

**URBAN RENEWAL AGENCY OF THE
CITY OF HARRISBURG**
(A Component Unit of the City of Harrisburg)
CITY OF HARRISBURG, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

PO Box 378
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(541) 995-6655

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ADMINISTRATION

CATHY NELSON	Finance Officer
PO Box 378, Harrisburg, OR 97446	
MICHELE ELDRIDGE	City Manager
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LORI ROSS	City Recorder
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and Members
of the Harrisburg Redevelopment Agency, Oregon

Report on the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund, of the Harrisburg Redevelopment Agency, Oregon, (the Agency), a component unit of the City of Harrisburg, Oregon as of and for the year ended June 30, 2024, 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 modified cash basis financial position of the governmental activities and each major fund of the Harrisburg Redevelopment Agency, Oregon, (the Agency), a component unit of the City of Harrisburg, Oregon as of and for the year ended June 30, 2024, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof, for the year then ended in accordance with modified cash basis of accounting described in the Notes to the Financial Statements.

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 the Harrisburg Redevelopment Agency, Oregon (the Agency), a component unit of the 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.

Emphasis of Matter – Basis of Accounting

We draw attention to the Basis of Accounting note in the Notes to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the Basis of Accounting note in the Notes to the financial statements, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 the Agency'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 the 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.

Supplementary Information

Management's discussion and analysis, and the schedules of revenues, expenditures, and changes in fund balances – budget and actuals are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, the Governmental Accounting Standards Board consider 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 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 my 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 Agency's basic financial statements. The schedules of revenues, expenditures, and changes in fund balances – budget and actuals described above 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Harrisburg Redevelopment Agency, Oregon, (the Agency), a component unit of the City of Harrisburg.

The supplementary information 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 introductory information and 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 basic 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 in 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 May 27, 2025, on our consideration of the Agency'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 Agency's compliance.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial LLC
Roseburg, Oregon

May 27, 2025

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

THE HARRISBURG REDEVELOPMENT AGENCY
(A Component Unit of the City of Harrisburg)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2024
Unaudited

The management of the Harrisburg Redevelopment Agency, Oregon (Agency), a component unit of the City of Harrisburg, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the Agency for the fiscal year ending June 30, 2024. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

The discussion and analysis of the Agency's financial performance, using the modified cash basis of accounting, provides an overview of the Agency's modified cash basis activities for the fiscal year that ended June 30, 2024. This discussion and analysis intend to look at the Agency's financial performance as a whole, using the modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Agency's modified cash basis financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2024, are as follows:

- The agency's total assets as of June 30, 2024, were \$2,347,308 as reported on the Statement of Net Position – Modified Cash Basis.
- The Agency's net position as of June 30, 2024, was \$44,066.
- As of June 30, 2024, the Agency reported a combined ending fund balance of \$2,308,589. The entire balance is restricted to Urban Renewal Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the Agency'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.

Other Matters

For the Fiscal Year ending June 30, 2024, and until changed otherwise, the Agency is reporting its Financial Statements using the Modified Cash Basis of Accounting.

Government-wide Financial Statements

The first of the government-wide statements is the Statement of Net Position – Modified Cash Basis. This is the Agency-wide statement presenting information that includes cash and certain other assets and liabilities of the City which the Agency feels are important in providing information that presents an accurate image of the Agency using cash basis of accounting, modified by inclusion of those certain assets and liabilities. In particular, the Agency includes in the Statement of Net Position – Modified Cash Basis amounts representing its capital assets, payroll liabilities, and long-term debt, if any. Certain assets and their related revenues (such as accounts receivable and amounts due from other governments) and certain liabilities (such as accounts payable and expenses for goods or services received but not yet paid) and not recorded in these modified cash basis financial statements. Over time, increases or decreases in net position using the modified basis of accounting may serve as a useful indicator of whether the modified cash position of the Agency as a whole is improving or deteriorating. Evaluation of the overall economic health of the Agency would extend to accrual basis information and other non-financial factors and such as the condition of capital assets.

