



HRA Board Meeting Agenda

April 25, 2023

6:30 PM

(The City Council Meeting will recess to begin the HRA Board Meeting)

Chairperson: Robert Duncan
Vice Chairperson: Mike Caughey
Members: Kimberly Downey, Robert Boese, Adam Keaton, Randy Klemm, and Charlotte Thomas
Meeting Location: Harrisburg Municipal Center Located at 354 Smith St

PUBLIC NOTICES:

1. *This meeting is open to the public and will be tape-recorded.*
2. *Copies of the Staff Reports or other written documents relating to each item on the agenda are on file in the office of the City Recorder and are available for public inspection.*
3. *The City Hall Council Chambers are handicapped accessible. Persons with disabilities wishing accommodations, including assisted listening devices and sign language assistance are requested to contact City Hall at 541-995-6655, at least 48 hours prior to the meeting date. If a meeting is held with less than 48 hours' notice, reasonable effort shall be made to have an interpreter present. The requirement for an interpreter does not apply to an emergency meeting. ORS 192.630(5)*
4. *Persons contacting the City for information requiring accessibility for deaf, hard of hearing, or speech-impaired persons, can use TTY 711; call 1-800-735-1232, or for Spanish voice TTY, call 1-800-735-3896.*
5. *The City of Harrisburg does not discriminate against individuals with disabilities, and is an equal opportunity provider.*
6. *For information regarding items of discussion on this agenda, please contact City Recorder Lori Ross, at 541-995-6655*

CALL TO ORDER AND ROLL CALL BY CHAIR PERSON ROBERT DUNCAN

CONCERNED CITIZEN(S) IN THE AUDIENCE. (Please limit presentation to two minutes per issue.)

APPROVAL OF MINUTES

- 1. MOTION TO APPROVE THE MINUTES FOR THE JANUARY 10, 2023 HRA BOARD MEETING**

NEW BUSINESS

- 2. THE MATTER OF DISCUSSING THE HARRISBURG REDEVELOPMENT AGENCY FISCAL YEAR 2021-2022 AUDIT REPORT WITH THE AUDITOR, STEVE TUCHSCHERER**

STAFF REPORT:

Exhibit A: 2021-22 City of Harrisburg HRA Audit Report

ACTION: MOTION TO APPROVE THE HRA'S FISCAL YEAR 2021-2022 AUDIT REPORT, AS PRESENTED BY THE AUDITOR STEVE TUCHSCHERER

- 3. THE MATTER OF APPROVING THE HARRISBURG REDEVELOPMENT AGENCY 2ND QUARTER 2022/2023 EXPENSE REPORT**

STAFF REPORT:

Exhibit A: 2nd Quarter HRA Expense Report Ending December 31, 2022

ACTION: MOTION TO APPROVE THE HRA 2ND QUARTER 2022/2023 EXPENSE REPORT

OTHER

ADJOURN



HRA Board Meeting Minutes January 10, 2023

Chairperson: Robert Duncan, Presiding
 Vice Chairperson: Mike Caughey, Present
 Members Present: Kim Downey, Adam Keaton, Randy Klemm and Charlotte Thomas
 Members Absent: Robert Boese
 Staff Present: City Administrator Michele Eldridge, Public Works Director Chuck Scholz, Finance Officer/ Deputy City Recorder Cathy Nelson and City Recorder/ Municipal Court Clerk Lori Ross
 Location: Harrisburg Municipal Center Located at 354 Smith St

CALL TO ORDER AND ROLL CALL BY CHAIRPERSON ROBERT DUNCAN at the hour of 8:28pm

CONCERNED CITIZEN(S) IN THE AUDIENCE: All in attendance were there for items on the agenda.

APPROVAL OF MINUTES: No comments or concerns.

- Keaton **motioned to approve the minutes for the December 13, 2022 HRA Board Meeting and was seconded by Thomas. The motion passed by a vote of 5-0** (Yes: Caughey, Downey, Keaton, Klemm and Thomas; No: None.)

THE MATTER OF ADOPTING RESOLUTION NO. HRA-65 TO TRANSFER FUNDS FROM INFRASTRUCTURE CONSTRUCTION TO REVENUE SHARING IN THE HRA FUND

STAFF REPORT: Nelson stated to pay the taxing districts revenue sharing, she recommends transferring the funds from Infrastructure Construction for the amount of \$104,977 to the newly created line in Government Services titled Revenue Sharing. She is still waiting to hear back from a few districts, but as of now, the School District is the only one not accepting the funds.

- Klemm **motioned to adopt Resolution No. HRA-65 "A RESOLUTION AUTHORIZING THE TRANSFER OF FUNDS FROM INFRASTRUCTURE CONSTRUCTION TO REVENUE SHARING IN THE HRA FUND" and was seconded by Caughey. The motion passed by a vote of 5-0.** (Yes: Caughey, Downey, Keaton, Klemm and Thomas. No: None.)

January 10, 2023

THE MATTER OF HOLDING AN ANNUAL HRA MEETING AS REQUIRED BY THE HRA BYLAWS, ARTICLE III, SECTION 1

STAFF REPORT: Eldridge commented the HRA has only one outstanding Property Improvement Grant which is the IOOF for \$50,000. She is hoping to have \$50,000 for this year and stated the Air-Thai Restaurant has shown interest in applying.

THE MATTER OF FORMALLY PROCEEDING WITH SUBSTANTIAL AMENDMENT NO. 6 TO THE HARRISBURG URBAN RENEWAL PLAN

STAFF REPORT: Eldridge reviewed the reasoning for HRA Substantial Amendment No. 6. She referred to the updated Exhibit A and Exhibit B that have been provided this evening. (Those exhibits will be included with the minutes.) Eldridge commented that once Amendment No. 6 passes and we go out to bid again on the water project, we would then bring it back to the HRA and pass a resolution stating how the proportionality of the funds will be applied to the project.

- Elaine Howard, with Elaine Howard Consulting, LLC, joined the meeting via Zoom. She referred to Addendum 1 reviewing the steps taken and the future process of Amendment No.6. She stated staff must indicate how much assessed value we want our property taxes levied each year and recommended getting it double checked.
- Klemm asked about the 25% maximum indebtedness and if it was reasonable. Howard responded that it was.
- Eldridge asked about using the 2nd bid from the Water Bond Project. Howard responded she doesn't think anyone will challenge it as everyone wants the project finished.
- Klemm **motioned to move forward the Harrisburg Urban Renewal Plan Substantial Amendment through the formal public review process and was seconded by Downey. The motion passed by a vote of 5-0.** (Yes: Caughey, Thomas, Keaton, Klemm and Thomas; No: None.)

OTHER: None

With no further discussions, the HRA Board Meeting adjourned at the hour of 8:53pm to return to the City Council Work Session.

Chairperson

City Recorder

Exhibit A

Harrisburg Urban Renewal Plan

2023 Substantial Amendment

Proposed new text is shown in double-underline.

Deleted text is shown in ~~strikethrough~~.

SECTION 100. INTRODUCTION

This 2023 Substantial Amendment to the Harrisburg Urban Renewal Plan (Plan) adds parcels and right of way and the following new projects: water quality upgrades as described below in Section 700.

The following are updates to specific portions of the Plan:

SECTION 500. PROPOSED LAND USES

The parcels inside the City, and to be included in this amendment have an industrial comprehensive plan designation.

Within the City Limits, the southern property is zoned as General Industrial District (M-2) at this time.

- General Industrial District (M-2). The M-2 zoning district accommodates a mix of industrial, manufacturing, processing, and related activities, including intensive uses. The district is intended to provide for efficient use of land and public services, employment opportunities, a variety of parcel sizes and locations for industrial uses.

Outside the City Limits, the northern city-owned property is zoned as EFU, Exclusive Farm Use.

Linn County Rural Resource Zone Code Section 928.320(B)(5)

- Utility facilities necessary for public service, including associated transmission lines as defined by ORS 469.300 and wetland waste treatment systems but not including commercial facilities for the purpose of generating power for public use by sale or transmission towers over 200 feet in height.

SECTION 700. DESCRIPTION OF PROJECTS TO BE UNDERTAKEN

6. North Project Site includes approximately 703,685 sq. ft., or 16.15 acres of property at 23914 Peoria Rd, which includes a portion of both 15S04W040000600 & 15S04W0900700:

CMU Building, Pressure Filters (Already purchased), Chlorine Generator (Already purchased), Degasser, Miscellaneous Chemical Piping, Booster Pumps, Fire Pumps, Electrical, Restrooms, HVAC

1,500,000 Gallon Steel Reservoir and Foundation System, Piping, Coatings, Civil Sitework and Landscaping, Yard Piping, Underground Utilities, Landscaping, Drainage Improvements, Instrumentation and Controls Instruments, Controls, Analyzers, PLC, Emergency Generator Engine Generator, and a new Water production Well and Wellhouse.

7. South Project Site is 1.5 acres, and the address is 790 S. 2nd St., or otherwise known as 15S04W16D, Tax Lot 203:

CMU Building, Pressure Filters (Already purchased), Chlorine Generator (Already purchased), Degasser, Miscellaneous Chemical Piping, Booster Pumps, Fire Pumps, Electrical, Restrooms, HVAC

500,000 Gallon Steel Reservoir and Foundation System, Piping, Coatings, Civil Sitework and Landscaping, Yard Piping, Underground Utilities, Landscaping, Drainage Improvements, Instrumentation and Controls Instruments, Controls, Analyzers, PLC, and Emergency Generator Engine Generator.

Exhibit 1 Map - Boundary Replaced in its Entirety
Exhibit 3 Planning Commission Findings 2023
Exhibit 4b Location of Proposed Public Improvements

