22,369 | - | - | - | - | - | - | - | - | - | 34,231 |
| Total Revenues | 15,623 | 238 | 3,088 | 23,161 | 3,055 | 71,852 | 18,021 | 12,261 | 4,672 | 28,776 | 31,872 | 30,699 | 7,881 | 251,199 |
| EXPENDITURES: | | | | | | | | | | | | | | |
| General Government | 12,050 | 53,857 | - | - | - | - | - | - | - | - | - | - | - | 65,907 |
| Highways and Street | - | - | - | - | - | 18,713 | - | - | - | - | - | 16,238 | 5,511 | 40,462 |
| Culture and Recreation | - | - | - | 82,314 | - | - | - | - | - | - | - | - | - | 82,314 |
| Capital Outlay | - | 3,393 | 19,351 | 3,987 | - | 20,424 | 175,547 | 20,685 | 87,592 | 36,902 | 73,457 | - | - | 441,338 |
| Total Expenditures | 12,050 | 57,250 | 19,351 | 86,301 | - | 39,137 | 175,547 | 20,685 | 87,592 | 36,902 | 73,457 | 16,238 | 5,511 | 630,021 |
| Excess (Deficiency) of Revenues Over Expenditures | 3,573 | (57,012) | (16,263) | (63,140) | 3,055 | 32,715 | (157,526) | (8,424) | (82,920) | (8,126) | (41,585) | 14,461 | 2,370 | (378,822) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | | | | |
| Operating Transfers In | 220,000 | 66,000 | 78,900 | 85,000 | - | 5,000 | - | - | - | - | - | - | - | 454,900 |
| Total Other Financing Sources (Uses) | 220,000 | 66,000 | 78,900 | 85,000 | - | 5,000 | - | - | - | - | - | - | - | 454,900 |
| Net Change in Fund Balances | 223,573 | 8,988 | 62,637 | 21,860 | 3,055 | 37,715 | (157,526) | (8,424) | (82,920) | (8,126) | (41,585) | 14,461 | 2,370 | 76,078 |
| Fund Balances - July 1, 2022 | 339,982 | 13,374 | 278,836 | 95,324 | 43,647 | 232,645 | 378,923 | 224,665 | 109,986 | 370,679 | 866,300 | 14,927 | 3,666 | 2,972,954 |
| Fund Balances - June 30, 2023 | \$ 563,555 | \$ 22,362 | \$341,473 | \$117,184 | \$46,702 | \$ 270,360 | \$221,397 | \$216,241 | \$ 27,066 | \$362,553 | \$824,715 | \$ 29,388 | \$ 6,036 | \$3,049,032 |

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, 2023

| | <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> | |
| <u>REVENUES:</u> | | | | |
| Investment Revenue | \$ 475 | \$ 475 | \$ 3,761 | \$ 3,286 |
| Other Revenue | 12,500 | 12,500 | 11,862 | (638) |
| Total Revenues | 12,975 | 12,975 | 15,623 | 2,648 |
| <u>EXPENDITURES:</u> | | | | |
| Materials and Services | 292,700 | 292,700 | 12,050 | (280,650) |
| Capital Outlay | 271,810 | 271,810 | - | (271,810) |
| Total Expenditures | 564,510 | 564,510 | 12,050 | (552,460) |
| Excess (Deficiency) of Revenues Over Expenditures | (551,535) | (551,535) | 3,573 | 555,108 |
| <u>OTHER FINANCING SOURCES / (USES):</u> | | | | |
| Operating Transfer In | 220,000 | 220,000 | 220,000 | - |
| Total Other Financing Sources (Uses) | 220,000 | 220,000 | 220,000 | - |
| Net Change in Fund Balance | (331,535) | (331,535) | 223,573 | 555,108 |
| Fund Balance - July 1, 2022 | 331,535 | 331,535 | 339,982 | 8,447 |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 563,555 | \$ 563,555 |