THE HARRISBURG REDEVELOPMENT AGENCY
(A Component Unit of the City of Harrisburg)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2024
Unaudited

The second government-wide statement is the Statement of Activities which reports how the Agency's net position using modified cash basis of accounting changed during the current fiscal year. All revenues and expenses are recognized when cash is received or paid except for additions to capital assets and reductions in long term debt. An important purpose of the design of the Statement of Activities is to show the financial reliance of the distinct modified cash basis activities or functions of the Agency that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Agency 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 Agency's most significant funds rather than the Agency 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 fund and individual fund statements in a later section of this report. The Agency has one fund which is considered a governmental-type fund.

Governmental funds are also reported using the modified cash basis of accounting. These statements 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 statements are included in the basic financial statements for the General Fund. This statement and schedule demonstrate compliance with the Agency's adopted and final revised budget.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as supplementary information budgetary comparison statements for the General Fund. The supplementary information immediately follows the notes to the financial statements.

THE HARRISBURG REDEVELOPMENT AGENCY
(A Component Unit of the City of Harrisburg)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2024
Unaudited

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Recalling that the Statement of Net Position – Modified Cash Basis provides the perspective of the Agency as a whole. Net position may serve over time as a useful indicator of a government's financial position. The Agency's Net Position – Modified Cash Basis at the fiscal year-end was \$44,066, an increase of \$213,751.

The following table provides a summary of the Agency's modified cash basis net position for the current and prior year.

Summary of Net Position - Modified Cash Basis

	Governmental Activities	
	2024	2023
Assets		
Current and Other Assets	\$ 2,347,308	\$ 2,277,597
Total Assets	<u>2,347,308</u>	<u>2,277,597</u>
Liabilities		
Current Liabilities	130,000	133,021
Long-Term Liabilities	<u>2,173,242</u>	<u>2,314,261</u>
Total Liabilities	<u>2,303,242</u>	<u>2,447,282</u>
Net Position		
Restricted	44,066	(169,685)
Total Net Position	<u>\$ 44,066</u>	<u>\$ (169,685)</u>

THE HARRISBURG REDEVELOPMENT AGENCY
(A Component Unit of the City of Harrisburg)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2024
Unaudited

Changes in Net Position - The Agency's total revenues for the fiscal year ending June 30, 2024, were \$363,809, which represents a 30.86% decrease, amounting to \$162,402. The table below provides a comparative analysis of government-wide revenues, expenses, and changes in Net Position – Modified Cash Basis. The total cost of all programs and services was \$97,242.

Summary of Changes in Net Position - Modified Cash Basis

	Governmental Activities	
	2023-24	2022-23
Revenues		
General Revenues		
Taxes and Assessments	219,818	466,040
Interest & Investment Earnings	105,272	60,171
Other Revenue	38,719	-
Total General Revenueus	<u>363,809</u>	<u>526,211</u>
Total Revenues	<u>363,809</u>	<u>526,211</u>
Program Expenses		
Urban Renewal Projects	16,861	160,981
Interest on Long-Term Debt	80,381	82,459
Total Expenses	<u>97,242</u>	<u>243,440</u>
Equity Transfers	<u>(3,010)</u>	<u>(2,253)</u>
Change in Net Position	263,557	280,518
Beginning Net Position - Restated	(219,491)	(450,203)
Ending Net Position	<u>\$ 44,066</u>	<u>\$(169,685)</u>

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

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

Governmental Funds

As the Agency completed the year, its governmental funds reported a combined modified cash basis fund balance of \$2,308,589. Of the current fund balance the entire amount is restricted for urban renewal projects.

Budgetary Highlights

The General Fund resources were budgeted and anticipated to be collected in the amount of \$265,556 during the fiscal year. Actual resources of \$325,090 were available, \$59,534 more than budgeted. The General Fund expenditures budget was underspent by \$2,218,280.