Exhibit 1. Urban Renewal Boundary Map

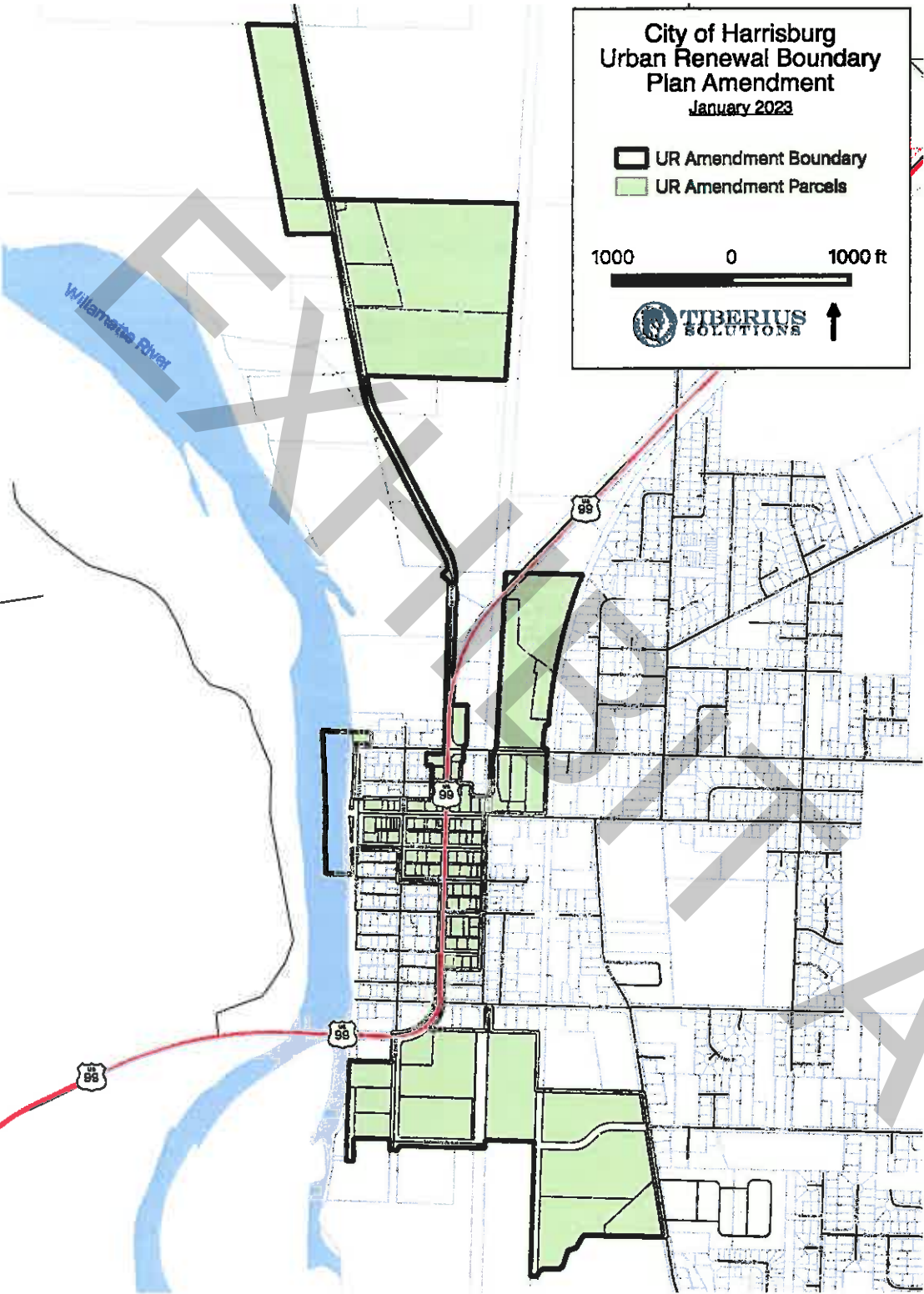


Exhibit 3. Planning Commission Findings 2023

GOAL 11: PUBLIC FACILITIES AND SERVICES

GOALS: To plan and develop a timely, orderly, and efficient arrangement of public facilities and services to serve as a framework for urban development.

POLICIES:

1. Encourage the development of public and private facilities that meet the community's economic, social, cultural, health, and educational needs.
4. Public facilities and services shall be provided to permit the development of an adequate housing supply.
5. High quality water supply and distribution systems shall be maintained to meet current and future domestic, commercial and industrial needs.
6. Future Street shall be planned in a manner that will ensure city water mains can be looped so that adequate water pressure can be provided in all parts of the city.

The projects being added to the plan include looped water systems, and a library and community center that will help facilitate social cultural health and educational needs of the community. Excellent recreational and library facilities help promote housing development. The water quality project being added to the Plan will address the Public Facilities policy of having a high-quality water supply and distribution system, and plays an important part in marketing both commercial and residential properties in Harrisburg.

Exhibit 4b Location of Proposed Public Improvements – Water Quality Projects shown by Blue Stars

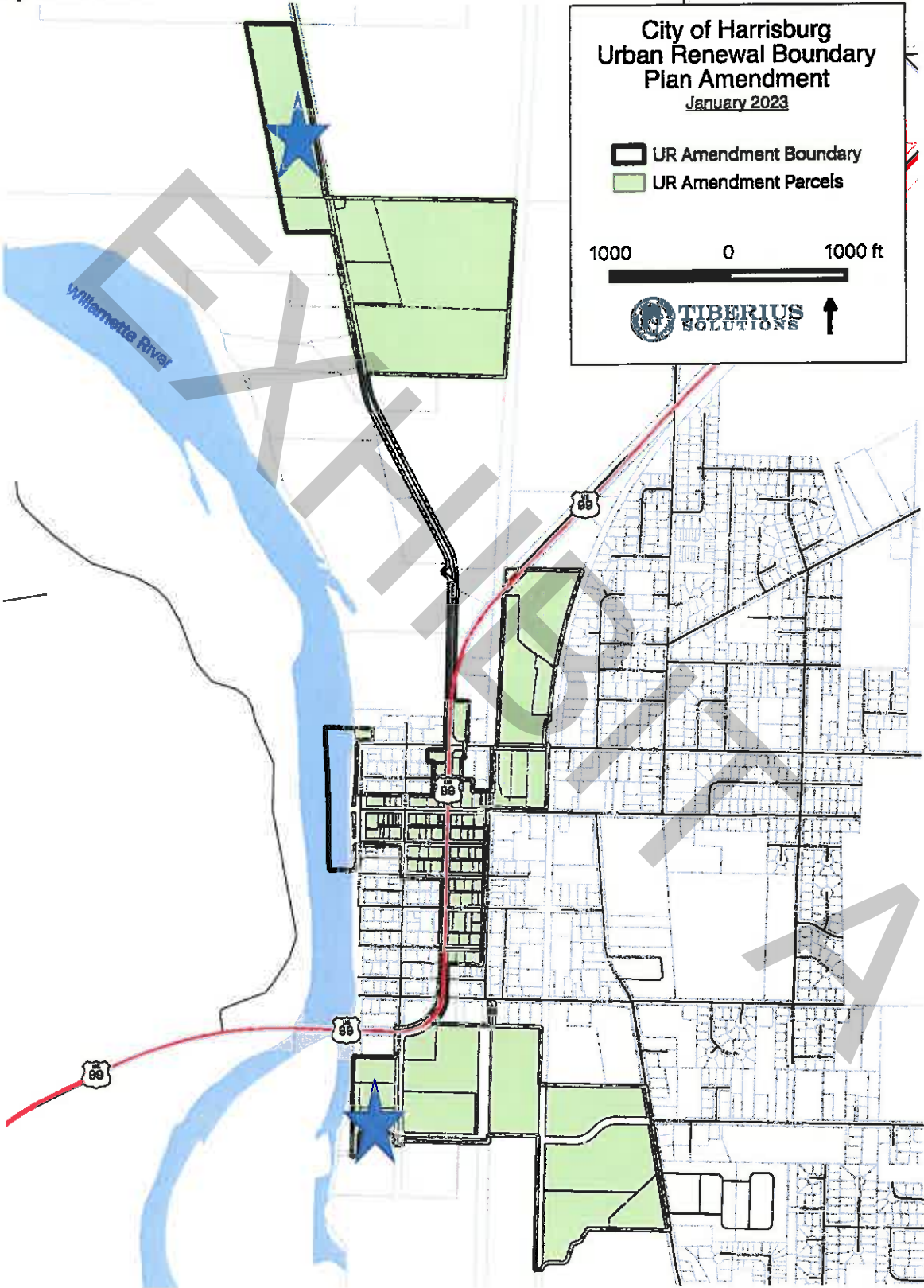


EXHIBIT B
REPORT ACCOMPANYING THE HARRISBURG
URBAN RENEWAL PLAN
SUBSTANTIAL AMENDMENT
AMENDMENT NO. 6

Harrisburg Urban Renewal Area Plan

2023 Substantial Amendment

Approved by the City of Harrisburg

DATE

Ordinance No. _____

EXHIBIT B
DRAFT

TABLE OF CONTENTS

I.	DEFINITIONS	1
II.	INTRODUCTION.....	3
III.	THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA.....	8
IV.	THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS	11
V.	FINANCIAL ANALYSIS OF THE PLAN	12
VI.	THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED.....	15
VII.	THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT	18
VIII.	REVENUE SHARING.....	21
IX.	IMPACT OF THE TAX INCREMENT FINANCING	22
X.	COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA	25
XI.	EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES	26
XII.	REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN	31
XIII.	RELOCATION REPORT	31

I. DEFINITIONS

“Agency” or “HRA” means the Harrisburg Redevelopment Agency (HRA). The HRA is responsible for administration of the tax increment plan.

“Area” means the properties and rights-of-way located with the Harrisburg Urban Renewal Area boundary.

“Blight” is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting the tax increment plan.

“City” means the City of Harrisburg, Oregon.

“City Council” or “Council” means the Harrisburg City Council.

“Comprehensive Plan” means the City of Harrisburg comprehensive land use plan and its implementing ordinances, policies, and standards.

“County” means Linn County, Oregon.

“Fiscal year ending” means the year commencing on July 1 and closing on June 30 of the next year.

“Frozen base” means the total assessed value including all real, personal, manufactured, and utility values within a tax increment area at the time of adoption. The county assessor certifies the assessed value after the adoption of a tax increment plan.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an tax increment area, or portion thereof, over the assessed value specified in the certified statement.

“Maximum indebtedness” means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon Revised Statutes. Chapter 457 specifically relates to urban renewal, also called tax increment in this document.

“Planning Commission” means the Harrisburg Planning Commission.

“Revenue sharing” means under-levying tax increment proceeds to effectively share a portion of the revenue with the other taxing districts who levy permanent rate taxes in the tax increment area as defined in ORS 457.470.

“Tax increment financing (TIF)” is a method of funding tax increment projects and programs through incurring debt that is repaid by the division of taxes accomplished through the adoption of a tax increment plan.

“Tax increment finance revenues” means the funds allocated by the assessor to a tax increment area due to increases in assessed value over the frozen base within the area.

“UGB” means urban growth boundary.

"Tax increment area" (TIA) or "Tax Increment Finance Area" means a blighted area included in an tax increment plan or an area included in an tax increment plan under ORS 457.160.

"Tax increment plan" or "Plan" or "Tax Increment Finance Plan" means a plan, as it exists or is changed or modified from time to time, for one or more tax increment areas, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.

"Tax increment project" or "Tax Increment Project" or "Project" means any work or undertaking carried out under ORS 457 in a tax increment or tax increment finance area.

"Tax increment report" or "Tax Increment Report" or "Report" means the official report that accompanies the tax increment plan pursuant to ORS 457.08

II. INTRODUCTION

The Report Accompanying the Harrisburg Urban Renewal Plan (Report) contains background information and project details that pertain to the Harrisburg Urban Renewal Area Plan (Plan). The Report is not a legal part of the Plan but is intended to provide public information and support the findings made by the Harrisburg City Council as part of the approval of the Plan. The Harrisburg Urban Renewal Plan was established in December of 1992, and has an existing maximum indebtedness of \$8,177,674. To date, there have been four amendments, with the most recent being passed in 2015. These amendments are summarized below:

Amendment 1: Established Maximum Indebtedness of \$2,977,674.

Amendment 2: Authorized expenditures on Public Facilities.

Amendment 3: Authorized acquisition of property

Amendment 4: Increased Maximum Indebtedness to \$3,627,674.

Amendment 5: Increased MI to \$8,177,674 (2015)

Amendment 6: Added property and projects (2023)

This is considered a substantial amendment as it is an increase in acreage over 1% of the existing acreage, and, therefore, will require a City Council vote on a non-emergency ordinance.

The Report provides the analysis required to meet the standards of ORS 457.087, including financial feasibility. The Report accompanying the Plan contains the information required by ORS 457.087, including:

- A description of the physical, social, and economic conditions in the area and expected impact of the plan, including fiscal impact in light of increased services; (ORS 457.087(1))
- Reasons for selection of the plan Area; (ORS 457.087(2))
- The relationship between each project to be undertaken and the existing conditions; (ORS 457.087(3))
- The estimated total cost of each project and the source of funds to pay such costs; (ORS 457.087(4))
- The estimated completion date of each project; (ORS 457.087(5))
- The estimated amount of funds required in the Area and the anticipated year in which the debt will be retired; (ORS 457.087(6))
- A financial analysis of the plan; (ORS 457.087(7))
- A fiscal impact statement that estimates the impact of tax increment financing (TIF) upon all entities levying taxes upon property in the urban renewal area; (ORS 457.087(8))
- A relocation report. (ORS 457.087(9))

The relationship between the sections of the Report and the ORS 457.087 requirements is shown in Table 1. The specific reference in the table below is the section of this Report that most addresses the statutory reference. There may be other sections of the Report that also address the statute.