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, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|---------------|--|---------------------------------|
| | Original | Final | Amounts (Budgetary Basis) (See Note 1) | Final Budget Over (Under) |
| REVENUES: | | | | |
| Investment Revenue | \$ 30 | \$ 30 | \$ 238 | \$ 208 |
| Total Revenues | 30 | 30 | 238 | 208 |
| EXPENDITURES: | | | | |
| Materials and Services | 60,000 | 60,000 | 53,857 | (6,143) |
| Capital Outlay | 35,310 | 35,310 | 3,393 | (31,917) |
| Total Expenditures | 95,310 | 95,310 | 57,250 | (38,060) |
| Excess (Deficiency) of Revenues Over Expenditures | (95,280) | (95,280) | (57,012) | 38,268 |
| OTHER FINANCING SOURCES / (USES): | | | | |
| Operating Transfer In | 66,000 | 66,000 | 66,000 | - |
| Total Other Financing Sources (Uses) | 66,000 | 66,000 | 66,000 | - |
| Net Change In Fund Balance | (29,280) | (29,280) | 8,988 | 38,268 |
| Fund Balance - July 1, 2022 | 29,280 | 29,280 | 13,374 | (15,906) |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 22,362 | \$ 22,362 |

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, 2023

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance with Final Budget Over (Under) |
|--|------------------|----------------|--|--|
| | Original | Final | | |
| <u>REVENUES:</u> | | | | |
| Investment Revenue | \$ 390 | \$ 390 | \$ 3,088 | \$ 2,698 |
| Total Revenues | 390 | 390 | 3,088 | 2,698 |
| <u>EXPENDITURES:</u> | | | | |
| Capital Outlay | 356,970 | 356,970 | 19,351 | (337,619) |
| Total Expenditures | 356,970 | 356,970 | 19,351 | (337,619) |
| Excess (Deficiency) of Revenues Over Expenditures | (356,580) | (356,580) | (16,263) | 340,317 |
| <u>OTHER FINANCING SOURCES / (USES):</u> | | | | |
| Operating Transfer In | 78,900 | 78,900 | 78,900 | - |
| Total Other Financing Sources (Uses) | 78,900 | 78,900 | 78,900 | - |
| Net Change In Fund Balance | (277,680) | (277,680) | 62,637 | 340,317 |
| Fund Balance - July 1, 2022 | 277,680 | 277,680 | 278,836 | 1,156 |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 341,473 | \$ 341,473 |

CITY OF HARRISBURG

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

LIBRARY FUND

For the Fiscal Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | Actual | Variance with |
|--|-------------------------|------------------|--|---------------------------------|
| | <u>Original</u> | <u>Final</u> | Amounts (Budgetary Basis) (See Note 1) | Final Budget Over (Under) |
| <u>REVENUES:</u> | | | | |
| Investment Revenue | \$ 100 | \$ 100 | \$ 792 | \$ 692 |
| Miscellaneous Revenue | 19,250 | 19,250 | 22,369 | 3,119 |
| Total Revenues | 19,350 | 19,350 | 23,161 | 3,811 |
| <u>EXPENDITURES:</u> | | | | |
| Personnel Services | 63,210 | 63,210 | 49,118 | (14,092) |
| Materials and Services | 45,165 | 45,165 | 33,196 | (11,969) |
| Capital Outlay | 8,000 | 8,000 | 3,987 | (4,013) |
| Contingency | 17,805 | 17,805 | - | (17,805) |
| Total Expenditures | 134,180 | 134,180 | 86,301 | (47,879) |
| Excess (Deficiency) of Revenues Over Expenditures | (114,830) | (114,830) | (63,140) | 51,690 |
| <u>OTHER FINANCING SOURCES / (USES):</u> | | | | |
| Operating Transfer In | 85,000 | 85,000 | 85,000 | - |
| Total Other Financing Sources (Uses) | 85,000 | 85,000 | 85,000 | - |
| Net Change In Fund Balance | (29,830) | (29,830) | 21,860 | 51,690 |
| Fund Balance - July 1, 2022 | 91,000 | 91,000 | 95,324 | 4,324 |
| Fund Balance - June 30, 2023 | \$ 61,170 | \$ 61,170 | \$ 117,184 | \$ 56,014 |

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, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|-------------------------------------|-------------------------|---------------|--------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | <u>(Budgetary Basis)</u> | <u>Over</u> |
| | | | <u>(See Note 1)</u> | <u>(Under)</u> |
| <u>REVENUES:</u> | | | | |
| Intergovernmental | \$ 2,795 | \$ 2,795 | \$ 2,580 | \$ (215) |
| Investment Revenue | 60 | 60 | 475 | 415 |
| Total Revenues | 2,855 | 2,855 | 3,055 | 200 |
| <u>EXPENDITURES:</u> | | | | |
| Capital Outlay | 46,505 | 46,505 | - | (46,505) |
| Total Expenditures | 46,505 | 46,505 | - | (46,505) |
| Net Change In Fund Balance | (43,650) | (43,650) | 3,055 | 46,705 |
| Fund Balance - July 1, 2022 | 43,650 | 43,650 | 43,647 | (3) |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 46,702 | \$ 46,702 |