THE HARRISBURG REDEVELOPMENT AGENCY
(A Component Unit of the City of Harrisburg)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2024
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Agency does not have any capital assets or infrastructure.

Long-Term Debt

As of June 30, 2024, the Agency has an outstanding balance of \$2,160,000. This reflects a principal payment of \$125,000 and interest paid in the amount of \$91,400.

Additional information on the long-term debt can be found in the Notes to the Basic Financial Statements section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The HRA Budget has a beginning balance increase of \$337,417 due to program revenue increases, while this year, Capital Outlay funds have increased by \$361,724, for a total of \$2,523,145. This is revenue that came from the increase in property tax values for properties located in the boundaries of the HRA Plan. Substantial Amendment No. 6 has made the changes to the HRA Plan, which allowed the Water Bond Project properties to be added to the plan, as well as the project amounts to be added. As discovered last year, Revenue Sharing to the other taxing districts is handled by the Linn County Tax Assessor, when the HRA under-levy's the amounts that we collect. The Harrisburg Redevelopment Agency (HRA) has \$50,000 in grant funds still available to continue with property improvement grants this year. HRA loan repayments will continue to improve the funds available, but at a very low percentage

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Agency's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Agency's municipal accountant in the City of Harrisburg at (541) 995-6655. The office is located inside City Hall at 120 Smith St. Harrisburg, OR 97446.

BASIC FINANCIAL
STATEMENTS

Government-Wide
Financial Statements

HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2024

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 2,128,466
Loans Receivable	<u>218,842</u>
Total Assets	<u>2,347,308</u>
<u>LIABILITIES:</u>	
Current Portion of Long-Term Liabilities:	
Bonds Payable	<u>130,000</u>
Total Current Liabilities	<u>130,000</u>
Long-Term Liabilities:	
Noncurrent Portion of Long-Term Liabilities:	
Bonds Payable (Net of unamortized premium)	<u>2,173,242</u>
Total Long-Term Liabilities	<u>2,173,242</u>
Total Liabilities	<u>2,303,242</u>
<u>NET POSITION:</u>	
Restricted	<u>44,066</u>
Total Net Position	<u>\$ 44,066</u>

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

HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2024

Functions / Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Charges for Services	Operating Grants and Contributions	Net Position	
<u>GOVERNMENTAL ACTIVITIES:</u>				
Urban Renewal Projects	\$ 16,861	\$ -	\$ -	\$ (16,861)
Interest on Long- Term Debt	80,381	-	-	(80,381)
Total Governmental Activities	\$ 97,242	\$ -	\$ -	\$ (97,242)
<u>GENERAL REVENUES:</u>				
Taxes				
Property Taxes, Levied for Debt Service				219,818
Interest and Investment Earnings				105,272
Other Revenue				38,719
Subtotal - General Revenues				<u>363,809</u>
Equity Transfers				(3,010)
Change in Net Position				<u>263,557</u>
Net Position, July 1, 2023 - Restated				<u>(219,491)</u>
Net Position, June 30, 2024	\$ 44,066			

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

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements

HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2024

	Urban Renewal General Fund
ASSETS:	
Cash and Investments	\$ 2,128,466
Loans Receivable	218,842
Total Assets	<u>\$ 2,347,308</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	
DEFERRED INFLOWS OF RESOURCES:	
Unavailable Revenue from Loans	38,719
Total Deferred Inflows of Resources	<u>38,719</u>
FUND BALANCES:	
Restricted for:	
Urban Renewal Projects	2,308,589
Total Fund Balances	<u>2,308,589</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 2,347,308</u>

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

HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2024

Total Fund Balances - Governmental Funds \$ 2,308,589

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

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.