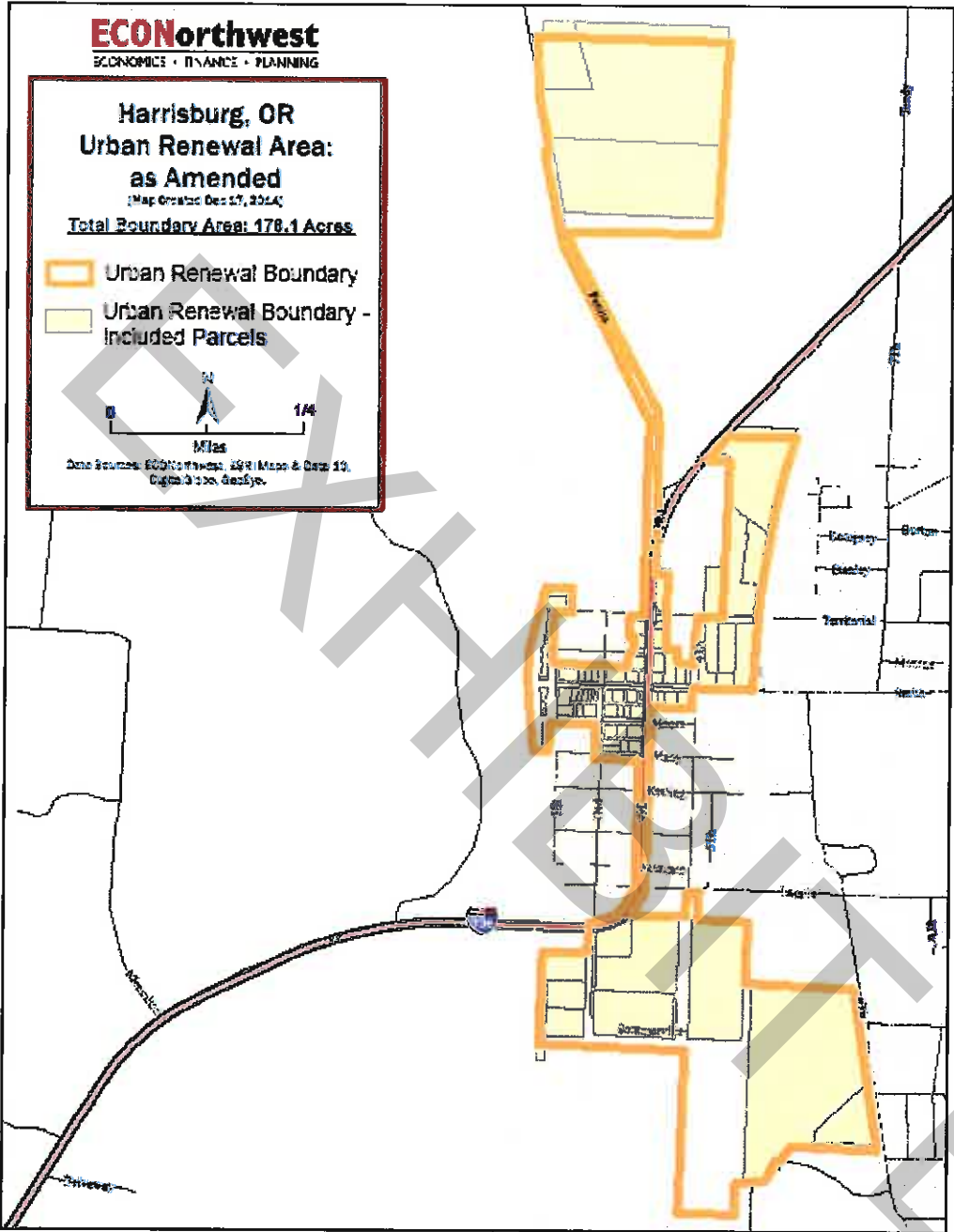
Table 1. Statutory References

Statutory Requirement	Report Section
ORS 457.087 (1)	XI
ORS 457.087 (2)	XII
ORS 457.087 (3)	III
ORS 457.087 (4)	IV
ORS 457.087 (5)	VII
ORS 457.087 (6)	V, VI
ORS 457.087 (7)	V, VI
ORS 457.087 (8)	IX
ORS 457.087 (9)	XIII

The Report provides guidance on how the Plan might be implemented. As the Harrisburg Redevelopment Agency (HRA) reviews revenues and potential projects each year, it has the authority to make adjustments to the implementation assumptions in this Report. The HRA may allocate budgets differently, adjust the timing of the projects, decide to incur debt at different timeframes than projected in this Report, and make other adjustments to the financials as determined by the HRA. The HRA may also make changes as allowed in the Amendments section of the Plan. These adjustments must stay within the confines of the overall maximum indebtedness of the Plan.

Figure 1 shows the Area prior to the Amendment. Figures 2, 3 and 4 show the added parcels and Figure 5 shows the Area after the Amendment.

Figure 1. Harrisburg Urban Renewal Area Boundary Prior to Amendment



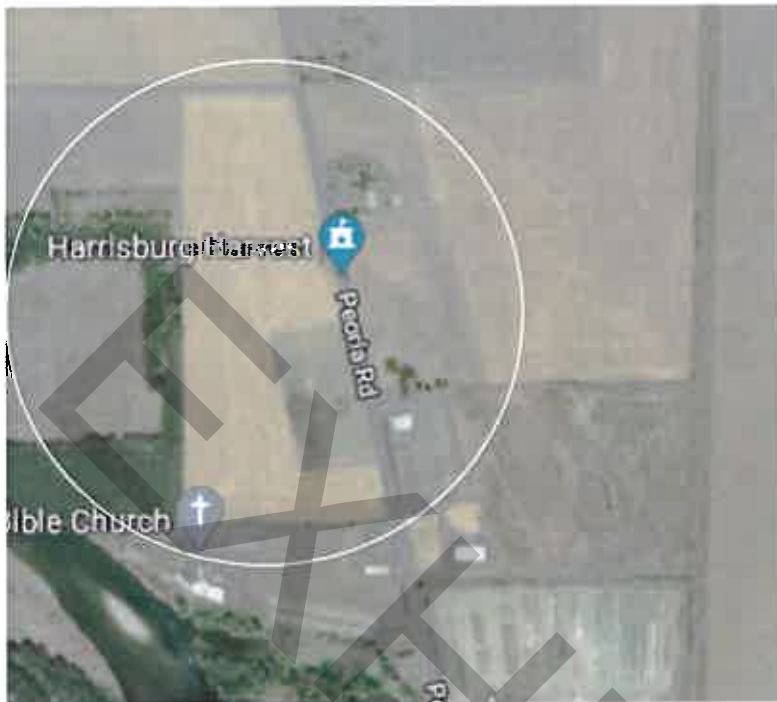
Source: 2014 Amendment

Figure 2. Amendment Areas



Source: City of Harrisburg

Figure 3. North Site



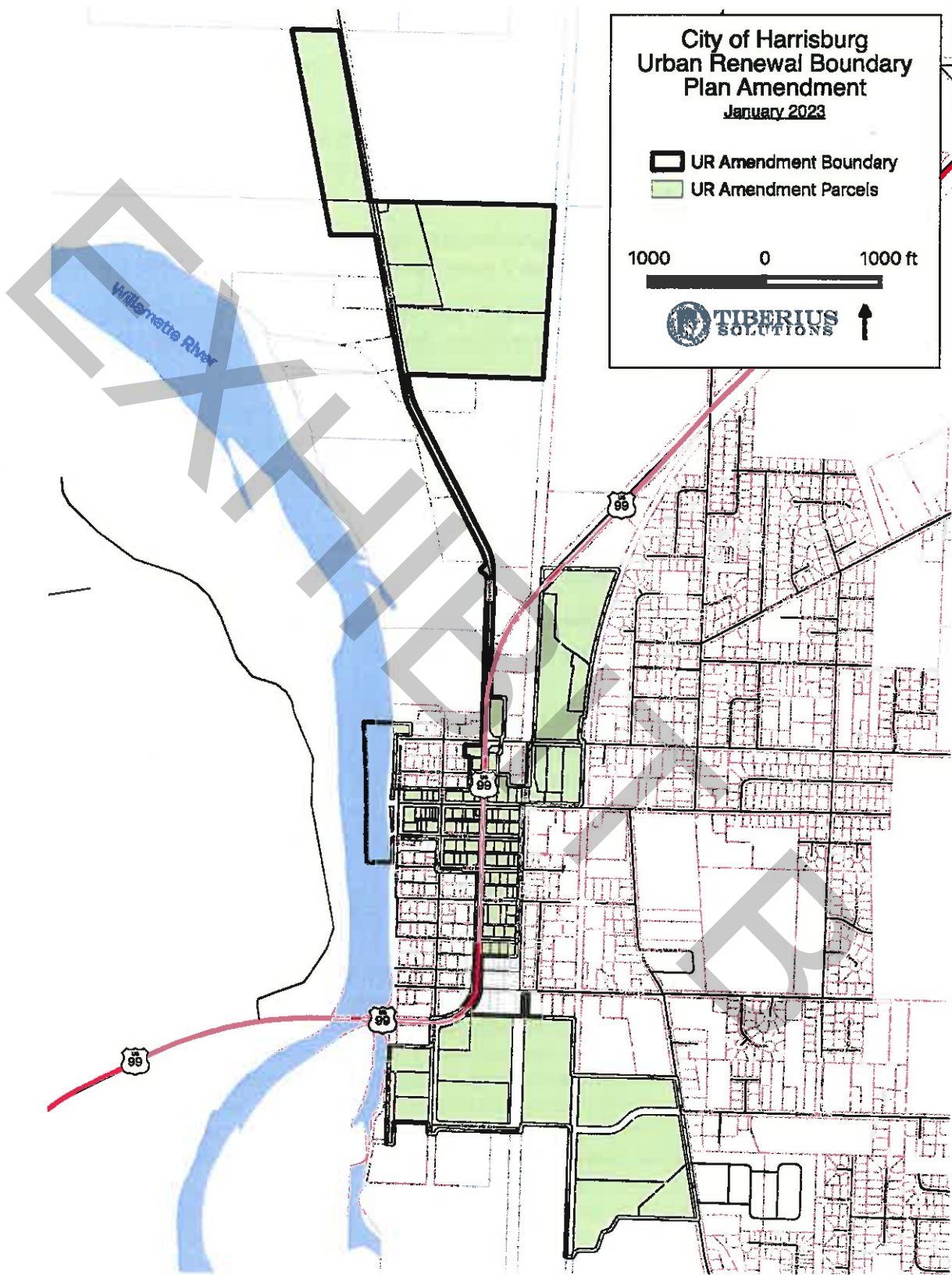
Source: City of Harrisburg

Figure 4. South Site



Source: City of Harrisburg

Figure 5. Harrisburg Urban Renewal Area Boundary After Amendment



III. THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The new projects identified for the Area are described below, including how they relate to the existing conditions in the Area.

The projects include: New 400 and 800 gpm iron and manganese removal and water storage facilities, which will treat potable water prior to entering the City's distribution system. In general, includes the following elements:

North Project Site includes approximately 703,685 sq. ft., or 16.15 acres of property at 23914 Peoria Rd, which includes a portion of both 15S04W040000600 & 15S04W09000700:

CMU Building, Pressure Filters (Already purchased), Chlorine Generator (Already purchased), Degasser, Miscellaneous Chemical Piping, Booster Pumps, Fire Pumps, Electrical, Restrooms, HVAC

1,500,000 Gallon Steel Reservoir and Foundation System, Piping, Coatings, Civil Sitework and Landscaping, Yard Piping, Underground Utilities, Landscaping, Drainage Improvements, Instrumentation and Controls Instruments, Controls, Analyzers, PLC, Emergency Generator Engine Generator, and a new Water production Well and Wellhouse.