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, 2023

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|----------------|--|---------------------------------|
| | Original | Final | Amounts (Budgetary Basis) (See Note 1) | Final Budget Over (Under) |
| <u>REVENUES:</u> | | | | |
| Taxes and Assessments | \$ 67,320 | \$ 67,320 | \$ 67,657 | \$ 337 |
| Investment Revenue | 560 | 560 | 4,195 | 3,635 |
| Total Revenues | 67,880 | 67,880 | 71,852 | 3,972 |
| <u>EXPENDITURES:</u> | | | | |
| Materials and Services | 20,000 | 20,000 | 18,713 | (1,287) |
| Capital Outlay | 283,680 | 283,680 | 20,424 | (263,256) |
| Contingency | - | - | - | - |
| Total Expenditures | 303,680 | 303,680 | 39,137 | (264,543) |
| Excess (Deficiency) of Revenues Over Expenditures | (235,800) | (235,800) | 32,715 | 268,515 |
| <u>OTHER FINANCING SOURCES / (USES):</u> | | | | |
| Operating Transfer In | 5,000 | 5,000 | 5,000 | - |
| Total Other Financing Sources | 5,000 | 5,000 | 5,000 | - |
| Net Change In Fund Balance | (230,800) | (230,800) | 37,715 | 268,515 |
| Fund Balance - July 1, 2022 | 230,800 | 230,800 | 232,645 | 1,845 |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 270,360 | \$ 270,360 |

Reconciliation to Generally Accepted Accounting Principal Basis (GAAP):

| | |
|--|------------------|
| Net change in fund balance from above | 37,715 |
| Change in Net Position as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Position | <u>\$ 37,715</u> |

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, 2023

| | <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>Original</u> | <u>Final</u> | <u>(See Note 1)</u> | <u>(Under)</u> |
| <u>REVENUES:</u> | | | | |
| System Development Charges | \$ 18,270 | \$ 18,270 | \$ 12,875 | \$ (5,395) |
| Investment Revenue | 650 | 650 | 5,146 | 4,496 |
| Total Revenues | 18,920 | 18,920 | 18,021 | (899) |
| <u>EXPENDITURES:</u> | | | | |
| Capital Outlay | 347,855 | 347,855 | 175,547 | (172,308) |
| Total Expenditures | 347,855 | 347,855 | 175,547 | (172,308) |
| Net Change in Fund Balance | (328,935) | (328,935) | (157,526) | 171,409 |
| Fund Balance - July 1, 2022 | 328,935 | 328,935 | 378,923 | 49,988 |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 221,397 | \$ 221,397 |

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, 2023

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|----------------|-----------------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | (Budgetary Basis) (See Note 1) | Over (Under) |
| <u>REVENUES:</u> | | | | |
| System Development Charges | \$ 10,795 | \$ 10,795 | \$ 8,500 | \$ (2,295) |
| Investment Revenue | 475 | 475 | 3,761 | 3,286 |
| Total Revenues | 11,270 | 11,270 | 12,261 | 991 |
| <u>EXPENDITURES:</u> | | | | |
| Capital Outlay | 245,235 | 245,235 | 20,685 | (224,550) |
| Total Expenditures | 245,235 | 245,235 | 20,685 | (224,550) |
| Excess (Deficiency) of Revenues Over Expenditures | (233,965) | (233,965) | (8,424) | 225,541 |
| Net Change in Fund Balance | (233,965) | (233,965) | (8,424) | 225,541 |
| Fund Balance - July 1, 2022 | 233,965 | 233,965 | 224,665 | (9,300) |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 216,241 | \$ 216,241 |