Unavailable Revenue from Loans	\$ 38,719
	38,719

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

(2,303,242)

Net Position of Governmental Activities \$ 44,066

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

HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2024

	Urban Renewal General Fund
<u>REVENUES:</u>	
Taxes and Assessments	\$ 219,818
Interest and Investment Earnings	<u>105,272</u>
Total Revenues	<u>325,090</u>
<u>EXPENDITURES:</u>	
Current Operating:	
Materials and Supplies	16,861
Debt Service	
Principal	125,000
Interest	91,400
Capital Outlay	<u>3,010</u>
Total Expenditures	<u>236,271</u>
Excess (Deficiency) of Revenues Over Expenditures	88,819
Net Change in Fund Balance	<u>88,819</u>
Fund Balance - July 1, 2023 - Restated	<u>2,219,770</u>
Fund Balance - June 30, 2024	<u>\$2,308,589</u>

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

HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

RECONCILIATION OF THE STATEMENT

OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Fiscal Year Ended June 30, 2024

Net changes in fund balances - total governmental funds	\$ 88,819
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**Amounts reported for governmental activities in the Statement
of Activities are different because:**

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:

Unavailable Revenue from Loans	38,719
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In the Statement of Activities, bond premiums are amortized over the life of the debt.

Amount of current year amortizations - Bond Premium	11,019
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Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of debt principal is as follows:

General Obligations Bonds	125,000
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Changes in net position of governmental activities	\$ 263,557
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The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

THE HARRISBURG REDEVELOPMENT AGENCY
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The City Council established the Harrisburg Redevelopment Agency (HRA) in 1992 to address blight issues in the community. The agency works within a defined geographic area of the city including the downtown core and portions of industrial lands on the north and south ends of the city.

Per Ordinance Number 819 and amended by Ordinance 821 on November 20, 2018. The URA “Maximum Indebtedness,” as defined by statute is \$8,059,393 and there are 103 acres designated in the Harrisburg Redevelopment Agency. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The governing body is comprised of the members of the City Council as stipulated by the Agency’s bylaws.

The Agency is a separate legal entity, governed by the City of Harrisburg. The Agency Board can impose its will over the Agency as determined based on budget adoption, taxing authority, and funding for the Agency. Therefore, under the criteria set by the Governmental Accounting Standards Board, the Agency is considered a component unit of the City of Harrisburg, and the Agency's financial activities are included as a blended component unit in the basic financial statements of the City of Harrisburg.

Although a component unit of the City of Harrisburg, the Agency exists and operates separately from the City of Harrisburg. Accordingly, the Agency's financial statements will also be included in the financial statements of the City of Harrisburg.

The Agency has no potential component units.

Basis of Presentation

Basic financial statements are presented at both the government-wide and fund financial levels. The Agency's activities are governmental and are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. The effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis.

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

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. The Agency has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

THE HARRISBURG REDEVELOPMENT AGENCY
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

The financial transactions of the Agency are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Agency has elected to report on its only fund, the General Fund, as a major fund to assist in compiling a complete and accurate picture of the financial position of the Agency.

General Fund - The General Fund is the general operating fund of the Agency. It is used to account for all the financial resources. The principal sources of revenue are tax increment revenues and interest on investments.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; the basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements are reported on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America but are accepted for governmental financial reporting under Oregon law (ORS 294.333) which leaves the selection of the method of accounting to the discretion of the Agency. This basis of accounting involves modifications to the cash basis of accounting to report in the Statement of Net Position and Balance Sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. For the Statement of Net Position, such reported balances include capital assets, payroll liabilities, and long-term liabilities, if any arising from cash transactions. For the Balance Sheet, such reported balances include payroll liabilities, if any, arising from cash transactions.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) other economic assets, deferred outflows, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event that would be reported in GAAP basis financial statements are not reported in this modified cash basis presentation, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Agency's practice to use restricted resources first, then unrestricted resources when they are needed.

THE HARRISBURG REDEVELOPMENT AGENCY
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Cash and Investments

For 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 Agency has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the Agency 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 Agency'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 Agency's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. LGIP is stated at cost, which approximates fair value. The fair value of the LGIP is the same as the Agency's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short-Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury on the management and investment options of the LGIP.