South Project Site includes 1.5 acres; the address is 790 S. 2nd St., or otherwise known as 15S04W16D, Tax Lot 203:

CMU Building, Pressure Filters (Already purchased), Chlorine Generator (Already purchased), Degasser, Miscellaneous Chemical Piping, Booster Pumps, Fire Pumps, Electrical, Restrooms, HVAC

500,000 Gallon Steel Reservoir and Foundation System, Piping, Coatings, Civil Sitework and Landscaping, Yard Piping, Underground Utilities, Landscaping, Drainage Improvements, Instrumentation and Controls Instruments, Controls, Analyzers, PLC, and Emergency Generator Engine Generator.

Existing Conditions:

The following information is from the Harrisburg Water System Master Plan Water Treatment Executive summary, pages 6,7.

The City's wells have differing levels of secondary water quality contaminants, some of which contribute to taste and odor issues. Pilot testing determined that breakpoint chlorination followed by manganese dioxide filtration was effective in reducing hydrogen sulfide, manganese, and iron to below the secondary maximum contaminant level from the wells. Because manganese dioxide filtration is not effective at reducing total dissolved solids, the 2008 alternatives evaluation further recommended treating a portion of the well water with reverse osmosis to remove dissolved solids and blending treatment streams to achieve a palatable treated water. Reverse osmosis treatment adds considerable complexity and cost to treatment. Because water from Well 5 has the highest concentrations of total dissolved solids including chlorides which can contribute to taste. If the City can replace this water source with water from Well 8 and a future Well 9, treatment to remove total dissolved solids may be unnecessary. Well 5 can be maintained as an emergency water source, or it may be decommissioned in the future.

Proposed water treatment processes and treatment plant site infrastructure including manganese dioxide filtration systems, on-site hypochlorite generation systems, new distribution pump stations, a new 0.5-MG welded steel storage tank in the south, and a new 1.5-MG welded steel storage tank in the north are described in Chapter 8 of the Harrisburg Water Master Plan.

These projects are identified in Table ES04. Water Treatment Plan Site Capital Improvement Plan.

The following information is from the City of Harrisburg website from a 2015 Town Hall presentation:

- There are two storage tanks, one two million gallons and a .5 million gallon tank.
- The water contains high levels of iron, manganese, hydrogen sulfide, dissolved solids and chlorides.
- These elements can cause taste, odor, discoloration and other aesthetic issues.
- The Master Plan recommendation was to replace the 2 million gallon storage tank and to install a water treatment facility.

From this meeting, the City Council moved forward on the formal process of a municipal water study. The City Council received the first draft in March of 2016 and the final water tests and study results in February of 2017. These findings were shared with our citizens and it was decided to ask the voters if they wanted to fund a large water improvement project. There were several town hall meetings, in which citizens were invited to see what improvements were recommended. In November 2017 voters approved to move forward with water system improvements. In early 2018, the city started the pre-design work which will take several months. It took approximately 3 different engineering firms a little over two years in order to complete the design and engineering work required to go out to public bid for the water reservoir and water filtration systems. The City went out for bid in early fall 2021, and again, in April of 2022.

IV. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The total cost estimates for projects are shown in Table 2 below. Table 2 presents the estimated costs of the projects today (FYE 2023 constant dollars) and the estimated cost of those projects in the future (year of expenditure dollars). The year of expenditure dollars assumes annual 3% inflation rates. These are all estimates acknowledging that the urban renewal portions of these project activities must fit within the maximum indebtedness. Project dollar allocations may be changed between projects and may be allocated to other projects within the Plan. This is typically done in the annual budgeting process.

The Plan assumes that the HRA/City will use other funds to assist in the completion of the projects within the Area. The Water Quality Project is a city-wide benefit project, and the costs will be shared with other funding sources. The proportion of urban renewal funds will be established once the full cost is known. The HRA/City may pursue regional, county, state, and federal funding, private developer contributions, and any other sources of funding that may assist in the implementation of the projects or programs.

The HRA will be able to review and update fund expenditures and allocations on an annual basis when the annual budget is prepared.

Table 2. Estimated Cost of Each Project

Project Title	Constant FYE 2023	Year of Expenditure Project Cost
Materials and Services	(23,400)	(23,400)
Water Quality Project - Capital Outlay	(1,979,118)	(1,979,118)
Special Payments	(50,000)	(50,000)
Community Center	(1,787,818)	(2,166,757)
Financing Fees	(7,767)	(8,000)
Total Expenditures	(3,848,104)	(4,227,275)

Source: City of Harrisburg and Tiberius Solutions

V. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through FYE 2035 are calculated based on projections of growth in assessed value due to new development and appreciation within the Area and the consolidated tax rate that will apply in the Area.

The long-term projections for FYE 2024 and beyond assume an annual growth rate of 4.4% for real, personal and utility assessed value in the Area (equal to 3% maximum annual appreciation for existing property plus 1.4% exception value from new development). These projections of growth are the basis for the projections in the Area.

These projections of growth were informed by historical growth trends in the Area.

Table 3 and Figure 6 show the incremental assessed value, tax rates, and tax increment revenues each year, adjusted for discounts, and delinquencies.

In Table 3 below, gross tax increment financing (TIF)¹ is calculated by multiplying the tax rate times the assessed value used. The tax rate is per thousand dollars of assessed value, so the calculation is "tax rate times assessed value used divided by one thousand." The consolidated tax rate includes permanent tax rates only, and excludes general obligation bonds and local option levies, which will not be impacted by this Plan.

Figure 6 shows expected TIF revenues over time and the projected tax revenues after termination of the Area. Definitions for Table 3 are shown below:

- Gross tax increment financing revenue (TIF) is calculated by multiplying the tax rate times the assessed value used. The tax rate is per thousand dollars of assessed value, so the calculation is "tax rate times assessed value used divided by one thousand." The consolidated tax rate includes only permanent tax rates. General obligation bonds and local option levies are excluded and will not be impacted by this Plan. Total AV is the projected total assessed value.
- Frozen base is the estimate of the assessed value of the Area at its formation.
- Increment used is the total assessed value minus the frozen base.
- Increment shared is the amount that will be distributed to all taxing districts according to their permanent rate due to revenue sharing. This is more thoroughly discussed in the Revenue Sharing section of this Report.
- Tax rate is the total permanent rate levy for the Area.
- Adjustments are calculated at 5% of the Gross TIF and are for discounts, delinquencies, and rate truncation.
- TIF Current Year reflects subtracting the 5% adjustment factor from Gross TIF.
- TIF Prior Years is the tax increment revenue that was delinquent the prior year and is paid by the assessor's office once it is received. It is estimated that this amount is 1.5% of total TIF.
- Net TIF is the amount of tax increment revenues estimated to be received by the HRA.

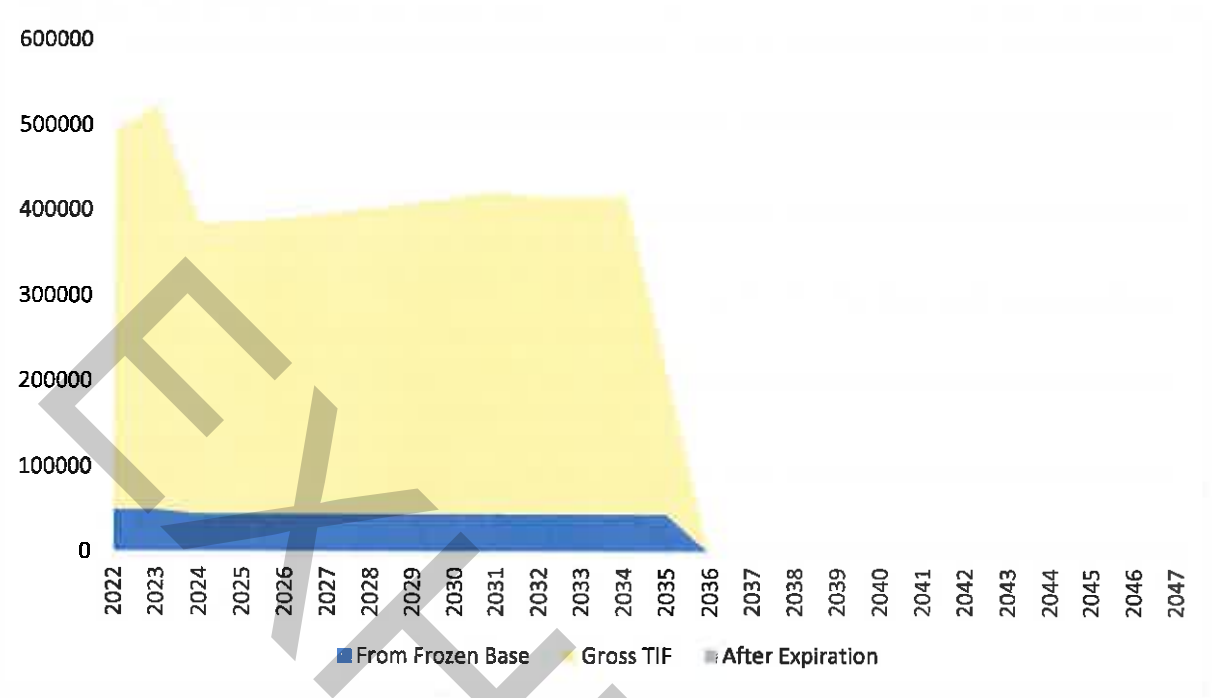
¹ TIF is also used to signify tax increment revenues

Table 3. Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues, page 1

FYE	Total AV	Frozen Base AV	Increment Applied	Increment Shared	Tax Rate	Gross TIF	Adjustments	Current Year Net	Prior Year Net	Total TIF
2022	39,344,957	3,936,405	35,408,552	0	\$12.5566	444,610	(22,231)	422,380	6,669	429,049
2023	41,836,975	3,936,405	37,900,570	0	\$12.4941	473,535	(23,677)	449,858	6,336	456,194
2024	43,677,802	3,936,405	30,324,484	9,416,913	\$11.2348	340,691	(17,035)	323,656	6,748	330,404
2025	45,599,625	3,936,405	30,496,587	11,166,633	\$11.2349	342,625	(17,131)	325,494	4,855	330,349
2026	47,606,008	3,936,405	30,874,541	12,795,062	\$11.2349	346,872	(17,344)	329,528	4,882	334,411
2027	49,700,671	3,936,405	31,323,187	14,441,079	\$11.2349	351,913	(17,596)	334,317	4,943	339,260
2028	51,887,501	3,936,405	31,869,821	16,081,275	\$11.2349	358,055	(17,903)	340,152	5,015	345,167
2029	54,170,551	3,936,405	32,440,512	17,793,634	\$11.2349	364,467	(18,223)	346,244	5,102	351,346
2030	56,554,056	3,936,405	33,036,436	19,581,215	\$11.2350	371,163	(18,558)	352,605	5,194	357,799
2031	59,042,434	3,936,405	33,658,468	21,447,561	\$11.2350	378,152	(18,908)	359,244	5,289	364,534
2032	61,640,301	3,936,405	33,129,442	24,574,454	\$11.2350	372,209	(18,610)	353,599	5,389	358,987
2033	64,352,474	3,936,405	33,129,398	27,286,671	\$11.2350	372,209	(18,610)	353,599	5,304	358,903
2034	67,183,983	3,936,405	33,129,366	30,118,222	\$11.2350	372,209	(18,610)	353,599	5,304	358,903
2035	70,140,078	3,936,405	14,686,511	51,517,162	\$11.2350	165,003	(8,250)	156,753	5,304	162,057
TOTAL:						5,053,713	(252,686)	4,801,028	76,333	4,877,361

Source: Tiberius Solution

Figure 6. TIF Projections



Source: Tiberius Solutions

VI.THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 4 shows the projected borrowing for the Area. Table 7 and Table 8 show more detailed tables on the allocation of tax revenues to projects, programs, and administration over time.

The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the URA in FYE 2035, an additional 12 years including FYE 2024. The Plan stipulates that the Area must terminate in FYE 2036 unless 95% of the taxing districts agree to an extension. This financial analysis meets the requirement of termination prior to FYE 2036.