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, 2023

| | <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> | |
| <u>REVENUES:</u> | | | | |
| System Development Charges | \$ 2,695 | \$ 2,695 | \$ 3,326 | \$ 631 |
| Investment Revenue | 170 | 170 | 1,346 | 1,176 |
| Total Revenues | 2,865 | 2,865 | 4,672 | 1,807 |
| <u>EXPENDITURES:</u> | | | | |
| Capital Outlay | 112,825 | 112,825 | 87,592 | (25,233) |
| Total Expenditures | 112,825 | 112,825 | 87,592 | (25,233) |
| Excess (Deficiency) of Revenues Over Expenditures | (109,960) | (109,960) | (82,920) | 27,040 |
| Net Change in Fund Balance | (109,960) | (109,960) | (82,920) | 27,040 |
| Fund Balance - July 1, 2022 | 109,960 | 109,960 | 109,986 | 26 |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 27,066 | \$ 27,066 |

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, 2023

| | <u>Budgeted Amounts</u> | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance with Final Budget Over (Under) |
|--|-------------------------|----------------|--|--|
| | <u>Original</u> | <u>Final</u> | | |
| <u>REVENUES:</u> | | | | |
| System Development Charges | \$ 25,330 | \$ 25,330 | \$ 25,332 | \$ 2 |
| Investment Revenue | 435 | 435 | 3,444 | 3,009 |
| Total Revenues | 25,765 | 25,765 | 28,776 | 3,011 |
| <u>EXPENDITURES:</u> | | | | |
| Capital Outlay | 396,380 | 396,380 | 36,902 | (359,478) |
| Total Expenditures | 396,380 | 396,380 | 36,902 | (359,478) |
| Excess (Deficiency) of Revenues Over Expenditures | (370,615) | (370,615) | (8,126) | 362,489 |
| Net Change in Fund Balance | (370,615) | (370,615) | (8,126) | 362,489 |
| Fund Balance - July 1, 2022 | 370,615 | 370,615 | 370,679 | 64 |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 362,553 | \$ 362,553 |

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, 2023

| | Budgeted Amounts | | Actual | Variance with |
|-------------------------------------|------------------|----------------|--|---------------------------------|
| | Original | Final | Amounts (Budgetary Basis) (See Note 1) | Final Budget Over (Under) |
| <u>REVENUES:</u> | | | | |
| System Development Charges | \$ 21,535 | \$ 21,535 | \$ 21,540 | \$ 5 |
| Investment Revenue | 1,305 | 1,305 | 10,332 | 9,027 |
| Total Revenues | 22,840 | 22,840 | 31,872 | 9,032 |
| <u>EXPENDITURES:</u> | | | | |
| Capital Outlay | 888,965 | 888,965 | 73,457 | (815,508) |
| Total Expenditures | 888,965 | 888,965 | 73,457 | (815,508) |
| Net Change in Fund Balance | (866,125) | (866,125) | (41,585) | 824,540 |
| Fund Balance - July 1, 2022 | 866,125 | 866,125 | 866,300 | 175 |
| Fund Balance - June 30, 2023 | \$ - | \$ - | \$ 824,715 | \$ 824,715 |

OTHER
INFORMATION

Additional
Supporting Schedules

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2023

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 was divided at inception between the City (\$2,405,000) and City's Urban Renewal Agency (\$2,405,000).

Current Year Activity:

| | Outstanding Balance July 1, 2022 | New Issues and Interest Matured | Principal and Interest Retired | Outstanding Balance June 30, 2023 | Due Within One Year |
|--------------|--|---------------------------------------|--------------------------------------|---|---------------------------|
| Principal | \$ 1,830,000 | \$ - | \$ 45,000 | \$ 1,785,000 | \$ 50,000 |
| Interest | - | 72,300 | 72,300 | - | 71,400 |
| Total | \$ 1,830,000 | \$ 72,300 | \$ 117,300 | \$ 1,785,000 | \$ 121,400 |

Future Requirements:

| | Fiscal Year Ended June 30, | Principal | Interest | Total | Interest Rate |
|--------------|-------------------------------|---------------------|-------------------|---------------------|------------------|
| | 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 | | \$ 1,785,000 | \$ 978,000 | \$ 2,763,000 | |

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2023

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, 2022 | New Issues and Interest Matured | Principal and Interest Retired | Outstanding Balance June 30, 2023 | Due Within One Year |
|--------------|--|---------------------------------------|--------------------------------------|---|---------------------------|
| Principal | \$ 760,000 | \$ - | \$ 35,000 | \$ 725,000 | \$ 35,000 |
| Interest | - | 28,550 | 28,550 | - | 27,500 |
| Total | \$ 760,000 | \$ 28,550 | \$ 63,550 | \$ 725,000 | \$ 62,500 |