Property Taxes

Ad valorem property taxes are levied and become an enforceable lien on property as of July 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Under the modified cash basis of accounting, uncollected property taxes are not recorded on the statement of net position.

Capital Assets

Under the modified basis of accounting, the Agency has elected to not report capital assets, if any, on the statement of net position.

Long-Term Obligations

Bonds, notes, capital leases and other long-term payables, which would be recognized in the government-wide financial statements as liabilities of the Agency using GAAP basis of accounting, are not reported there using modified accrual basis. However, those liabilities are reported in the Notes to the Financial Statements.

In the governmental fund financial statements and the government-wide Statement of Activities, proceeds of long-term debt and acquisitions under capital leases, if any, are reported as other financing sources. Principal and interest payments on long-term debt are recorded as debt service in the expenditure and expense sections of the statements.

THE HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Equity Classifications

Government-Wide Statements - Equity is classified as net position, which represents the difference between asset and liabilities.. Net position is displayed in two components:

1. 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.
2. Unrestricted net position - All other net position funds that do not meet the definition of “restricted”.

The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position funds are available.

Equity Classifications (Cont.).

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 Agency 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 a spendable form or because of legal or contractual constraints. The Agency did not have any nonspendable resources as of June 30, 2024.
- **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 Agency has restricted funds for public works projects.
- **Committed**: This classification includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through resolution of the highest level of decision-making authority, the Agency Board, and does not lapse at year-end. The Agency does not have committed resources as of June 30, 2024.
- **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 Agency Board or through the Agency Board 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 HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

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.

Use of Estimates

The preparation of financial statements, using the modified cash basis of accounting, only requires management to make estimates and assumptions that affect the reported note disclosure amounts of capital assets, when reported, as well as disclosures of contingent assets and liabilities, if any, at the date of the financial. Actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 -Local Budget Law). The Agency is required to budget all funds. The budget is prepared for each fund on the modified cash basis of accounting. For all fund types, inter-fund loans are budgeted as sources and used in accordance with state budget laws. Estimated resources and expenditures are budgeted for by fund and object. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document. The process under which the budget is adopted is described in the following paragraphs.

The Agency Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is the object group level (i.e. personal services, materials and services, capital outlay, and other expenditures). Appropriations lapse at the end of the year.

The Agency Board may change the budget throughout the year by resolution and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year.

CASH AND INVESTMENTS:

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

The Agency 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 Investment note in the Summary of Significant Accounting Principles.

THE HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

CASH AND INVESTMENTS (Cont.):

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. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

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

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

As of June 30, 2024, the reported amount of the Agency's deposits was \$8,121 and the bank balance was \$7,041. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the Agency 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 Agency has no credit risk policy or investment policy that would further limit its investment choices.

The Agency's investments are as follows:

Type of Investment	Fair Value	Credit Rating
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 2,120,345	N/A
Total Investments	<u>\$ 2,120,345</u>	

RISK MANAGEMENT:

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance. There has been no significant reduction in insurance coverage from the prior years and the Agency has not been required to pay any settlements over insurance coverage during the past three fiscal years. The Agency's insurance is provided in combination with the City of Harrisburg.

THE HARRISBURG REDEVELOPMENT AGENCY
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

RESTATEMENT OF BEGINNING FUND BALANCE AND BEGINNING NET POSITION:

Beginning with the fiscal year ending June 30, 2024, the Agency has elected to report using the modified cash basis of accounting. The beginning net position and beginning fund balance as reported on the statement of activities and statement of revenues, expenditures and changes in fund balances have been restated to account for the difference between ending net position (full accrual) and ending fund balance (modified accrual) and beginning net position (modified cash) and beginning fund balance (modified cash).

LONG-TERM DEBT

Long-term debt information, presented separately by governmental and business-type activities, is as follows

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.