The time frame of urban renewal is not absolute; it may vary depending on the actual ability to meet the maximum indebtedness. If growth in assessed value is slower than projected, the HRA may take division of taxes for a longer time period. If growth in assessed value is more robust than the projections, the HRA may take division of taxes for a shorter time period. These assumptions show one scenario for financing and that this scenario is financially feasible.

The maximum indebtedness (MI) is \$8,177,674 (eight million, one hundred seventy seven thousand six hundred seventy-four dollars). The remaining MI as of FYE 2023 is \$2,120,757. The estimated total amount of tax increment revenues required to service the remaining maximum indebtedness from FYE 2024 forward is \$4,402,331 and is from permanent rate levies. The increase over the maximum indebtedness is due to the projected cost of the interest on borrowings.

Because the Plan is being substantially amended, ORS 457.010 (B)(10) requires that it be changed into a permanent rate plan which means it will no longer collect any division of tax revenues from bonds. This is a change to ORS 457 that occurred in 2019.

This financial analysis shows borrowings as identified in Table 4 This is only one scenario for how the HRA may decide to implement this Plan, and this scenario is financially feasible. The HRA may decide to do borrowings at different times or for different amounts, depending on their analysis at the time. The timeframes on these borrowings are designed to have all borrowings repaid at the termination of the Area in FYE 2036 as stipulated in the Plan. The amounts shown are the principal amounts of the borrowings. The total amounts, including interest, are shown in the second column of Table 5.

Table 4. Estimated Borrowings and Amounts

Loan	Loan A
Principal Amount	\$ 400,000
Interest Rate	5.00%
Loan Term	12
Loan Year	2024
Interest Payment Start	2024
Principal Payment Start	2024
Annual Payment	(\$45,130.26)

Source: Tiberius Solutions

Table 5. Tax Increment Revenues and Allocations to Debt Service, page 1

Resources	TOTAL	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Balance								
Interest Earnings		213,934	-	-	-	-	-	-
TIF: Current Year	9,980	9,980	-	-	-	-	-	-
TIF: Prior Years	\$4,378,648	449,858	323,656	325,494	329,528	334,317	340,152	346,244
	\$69,664	6,336	6,748	4,855	4,882	4,943	5,015	5,102
Total Resources	\$4,458,292	680,107	330,404	330,349	334,411	339,260	345,167	351,346
Expenditures								
Debt Service								
Scheduled Payments								
Loan A, 2025	(541,562)		(45,130)	(45,130)	(45,130)	(45,130)	(45,130)	(45,130)
Full Faith and Credit Obligations Series 2017	(1,943,600)	(213,800)	(216,400)	(216,400)	(216,200)	(215,800)	(215,200)	(214,400)
Revenue Sharing repayment	(104,976)	(104,976)						
Total Debt Service, Scheduled Only	(2,590,138)	(318,776)	(261,530)	(261,530)	(261,330)	(260,930)	(260,330)	(259,530)
Total Debt Service	(2,590,138)	(318,776)	(261,530)	(261,530)	(261,330)	(260,930)	(260,330)	(259,530)
Debt Service Coverage Ratio		1.43	1.26	1.26	1.28	1.30	1.33	1.35
Transfer to URA Projects Fund	(2,082,088)	(361,331)	(68,874)	(68,818)	(73,081)	(78,330)	(84,837)	(91,816)
Total Expenditures	(4,672,226)	(680,107)	(330,404)	(330,349)	(334,411)	(339,260)	(345,167)	(351,346)
Ending Balance			-	-	-	-	-	-

Source: Tiberius Solutions

Table 6. Tax Increment Revenues and Allocations to Debt Service, page 2

Resources	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035
Beginning Balance	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
TIF: Current Year	352,605	359,244	353,599	353,599	353,599	156,753
TIF: Prior Years	5,194	5,289	5,389	5,304	5,304	5,304
Total Resources	357,799	364,534	358,987	358,903	358,903	162,057
Expenditures						
Debt Service						
Scheduled Payments						
Loan A, 2025	(45,130)	(541,562)	(45,130)	(45,130)	(45,130)	(45,130)
Full Faith and Credit Obligations Series 2017	(218,400)	(217,000)	-	-	-	-
Total Debt Service, Scheduled Only	(263,530)	(262,130)	(45,130)	(45,130)	(45,130)	(45,130)
Total Debt Service	(263,530)	(262,130)	(45,130)	(45,130)	(45,130)	(45,130)
Debt Service Coverage Ratio	1.36	1.39	7.95	7.95	7.95	3.59
Transfer to URA Projects Fund	(94,268)	(102,403)	(313,857)	(313,772)	(313,772)	(116,927)
Total Expenditures	(357,799)	(364,534)	(358,987)	(358,903)	(358,903)	(162,057)
Ending Balance	-	-	-	-	-	-

Source: Tiberius Solutions

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The schedule for construction of projects will be based on the availability of funding. The projects will be ongoing and will be completed as directed by the HRA and City.

The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the Area in FYE 2035, twelve additional years of tax increment revenues projections and within the limits of the Plan.

The amount of money available for projects in 2023 constant dollars for the Area is \$3,848,104. See Table 2 for the individual project analysis. This equates to \$4,227,275 in year of expenditure dollars.

Table 7 and Table 8 show the \$3,848,104 of 2023 project dollars inflated over the life of the Area including administrative expenses. All costs shown in Table 7 and Table 8 are in year-of-expenditure dollars, which are adjusted by 3.0% annually to account for inflation.

The 3% inflation rate is the rate to use in the future if any amendment to increase maximum indebtedness is pursued in accordance with ORS 457.470. The HRA may change the completion dates in their annual budgeting process or as project decisions are made in administering the Plan. The following tables are prepared to show that the Area is financially feasible as required by ORS 457. It assumes completion of projects as funding becomes available. If the City is able to jumpstart the Area by providing alternative funding sources which are repaid when tax increment revenues are available, or if other outside funding sources are secured, including but not limited to developer contributions, the timing on projects can be moved up.

Table 7. Programs and Costs in Year of Expenditure Dollars, Page 1

	TOTAL	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Balance		1,673,818 ²	-	-	-	-	-	-
Interest Earnings	8,369	8,369	-	-	-	-	-	-
Transfer from TIF Fund	2,082,088	361,331	68,874	68,818	73,081	78,330	84,837	91,816
Bond/Loan Proceeds	400,000	-	400,000	-	-	-	-	-
HRA Loan Program Payments	63,000	9,000 ³	9,000	9,000	9,000	9,000	9,000	9,000
Total Resources	2,553,457	2,052,518	477,874	77,818	82,081	87,330	93,837	100,816
Expenditures (VOE \$)								
Materials and Services	(23,400)	(23,400)						
Capital Outlay	(1,979,118)	(1,979,118)						
Special Payments	(50,000)	(50,000)						
Community Center	(2,166,757)	-	(469,874)	(77,818)	(82,081)	(87,330)	(93,837)	(100,816)
Financing Fees	(8,000)		(8,000)					
Administration								
Total Expenditures	(4,227,275)	(2,052,518)	(477,874)	(77,818)	(82,081)	(87,330)	(93,837)	(100,816)
Ending Balance	-	-	-	-	-	-	-	-

Source: Tiberius Solutions

² Harrisburg MI Tracker
³ URA Budget

Table 8. Programs and Costs in Year of Expenditure Dollars, Page 2

	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035
Beginning Balance	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Transfer from TIF Fund	94,268	102,403	313,857	313,772	313,772	116,927
Bond/Loan Proceeds	-	-	-	-	-	-
HRA Loan Program Payments	-	-	-	-	-	-
Total Resources	94,268	102,403	313,857	313,772	313,772	116,927
Expenditures (YOE \$)						
Materials and Services	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Special Payments	-	-	-	-	-	-
Community Center	(94,268)	(102,403)	(313,857)	(313,772)	(313,772)	(116,927)
Financing Fees	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Total Expenditures	(94,268)	(102,403)	(313,857)	(313,772)	(313,772)	(116,927)
Ending Balance	-	-	-	-	-	-

Source: Tiberius Solutions

VIII. REVENUE SHARING

As stipulated in ORS 457, revenue sharing begins for existing plans once the maximum indebtedness is increased.

Revenue sharing means that at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the Area. The first threshold is when annual tax increment finance revenues exceed 10% of the original maximum indebtedness of the Plan (\$297,767). At the 10% threshold, the HRA will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold.

The second threshold is set at 12.5% of the maximum indebtedness (\$372,209). If this threshold is met, revenue for the area would be capped at 12.5% of the maximum indebtedness, with all additional tax revenue being shared with affected taxing districts.

Revenue sharing thresholds were established in the 2015 Amendment which increased the maximum indebtedness. This Area actually reached revenue sharing thresholds in FYE 2019. The HRA Administrator has met with the key taxing districts and has sent information to all taxing districts about this issue. The resolution of that issue is not a part of this Amendment other than knowing that proceeds that are in the HRA account will be used to repay the taxing districts their past revenue sharing payments. These payments are indicated in the Finance Plan on Table 7. Programs and Costs in Year of Expenditure Dollars, Page 1 in the row on revenue sharing payments in FYE 2023. The City of Harrisburg and the Harrisburg School District did not require that the back revenue sharing payments be made. Payments are being made to all other taxing districts in FY 2022/2023.

Revenue sharing will be an annual component of future tax increment collections. This will be accomplished by filling out the UR 50 form for the county assessor on an annual basis designating the amount of tax increment proceeds which will go to the HRA. The remainder of the tax increment proceeds will be distributed to the taxing districts by the county assessor. This revenue sharing is projected to be in the following amounts:

Table 9 shows the revenue sharing amounts through FYE 2023. Table 10 shows projected future revenue sharing amounts.

Table 9. Revenue Sharing Analysis 2019 through FYE 2023

Taxing District	Rate Type	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	TOTAL
Linn County	Permanent	1,885	4,216	8,977	11,171	13,102	39,352
Harrisburg RFD	Permanent	1,672	3,741	7,964	9,911	11,623	34,912
4H Extension District	Permanent	104	232	493	614	720	2,163
ESD Linn-Benton-Lincoln	Permanent	451	1,009	2,149	2,674	3,137	9,421
Lane Community College	Permanent	916	2,050	4,364	5,430	6,369	19,129
Total		5,029	11,248	23,948	29,801	34,951	104,976

Source: Tiberius Solutions - These will be paid in FYE 2023.

Table 10. Projected Revenue Sharing FYE 2023 - FYE 2035

FYE	TOTAL	Shared - Mandatory	Max Allowable TIF w/ Requirements	TIF to URA after Requirements	Shared TIF Voluntary	Final Gross TIF for URA
2024	446,488	105,798	340,691	340,691		340,691
2025	468,081	125,456	342,625	342,625		342,625
2026	490,623	143,751	346,872	346,872		346,872
2027	514,157	162,244	351,913	351,913		351,913
2028	538,727	180,672	358,055	358,055		358,055
2029	564,378	199,910	364,467	364,467		364,467
2030	591,157	219,994	371,163	371,163		371,163
2031	619,115	240,963	378,152	378,152		378,152
2032	648,303	276,094	372,209	372,209		372,209
2033	678,775	306,566	372,209	372,209		372,209
2034	710,588	338,379	372,209	372,209		372,209
2035	743,801	371,592	372,209	372,209	207,206	165,003
TOTAL	444,610	110,138	372,209	334,472		444,610

Source: Tiberius Solutions

The Voluntary Shared TIF is due to the urban renewal area meeting the maximum indebtedness in FYE and not needing all of the projected tax increment revenues that year. Again, these are projections and actual TIF revenues may vary.

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the Area. **These impacts do not reflect additional years of impacts of the existing urban renewal plan, just updated financial projections.**

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated through FYE 2035.

The Harrisburg School District and the Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level.

Table 11 and Table 12 show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. Table 11 shows the general government levies, and Table 12 shows the education levies.