Future Requirements:

| | Fiscal Year Ended June 30, | Principal | Interest | Total | Interest Rate |
|--------------|-------------------------------|-------------------|-------------------|-------------------|---------------|
| | 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 | | \$ 725,000 | \$ 258,150 | \$ 983,150 | |

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2023

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%. This is the Urban Renewal Agency's share of Full Faith and Credit Refunding Bond, Series 2017 entered into with US Bank for refinancing of USDA Revenue Bonds for Sewer Projects.

Current Year Activity:

| | Outstanding Balance July 1, 2022 | New Issues and Interest Matured | Principal and Interest Retired | Outstanding Balance June 30, 2023 | Due Within One Year |
|--------------|--|---------------------------------------|--------------------------------------|---|---------------------------|
| Principal | \$ 2,405,000 | \$ - | \$ 120,000 | \$ 2,285,000 | \$ 125,000 |
| Interest | - | 93,800 | 93,800 | - | 91,400 |
| Total | \$ 2,405,000 | \$ 93,800 | \$ 213,800 | \$ 2,285,000 | \$ 216,400 |

Future Requirements:

| | Fiscal Year Ended June 30, | Principal | Interest | Total | Interest Rate |
|--------------|-------------------------------|---------------------|-------------------|---------------------|------------------|
| | 2024 | \$ 125,000 | \$ 91,400 | \$ 216,400 | 4.00% |
| | 2025 | 130,000 | 86,400 | 216,400 | 4.00% |
| | 2026 | 135,000 | 81,200 | 216,200 | 4.00% |
| | 2027 | 140,000 | 75,800 | 215,800 | 4.00% |
| | 2028 | 145,000 | 70,200 | 215,200 | 4.00% |
| | 2029 | 150,000 | 64,400 | 214,400 | 4.00% |
| | 2030 | 160,000 | 58,400 | 218,400 | 4.00% |
| | 2031 | 165,000 | 52,000 | 217,000 | 4.00% |
| | 2032 | 170,000 | 45,400 | 215,400 | 4.00% |
| | 2033 | 180,000 | 38,600 | 218,600 | 4.00% |
| | 2034 | 185,000 | 31,400 | 216,400 | 4.00% |
| | 2035 | 190,000 | 24,000 | 214,000 | 4.00% |
| | 2036 | 200,000 | 16,400 | 216,400 | 4.00% |
| | 2037 | 210,000 | 8,400 | 218,400 | 4.00% |
| Total | | \$ 2,285,000 | \$ 744,000 | \$ 3,029,000 | |

CITY OF HARRISBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2023

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, 2022 | New Issues and Interest Matured | Principal and Interest Retired | Outstanding Balance June 30, 2023 | Due Within One Year |
|--------------|--|---------------------------------------|--------------------------------------|---|---------------------------|
| Principal | \$ 7,255,000 | \$ - | \$ 55,000 | \$ 7,200,000 | \$ 70,000 |
| Interest | - | 299,212 | 299,212 | - | 297,563 |
| Total | \$ 7,255,000 | \$ 299,212 | \$ 354,212 | \$ 7,200,000 | \$ 367,563 |

Future Requirements:

| | Fiscal Year Ended June 30, | Principal | Interest | Total | Interest Rate |
|--------------|-------------------------------|---------------------|---------------------|----------------------|---------------|
| | 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% |
| Total | | \$ 7,200,000 | \$ 4,739,725 | \$ 11,939,725 | |

REPORTS ON OTHER LEGAL
AND
REGULATORY REQUIREMENTS

CITY OF HARRISBURG
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS
As of June 30, 2023

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

We have audited the basic financial statements of the City of Harrisburg as of and for the year ended June 30, 2023 and have issued our report thereon dated March 21, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

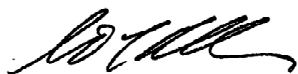
In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000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

- The City made expenditures over Budgeted Appropriations in three funds. See Note in the Notes to the Financial Statements.

OAR 162-10-0230 Internal Control

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

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



Steve Tuhscherer, CPA
Umpqua Valley Financial
Roseburg, Oregon
March 21, 2024