The following tables present current changes in those debt obligations and the current portions due for each debt.

<u>Governmental Long-Term Debt</u>	Outstanding Balance July 1, 2023	Principal Paid	Interest Paid	Outstanding Balance June 30, 2024	Due Within One Year
Bonds Payable:					
Full Faith and Credit Project Bond, Series 2017 - HRA Development Projects	\$ 2,285,000	\$ 125,000	\$ 91,400	\$ 2,160,000	\$ 130,000
Total Bonds Payable	2,285,000	125,000	91,400	2,160,000	130,000
Total Governmental Long-Term Debt	\$ 2,285,000	\$ 125,000	\$ 91,400	\$ 2,160,000	\$ 130,000

The HRA has no unused lines of credit.

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

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

SUPPLEMENTARY
INFORMATION

HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

Schedule of Revenues, Expenditures, and Changes In Fund Balance - Modified Cash Basis - Budget and Actual

URBAN RENEWAL GENERAL FUND

For the Year Ended June 30, 2024

	Budgeted Amounts	Actual	Variance with Final Budget
	Original	Final	Over (Under)
<u>REVENUES:</u>			
Taxes and Assessments	\$ 229,556	\$ 229,556	\$ 219,818 \$ (9,738)
Investment Revenue	36,000	36,000	105,272 69,272
Total Revenues	265,556	265,556	325,090 59,534
<u>EXPENDITURES:</u>			
Materials and Supplies	26,730	26,730	16,861 (9,869)
Capital Outlay	2,211,421	2,211,421	3,010 (2,208,411)
Debt Service:	216,400	216,400	216,400 -
Total Expenditures	2,454,551	2,454,551	236,271 (2,218,280)
Excess (Deficiency) of Revenues Over Expenditures	(2,188,995)	(2,188,995)	88,819 2,277,814
<u>OTHER FINANCING SOURCES / (USES):</u>			
Loan Repayment Proceeds	9,000	9,000	9,801 801
Total Other Financing Sources (Uses)	9,000	9,000	9,801 801
Net Change In Fund Balance	(2,179,995)	(2,179,995)	98,620 2,277,013
Fund Balance - July 1, 2023 - Restated	2,179,995	2,179,995	2,175,792 (4,203)
Fund Balance - June 30, 2024	\$ -	\$ -	\$ 2,274,412 \$ 2,274,412
Reconciliation to GAAP Basis Fund Balance			
Fund Balance from Above			2,274,412
Loan Receivable			34,177
Ending Fund Balance - GAAP Basis			\$ 2,308,589

OTHER
INFORMATION

Additional Supporting Schedules

HARRISBURG REDEVELOPMENT AGENCY

(A Component Unit of the City of Harrisburg)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2024

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, 2023	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2024	Due Within One Year
Principal	\$ 2,285,000	\$ -	\$ 125,000	\$ 2,160,000	\$ 130,000
Interest	-	91,400	91,400	-	86,400
Total	<u>\$ 2,285,000</u>	<u>\$ 91,400</u>	<u>\$ 216,400</u>	<u>\$ 2,160,000</u>	<u>\$ 216,400</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2025	130,000	86,400	216,400	4.00%
	2026	135,000	81,200	216,200	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%

REPORT
ON
LEGAL AND
REGULATORY
REQUIREMENTS

THE HARRISBURG REDEVELOPMENT AGENCY

INDEPENDENT AUDITOR'S REPORT **REQUIRED BY OREGON STATE REGULATIONS**

As of June 30, 2024

To the Governing Body of the Harrisburg Redevelopment Agency
Harrisburg, Oregon

We have audited the basic financial statements of the Harrisburg Redevelopment Agency (Agency) as of and for the year ended June 30, 2024 and have issued our report thereon dated May 27, 2025. 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 Agency's 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.**
- **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 Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

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



Ashraf Lakhani-Farishta, CPA
Roseburg, Oregon
May 27, 2025