Table 11. Updated Projected Impact on Taxing District Permanent Rate Levies - General Government

FYE	Linn County	City of Harrisburg	Harrisburg RFD	4H Extension District	Subtotal
2023	(\$46,502)	(\$116,188)	(\$41,256)	(\$2,556)	(\$206,502)
2024	(\$37,455)	(\$93,583)	(\$33,229)	(\$2,059)	(\$166,326)
2025	(\$37,449)	(\$93,568)	(\$33,223)	(\$2,058)	(\$166,298)
2026	(\$37,909)	(\$94,719)	(\$33,632)	(\$2,084)	(\$168,344)
2027	(\$38,459)	(\$96,093)	(\$34,120)	(\$2,114)	(\$170,785)
2028	(\$39,128)	(\$97,766)	(\$34,714)	(\$2,151)	(\$173,759)
2029	(\$39,829)	(\$99,517)	(\$35,335)	(\$2,189)	(\$176,870)
2030	(\$40,560)	(\$101,345)	(\$35,984)	(\$2,229)	(\$180,118)
2031	(\$41,324)	(\$103,253)	(\$36,661)	(\$2,271)	(\$183,509)
2032	(\$40,695)	(\$101,682)	(\$36,103)	(\$2,237)	(\$180,717)
2033	(\$40,685)	(\$101,659)	(\$36,095)	(\$2,236)	(\$180,675)
2034	(\$40,685)	(\$101,659)	(\$36,095)	(\$2,236)	(\$180,675)
2035	(\$18,371)	(\$45,903)	(\$16,298)	(\$1,010)	(\$81,581)
TOTAL:	(\$499,051)	(\$1,246,936)	(\$442,744)	(\$27,429)	(\$2,216,160)

Source: Tiberius Solutions

Table 12. Updated Projected Impact on Taxing District Permanent Rate Levies – Education

FYE	ESD Linn-Benton-Lincoln	Lane Community College	Harrisburg SD #7	Subtotal	Total
2023	(\$11,133)	(\$22,605)	(\$169,974)	(\$203,711)	(\$410,213)
2024	(\$8,967)	(\$18,207)	(\$136,904)	(\$164,078)	(\$330,404)
2025	(\$8,965)	(\$18,204)	(\$136,881)	(\$164,050)	(\$330,349)
2026	(\$9,075)	(\$18,428)	(\$138,564)	(\$166,067)	(\$334,411)
2027	(\$9,207)	(\$18,695)	(\$140,573)	(\$168,475)	(\$339,260)
2028	(\$9,367)	(\$19,020)	(\$143,020)	(\$171,408)	(\$345,167)
2029	(\$9,535)	(\$19,361)	(\$145,580)	(\$174,476)	(\$351,346)
2030	(\$9,710)	(\$19,716)	(\$148,254)	(\$177,680)	(\$357,799)
2031	(\$9,893)	(\$20,088)	(\$151,044)	(\$181,024)	(\$364,534)
2032	(\$9,742)	(\$19,782)	(\$148,746)	(\$178,270)	(\$358,987)
2033	(\$9,740)	(\$19,777)	(\$148,710)	(\$178,228)	(\$358,903)
2034	(\$9,740)	(\$19,777)	(\$148,710)	(\$178,227)	(\$358,903)
2035	(\$4,398)	(\$8,930)	(\$67,148)	(\$80,476)	(\$162,057)
TOTAL:	(\$119,473)	(\$242,590)	(\$1,824,108)	(\$2,186,172)	(\$4,402,331)

Source: Tiberius Solutions Please refer to the explanation of the schools funding in the preceding section .

Table 13 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2036

Table 13. Additional Revenues Obtained after Termination of Tax Increment Financing – FYE 2036

Taxing District	Tax Rate	From Frozen Base	From Excess Value	Total
General Government				
Linn County	1.2736	5,013	88,248	93,261
City of Harrisburg	3.1875	12,547	220,504	233,051
Harrisburg RFD	1.1299	1,129	78,291	82,739
4H Extension District	0.0700	0,070	4,850	5,126
Subtotal General Government	5.6610	22,284	391,893	414,177
Education				
ESD Linn-Benton-Lincoln	0.3049	1,200	21,126	22,326
Lane Community College	0.6191	2,437	42,897	45,334
Harrisburg SD #7	4.6552	18,325	322,558	340,883
Subtotal Education	5.5792	21,962	386,581	408,543
TOTAL:	11.2402	44,246	778,474	822,720

Source: Tiberius Solutions

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base (assumed to be FYE 2023 values), including all real, personal, manufactured, and utility properties in the Area, is \$3,936,405. The FYE 2023 excess value is \$37,900,570. The total assessed value of the City of Harrisburg in FYE 2023 is \$271,957,585. The percentage of total City assessed value in the urban renewal area is 1.68%, below the 25% threshold.

The Area contains 168.6 acres, including public rights-of-way. The amendment adds 17.65 acres. The total acreage will be 186.25 acres and the City of Harrisburg contains 916.8 acres. This equates to 20.31% of the City's acreage in an urban renewal area, which is below the 25% threshold.

Table 14. Urban Renewal Area Conformance with Assessed Value and Acreage Limits*

	Acreage	Assessed Value
A. Harrisburg Urban Renewal Area frozen base	168.6	\$ 3,936,405
B. Harrisburg Urban Renewal Area increment		\$37,900,570
Added Acreage in Amendment	17.65	
Total Acreage	186.25	
C. City of Harrisburg	916.8	\$271,957,585
% of City Acreage	20.31%	1.68%
% of City Assessed Value (formula) =A/(C-B)		

Source: Compiled by Elaine Howard Consulting, LLC with data from the City of Harrisburg, Linn County Department of Assessment and Taxation (FYE 2023) *Table 14 might be further adjusted as final numbers are analyzed.

XI. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the Harrisburg Urban Renewal Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. Physical Conditions

1. Land Use

The Area is 186.25 acres, which is composed of 115 individual parcels encompassing 156.33 acres, and an additional 29.92 acres in public rights-of-way. An analysis of FYE 2023 property classification data from the Linn County Assessor’s Office were used to determine the land use designation of parcels in the Area. By acreage, Industrial accounts for the most prevalent land use within the area (76%). This was followed by Commercial (11%). Detailed land use designations in the Area are shown in Table 15.

Table 15. Land Use in the Area

Land Use	Parcels	Acres	Percent of Acres
Industrial	23	116.6	74.59%
Commercial	55	16.66	10.66%
Public Use	2	16.39	10.48%
Single-family residential	30	5.88	3.76%
Residential Manufactured	2	0.24	0.15%
Residential 2-4 units	3	0.56	0.36%
TOTAL:	115	156.33	100.00%

Source: Compiled by Elaine Howard Consulting with data from the Linn County Assessor’s office. *Table 15 and rights-of-way acreage will be further adjusted as the boundaries are updated by the surveyors office.

2. Zoning and Comprehensive Plan Designations

The parcels to be added have designations of M-2, Industrial for property located in the City, which is an industrial comprehensive plan designation and EFU, Exclusive Farm Use, under the Linn County Code, with an approved Conditional Use Permit for the use planned for the water bond project from Linn County.

3. Comprehensive Plan Designations

The most prevalent comprehensive plan designation by acreage in the Area is General Industrial (63%) followed by Residential (16%). Detailed comprehensive plan designations in the Area are shown in Table 16.

Table 16 Comprehensive Plan Designations in the Area

Comprehensive Plan Designation	Tax Lots	Acres	Percent of Acres
General Industrial	15	98.82	63.22%
Limited Industrial	8	24.3	15.55%
Exclusive Farm Use	2	16.39	10.48%
Commercial	64	12.73	8.14%
Residential Medium Density	20	3.49	2.23%
Greenway	6	0.59	0.38%
TOTAL:	115	156.32	100.00%

Source: Compiled by Elaine Howard Consulting with data from the Linn County Assessor's office

4. Zoning Designations

The most prevalent zoning designation by acreage in the Area is M2 General Industrial (74%) followed by M1 Limited Industrial (16%). Detailed zoning designations in the Area are shown in Table 17. The two parcels that have Comprehensive Plan designations of Exclusive Farm Use in the table above are zoned M2 in the zoning table below.,

Table 17. Zoning Designations in the Area

Zoning Designations	Tax Lots	Acres	Percent of Acres
M-2 General Industrial	17	115.21	73.70%
M-1 Limited Industrial	8	24.3	15.55%
C-1 Commercial	64	12.73	8.14%
R-2 Multi-Family Residential	20	3.49	2.23%
Greenway Special Purpose	6	0.59	0.38%
TOTAL:	115	156.32	100.00%

Source: Compiled by Elaine Howard Consulting with data from the Linn County Assessor's office

5. Infrastructure

This section identifies the existing conditions in the Area to assist in **establishing blight in the ordinance adopting the urban renewal plan**. There are projects listed in several City of Harrisburg's infrastructure master plans that relate to these existing conditions. The projects below are a compilation by Harrisburg staff of these projects. **This does not mean that all of these projects are included in the urban renewal plan**. The specific projects that are included in the Plan are listed in Sections II and III of this Report.

i. **Transportation: Street and Sidewalk Conditions**

There are sections of road and sidewalk that do not adequately serve the community. These sections need to be upgraded to provide a safe and appealing transportation network that will encourage efficient pedestrian and vehicular travel and make the Area an attractive location for business owners. Some of the streets in the downtown core that require improvements are listed below, as identified by the Harrisburg City Engineer. The conditions of these streets indicate the Area is blighted per ORS 457.010(1)(e).

The following streets need to be resurfaced:

- Territorial Street between Burlington Northern Santa Fe (BNSF) railroad tracks and Southern Pacific Railroad (SPRR) tracks
- Monroe Street, 100 feet west of 3rd Street
- Smith Street from 3rd Street to SPRR

The following streets have inadequate or deficient sidewalks:

- Territorial Street, 100 feet west of 3rd Street
- Monroe Street, 100 feet west of 3rd Street
- Smith Street from 3rd Street to SPRR
- 4th Street north from Smith Street approximately 200 feet
- East side of 3rd Street from S. 2nd Street to LaSalle Street
- 1st Street from Smith Street to Territorial Street

ii. **Storm water**

The Harrisburg City Engineer has identified the following deficiencies in storm water lines in the Area. The conditions of the storm water lines indicate the Area is blighted per ORS 457.010(1)(e).

Deficiencies:

- Territorial Street 100 feet west of 3rd Street
- Territorial Street between BNSF railroad tracks and SPRR tracks
- Monroe Street, 100 feet west of 3rd Street
- Smith Street from 3rd Street to SPRR
- 3rd Street from S. 2nd Street to Territorial Street

iii. Sanitary Sewer

The Harrisburg City Engineer has identified the following deficiencies in sanitary sewer lines in the Area. The conditions of the sanitary sewer lines indicate the Area is blighted per ORS 457.010(1)(e).

Deficiencies:

- Territorial Street 100 feet west of 3rd Street
- Territorial Street between BNSF railroad tracks and SPRR tracks
- East to West -Between BNSF and SPRR rails in-line with Stanley Street
- Smith Street from 3rd Street to SPRR

iv. Water

The Harrisburg City Engineer has identified the following deficiencies in water lines in the Area. The conditions of the water lines indicate the Area is blighted per ORS 457.010(1)(e).

- Territorial between BNSF railroad tracks and SPRR tracks
- Monroe Street, 100 feet west of 3rd Street
- Smith Street from 3rd Street to SPRR

North Water Treatment Plant and Pump Station

- Deaeration, 800 gpm capacity Pressure Filters, On-site Hypochlorite Generation System, and Pump Station in CMU Building
- 1.5 MG Storage--North
- Steel Tank
- Well 9
- Drill well and install pump station and pipeline to storage tank

South Water Treatment Plant and Pump Station

- Deaeration, 400 gpm capacity Pressure Filters, Onsite Hypochlorite Generation System, and Pump Station in CMU Building
- 0.5 MG Storage Tank- South
- Steel Tank

Water System CIP - Jacobs

- Territorial Street
 - 2,600 ft of 10-in PVC from 12-in PVC near 4th Street to 12-in PVC near 10th Street
- Smith Street
 - 800 ft of 12-in PVC from 12-in ci at 4th street to 12-in PVC at 6th
- Monroe Street
 - 300 ft of 2-in to 6-in between 1st and 2nd Streets
- Smith Street
 - 1,100 ft of 4-in to 12-in between 1st and 4th Streets.

B. Social Conditions

Approximately two percent of the Area is zoned for residential uses. There are very few residents within the urban renewal area, accounting for 35 parcels.

C. Economic Conditions

1. Taxable Value of Property within the Area

The estimated total assessed value of the Area calculated with data from the Linn County Departments of Assessment and Taxation for FYE 2023, including all real, personal, manufactured, and utility properties, is \$41,836,975.

2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property's improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the "Improvement to Land Value Ratio," or "I:L." The values used are real market values. In urban renewal areas, the I:L is often used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives.

Table 18 shows the improvement to land ratios (I:L) for properties within the Area. Fifty-three percent of the acreage is exempt, which means no property taxes are paid on those properties. These are typically government or non-profit owned properties. Thirteen tax lots representing 6% of the acreage have I:L ratios less than 1.0. In other words, the improvements on these properties are worth less than the land they sit on. A reasonable I:L ratio for properties in the Area is 2.0. Forty-nine percent of the 115 tax lots in the Area, totaling 31% of the acreage have I:L ratios of 2.0 or more in FYE 2022.

Table 18. Improvement to Land Ratios in the Area

Improvement to Land Ratio	Parcels	Acres	Percent of Acres
Exempt	34	83.66	53.51%
0.01-0.50	10	8.47	5.42%
0.51-1.00	3	0.59	0.38%
1.01-1.50	6	2.07	1.32%
1.51-2.00	13	13.6	8.70%
2.01-2.50	11	6.15	3.93%
2.51-3.00	10	3.67	2.35%
3.01-4.00	5	7.45	4.77%
> 4.00	23	30.68	19.62%
TOTAL:	115	156.34	100.00%

Source: Compiled by Elaine Howard Consulting with data from the Linn County Departments of Assessment and Taxation (FYE 2023)

D. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section VIII of this Report. **This impact is of the existing maximum indebtedness and not any new maximum indebtedness.** This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The **new** projects being considered for future use of urban renewal funding are for water quality upgrades. Urban renewal will fund a portion of the costs. Water quality has been a significant detrimental issue for Harrisburg and the ability to undertake the project will be key in increasing the livability and economic vitality of the city.

The financial impacts from tax increment collections will be countered by future economic development, and, in the future, adding increases in assessed value to the tax base for all taxing jurisdictions, including the City.

XII.REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to provide the ability to fund projects and programs necessary to cure blight within the Area. The new parcels contain the property where the water quality upgrade projects will be completed.

XIII.RELOCATION REPORT

When the HRA acquires occupied property under the Plan, residential or commercial occupants of such property shall be offered relocation assistance, as required under applicable state law. Prior to such acquisition, the HRA shall adopt rules and regulations, as necessary, for the administration of relocation assistance. The HRA will comply with all applicable state law in providing these potential benefits.

Agenda Bill
Harrisburg Redevelopment Agency Board
Harrisburg, Oregon

THE MATTER OF DISCUSSING THE HARRISBURG REDEVELOPMENT AGENCY FISCAL YEAR 2021-2022 AUDIT REPORT WITH THE AUDITOR, STEVE TUCHSCHERER

STAFF REPORT:

Exhibit A: 2021-22 City of Harrisburg HRA Audit Report

ACTION: MOTION TO APPROVE THE HRA'S FISCAL YEAR 2021-2022 AUDIT REPORT, AS PRESENTED BY THE AUDITOR STEVE TUCHSCHERER.

THIS AGENDA BILL IS DESTINED FOR: Regular Agenda – April 25, 2023

BUDGET IMPACT		
COST	BUDGETED?	SOURCE OF FUNDS
N/A	N/A	N/A

STAFF RECOMMENDATION:

Staff recommends the HRA Board accept and approve the HRA Fiscal Year 2021-2022 Audit Report.

BACKGROUND INFORMATION:

Steve Tuchscherer and his firm audited the HRA's financial records for Fiscal Year 2021-2022. The audit report (**Exhibit A**) should be used to follow along with the presentation given by Auditor, Steve Tuchscherer.

Mr. Tuchscherer will be providing his audit report via Zoom, which will be broadcast on the City Council Information Screens. He will be available to answer any questions from the HRA Board.

REVIEW AND APPROVAL:

Cathy Nelson 04/19/2023
Cathy Nelson Date
Finance Officer

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

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

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

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

AGENCY OFFICIALS

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

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

HARRISBURG REDEVELOPMENT AGENCY –
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	i-iii
MANAGEMENT'S DISCUSSION AND ANALYSIS	1-5
BASIC FINANCIAL STATEMENTS:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	7
Statement of Activities	8
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	13
<u>Notes To The Basic Financial Statements</u>	14-23
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Urban Renewal - General Fund	25
OTHER INFORMATION:	
<u>Additional Supporting Schedules:</u>	
Schedule of Long-Term Debt Transactions & Future Requirements	27-28
REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS:	
Independent Auditor's Report Required by Oregon State Regulations	30



Independent Auditors' Report

City Council - Harrisburg Redevelopment Agency
Urban Renewal Agency of the City of Harrisburg, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and, each major fund of the Urban Renewal Agency (Agency) of the City of Harrisburg as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of 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 and each major fund of Urban Renewal Agency of the City of Harrisburg as of June 30, 2022, and the respective changes in financial position 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 Urban Renewal Agency 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.

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 Urban Renewal Agency of the 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 Urban Renewal Agency 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 Urban Renewal Agency of 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 1-5, and schedules of revenues, expenditures and changes in fund balances – budget and actuals on page 25 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 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 Agency's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described on pages 73-77 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.

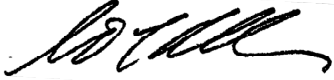
Other Information

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 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 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 17, 2023, on our consideration of the Urban Renewal Agency 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 Agency's compliance.



Steve Tuchscherer, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
March 17, 2023

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2022
Unaudited

The management of the Harrisburg Redevelopment Agency (HRA) of the City of Harrisburg, Oregon, a component unit of the City of Harrisburg, Oregon presents this narrative overview and analysis to facilitate both a short and long-term analysis of the financial activities of the Agency for the fiscal year ending June 30, 2022. 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.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2022, are as follows:

- The Agency's total assets at June 30, 2022, were \$2,128,420, an increase of \$79,119 or 3.86% from the prior year.
- The Agency's total liabilities at June 30, 2022, were \$2,578,623, a decrease of \$186,270 or 6.74% from the prior year.
- The Agency's net position at June 30, 2022, was \$(450,203), an increase of \$265,386 or 37.09% from the prior year.
- At June 30, 2022, the Agency reported a combined ending fund balance of \$2,077,360. The entire balance is restricted for Urban Renewal Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduce 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.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the Agency-wide statement of position presenting information that includes all of the Agency'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 Agency as a whole is improving or deteriorating. Evaluation of the overall economic health of the Agency would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

The second government-wide statement is the *Statement of Activities* which reports how the Agency'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 Agency's distinct activities or functions of the Agency that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues.

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2022
Unaudited

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 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, 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 required supplementary information budgetary comparison statements for the General Fund. The required supplementary information immediately follows the notes to the financial statements.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Recall that the Statement of Net Position 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 at fiscal year-end is \$(450,203), an increase of \$265,386.

2.

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2022
Unaudited

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

<u>Summary of Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current and Other Assets	<u>\$ 2,128,420</u>	<u>\$ 2,049,301</u>
Total Assets	<u>2,128,420</u>	<u>2,049,301</u>
Liabilities		
Current Liabilities	128,343	183,594
Long-Term Liabilities	<u>2,450,280</u>	<u>2,581,299</u>
Total Liabilities	<u>2,578,623</u>	<u>2,764,893</u>
Net Position		
Restricted	<u>(450,203)</u>	<u>(715,589)</u>
Total Net Position	<u><u>\$ (450,203)</u></u>	<u><u>\$ (715,589)</u></u>

Changes in net position - The Agency's total revenues for the fiscal year ended June 30, 2022, were \$556,648. The total cost of all programs and services was \$108,239. 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>2021-22</u>	<u>2020-21</u>
Revenues		
Program Revenues		
Operating Grants and Contributions	<u>\$ 81,784</u>	<u>\$ 76,736</u>
Total General Revenue	81,784	76,736
General Revenues		
Taxes and Assessments	429,357	395,364
Interest & Investment Earnings	10,924	20,874
Other Revenue	<u>34,583</u>	<u>2,935</u>
Total General Revenue	<u>474,864</u>	<u>419,173</u>
Total Revenues	<u>556,648</u>	<u>495,909</u>
Program Expenses		
Urban Renewal Projects	15,960	110,257
Interest on Long-Term Debt	<u>92,279</u>	<u>93,113</u>
Total Expenses	<u>108,239</u>	<u>203,370</u>
Equity Transfers	<u>(183,023)</u>	<u>(1,367,428)</u>
Change in Net Position	<u><u>\$ 265,386</u></u>	<u><u>\$ (1,074,889)</u></u>

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2022
Unaudited

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. 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 fund balance of \$2,077,360, an increase of \$143,662. The fund balance constitutes restricted amounts. Of the current fund balance the entire amount is restricted for urban renewal projects.

Budgetary Highlights

General Fund resources were budgeted and anticipated to be collected in the amount of \$336,260 during the fiscal year. Actual resources of \$566,603 were \$230,343 more than budgeted. The General Fund expenditures budget was under-spent by \$1,320,679 due to capital outlay expenditures being less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Agency does not have any capital assets or infrastructure.

Long-Term Debt

At June 30, 2022, the Agency had total long-term debt outstanding of \$2,405,000. The principal paid on the debt was \$120,791 and the interest paid on the debt amounted to \$99,214. Additional information on the Agency'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

During the preparation of the budget for the ensuing fiscal year, the long-term impacts on the local economy were examined in conjunction with business decisions made by the Harrisburg Redevelopment Agency.

The HRA's budget for the fiscal year ending June 30, 2023, will be in the amount of \$2,415,155, including the \$263,800 of unappropriated and reserved amounts.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Harrisburg Redevelopment 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 City of Harrisburg at (541) 995-6655. The office is located inside City Hall at 120 Smith Street, Harrisburg, Oregon 97446.

BASIC FINANCIAL
STATEMENTS

Government-Wide
Financial Statements

HARRISBURG REDEVELOPMENT AGENCY - THE
URBAN RENEWAL AGENCY OF THE CITY OF
HARRISBURG

(A Component Unit of the City of Harrisburg)

STATEMENT OF NET POSITION

For the Fiscal Year Ended June 30, 2022

	Governmental Activities
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 1,918,848
Property Taxes Receivable	15,961
Loans Receivable	193,611
Total Assets	2,128,420
<u>LIABILITIES:</u>	
Current Liabilities:	
Interest Payable	8,343
Current Portion of Long-Term Liabilities:	
Bonds Payable	120,000
Total Current Liabilities	128,343
Long-Term Liabilities:	
Noncurrent Portion of Long-Term Liabilities:	
Bonds Payable (Net of unamortized premium)	2,450,280
Total Long-Term Liabilities	2,450,280
Total Liabilities	2,578,623
<u>NET POSITION:</u>	
Restricted	(450,203)
Total Net Position	\$ (450,203)

**HARRISBURG REDEVELOPMENT AGENCY - THE URBAN
RENEWAL AGENCY OF THE CITY OF HARRISBURG**

(A Component Unit of the City of Harrisburg)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2022

<u>Functions / Programs</u>	<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>GOVERNMENTAL ACTIVITIES:</u>				
Urban Renewal Projects	\$ 15,960	\$ -	\$ 81,784	\$ 65,824
Interest on Long-Term Debt	92,279	-	-	(92,279)
Total Governmental Activities	\$ 108,239	\$ -	\$ 81,784	\$ (26,455)

GENERAL REVENUES:

Taxes	
Property Taxes, Levied for Debt Service	429,357
Interest and Investment Earnings	10,924
Other Revenue	34,583
Subtotal - General Revenues	474,864
Equity Transfers	(183,023)
Change in Net Position	265,386
Net Position, July 1, 2021	(715,589)
Net Position, June 30, 2022	<u>\$ (450,203)</u>

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements

HARRISBURG REDEVELOPMENT AGENCY - THE
URBAN RENEWAL AGENCY OF THE CITY OF
HARRISBURG

(A Component Unit of the City of Harrisburg)

BALANCE SHEET

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2022

	Urban Renewal General Fund
<u>ASSETS:</u>	
Cash and Investments	\$ 1,918,848
Property Taxes Receivable	15,961
Loans Receivable	193,611
Total Assets	<u>\$ 2,128,420</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>	
LIABILITIES:	
Interest Payable	3,953
Total Liabilities	<u>3,953</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Property Tax Revenue	8,388
Unavailable Revenue from Loans	38,719
Total Deferred Inflows of Resources	<u>47,107</u>
FUND BALANCES:	
Restricted for:	
Urban Renewal Projects	2,077,360
Total Fund Balances	<u>2,077,360</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 2,128,420</u>

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)

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

For the Fiscal Year Ended June 30, 2022

Total Fund Balances - Governmental Funds **\$ 2,077,360**

**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.

Property Taxes	\$8,388	
Unavailable Revenue from Loans	<u>\$38,719</u>	
		\$47,107

Interest payable that is not recognized in the governmental fund is accrued in the Statement of Net Position.	(4,390)
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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>(2,570,280)</u>
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Net Position of Governmental Activities	<u><u>\$ (450,203)</u></u>
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HARRISBURG REDEVELOPMENT AGENCY - THE
URBAN RENEWAL AGENCY OF THE CITY OF
(A Component Unit of the City of Harrisburg)

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**

GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2022

	Urban Renewal General Fund
<u>REVENUES:</u>	
Taxes and Assessments	\$ 436,309
Interest and Investment Earnings	10,924
Grants	81,784
Miscellaneous	37,586
Total Revenues	<u>566,603</u>
<u>EXPENDITURES:</u>	
Current Operating:	
Materials and Supplies	15,960
Debt Service:	
Principal	120,791
Interest	103,167
Capital Outlay	183,023
Total Expenditures	<u>422,941</u>
Excess (Deficiency) of Revenues Over Expenditures	143,662
Net Change in Fund Balance	143,662
Fund Balance - July 1, 2021	<u>1,790,757</u>
Prior Period Adjustment	142,941
Fund Balance - June 30, 2022	<u>\$2,077,360</u>

HARRISBURG REDEVELOPMENT AGENCY - THE URBAN RENEWAL
AGENCY OF THE CITY OF HARRISBURG

(A Component Unit of the City of Harrisburg)

**RECONCILIATION OF THE STATEMENT
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2022

Net changes in fund balances - total governmental funds **\$ 143,662**

**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:

Property Taxes	(6,952)
Unavailable Revenue from Loans	(3,003)

Long term debt proceeds are included as revenue in governmental funds, but the proceeds increase long-term debt balances in the Statement of Net Position

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

The change in payables from prior to current year is reconciled here:	10,888
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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	<u>120,791</u>
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Changes in net position of governmental activities	<u>\$ 265,386</u>
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BASIC FINANCIAL **STATEMENTS**

Notes to the Basic **Financial Statements**

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Urban Renewal Agency of the City of Harrisburg, Oregon (Agency) was established on November 10, 1992. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The governing body is comprised of the Mayor and the Agency Board of the City of Harrisburg.

The Agency is a separate legal entity, governed by the City of Harrisburg. The Agency Board has the ability to impose its will over the Agency as determined on the basis of 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

The financial statements of the Urban Renewal Agency (Agency) of the City of Harrisburg have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basic financial statements are presented at both the government-wide and fund financial level. 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 and the Statement of Activities.

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 clearly 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.

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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 its only fund, the General Fund, as a major fund in order 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. Primary expenditures of the General Fund were made for the Agency's capital outlay.

Measurement Focus/Basis of Accounting

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

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

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Measurement Focus/Basis of Accounting (Cont.)

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

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 as they are needed.

Cash and Investments

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

The 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. The 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 the 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.

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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.

Receivables and Payables

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

Deferred Inflows of Resources:

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

Capital Assets

All capital assets which include property and infrastructure assets (e.g. roads, bridges, sidewalks, etc.) become City of Harrisburg's (primary government) capital assets and therefore are not reported on the Agency's Statement of Net Position.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Equity Classifications

Government-Wide Statements - Equity is classified as net position, which represents the difference between assets 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 that does 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 is available.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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 spendable form or because of legal or contractual constraints. The Agency did not have any nonspendable resources.
- 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 urban renewal projects.
- 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 Agency Board, and does not lapse at year-end. The Agency does not have committed resources.
- 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 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

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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 accrual basis of accounting. For all fund types, inter-fund loans are budgeted as sources and use in accordance with state budget laws. Estimated receipts 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.

In early spring a preliminary budget calendar, budget preparation manual, and budget worksheets are distributed to appropriate department directors. The City Administrator (Agency Director) and the Finance Director develop a proposed budget, after which the Agency Director publishes two notices of Budget Committee meetings. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the Agency Board and an equal number of citizens of the City of Harrisburg) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the Agency's financial position.

The Budget Committee conducts public meetings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the Agency Director originally. The Budget Committee then submits the approved budget to the Agency Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the board without returning to the Budget Committee for a second approval. After the board adopts the budget and certifies the total of ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year.

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

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. The Cash and Investments note summarizes these restrictions 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

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

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

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

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the 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, 2022, the agency's reported deposits were \$1,917,883 and the bank balance was \$1,917,883. 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.

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, 2022, the Agency's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2022, the Agency'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)	\$ 1,888,006	N/A
Total Investments	<u>\$ 1,888,006</u>	

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

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

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

LOANS RECEIVABLE:

The Harrisburg Redevelopment Agency offers a Property Improvement Loan Program and a Property Improvement Grant Program to carry out the goals and objectives outlined in the Harrisburg Urban Renewal Plan.

The Property Improvement Loan Program provides funding for eligible projects for up to 25 percent (25%) of the total cost of a project, with a maximum loan award of \$150,000. The Agency will not award more than a total of \$150,000 for all projects in a fiscal year. A debt forgiveness of up to 40% of the loan may apply. The Property Improvement Grant Program provides funding for eligible projects for up to 50 percent (50%) of the total cost of a project, with a maximum grant award of \$50,000.

Projects must be approved by Agency personnel prior to any work being performed. Loan and grant proceeds are disbursed as cost reimbursements when the HRA has presented a receipt and after the project has been inspected by a City of Harrisburg employee.

For the fiscal year ending June 30, 2022, the Agency issued a total of three loans to two businesses that met the eligibility requirements.

The amount of loan receivables as of June 30, 2022 is \$193,611.

LONG-TERM DEBT:

Long-term debt transactions for the year ended June 30, 2022, were as follows:

<u>Governmental Long-Term Debt</u>	<u>Outstanding Balance July 1, 2021</u>	<u>New Issues</u>	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Outstanding Balance June 30, 2022</u>	<u>Due Within One Year</u>
Bonds Payable:						
Full Faith and Credit Project Bond, Series 2017 - HRA Development Projects	\$ 2,405,000	\$ -	\$ -	\$ 93,800	\$ 2,405,000	\$ 120,000
Total Bonds Payable	<u>2,405,000</u>	<u>-</u>	<u>-</u>	<u>93,800</u>	<u>2,405,000</u>	<u>120,000</u>
Notes Payable:						
KS State Bank Government Finance Dept. - HRA Development Loan	120,791	-	120,791	5,414	-	-
Total Notes Payable	<u>\$ 120,791</u>	<u>\$ -</u>	<u>\$ 120,791</u>	<u>\$ 5,414</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Long-Term Debt	<u>\$ 2,525,791</u>	<u>\$ -</u>	<u>\$ 120,791</u>	<u>\$ 99,214</u>	<u>\$ 2,405,000</u>	<u>\$ 120,000</u>

Unamortized premiums on long-term debt of \$2,450,280 are reflected in the balances of bonds payable on the Statement of Net Position.

On August 24, 2017, the Agency issued a Full Faith and Credit Project Bond, Series 2017, entered into with US Bank for HRA development projects. The original amount is \$2,405,000 with an interest rate between 2% and 4%.

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

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

LONG-TERM DEBT (Cont.):

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

Full Faith and Credit Bonds:

Ended June 30,	Principal	Interest	Total
2023	120,000	93,800	213,800
2024	125,000	91,400	216,400
2025	130,000	86,400	216,400
2026	135,000	81,200	216,200
2027	140,000	75,800	215,800
2028 - 2032	790,000	290,400	1,080,400
2033 - 2037	965,000	118,800	1,083,800
Total	<u>\$2,405,000</u>	<u>\$ 837,800</u>	<u>\$ 3,242,800</u>

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

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 in excess of insurance coverage during the past three fiscal years. The Agency's insurance is provided in combination with the City of Harrisburg.

TRANSFERS:

Assets purchased by the Agency are property of the primary government, the City of Harrisburg. This is recorded as an equity transfer on the statement of activities. The amount of equity transferred to the City at the end of the fiscal year was \$(183,023).

EXPENDITURES OVER APPROPRIATIONS:

The Agency expended over appropriations in the following fund:

Fund/Category	Appropriation	Actual	Variance
Harrisburg Redevelopment Agency Fund/Debt Service/Principal	\$120,750	\$120,791	\$ 41
Harrisburg Redevelopment Agency Fund/Debt Service/Interest & Fees	\$ 99,300	\$103,167	\$3,867

REQUIRED
SUPPLEMENTARY
INFORMATION

HARRISBURG REDEVELOPMENT AGENCY - THE URBAN RENEWAL
AGENCY OF THE CITY OF HARRISBURG
(A Component Unit of the City of Harrisburg)

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

URBAN RENEWAL GENERAL FUND

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final	Amounts	
<u>REVENUES:</u>				
Taxes and Assessments	\$ 239,260	\$ 239,260	\$ 436,309	\$ 197,049
Investment Revenue	15,000	15,000	10,924	(4,076)
Grants	82,000	82,000	81,784	(216)
Other Revenue	-	-	37,586	37,586
Total Revenues	336,260	336,260	566,603	230,343
<u>EXPENDITURES:</u>				
Materials and Supplies	28,450	28,450	15,960	(12,490)
Capital Outlay	1,495,120	1,495,120	183,023	(1,312,097)
Debt Service:				
Principal	120,750	120,750	120,791	41
Interest	99,300	99,300	103,167	3,867
Total Expenditures	1,743,620	1,743,620	422,941	(1,320,679)
Excess (Deficiency) of Revenues Over Expenditures	(1,407,360)	(1,407,360)	143,662	1,551,022
<u>OTHER FINANCING SOURCES / (USES):</u>				
Loan Repayment Proceeds	13,160	13,160	-	(13,160)
Total Other Financing Sources (Uses)	13,160	13,160	-	(13,160)
Net Change In Fund Balance	(1,394,200)	(1,394,200)	143,662	1,564,182
Fund Balance - July 1, 2021	1,394,200	1,394,200	1,790,757	396,557
Prior Period Adjustment	-	-	142,941	142,941
Fund Balance - June 30, 2022	\$ -	\$ -	\$ 2,077,360	\$ 2,077,360

OTHER
INFORMATION

(Additional Supporting Schedules)

HARRISBURG REDEVELOPMENT AGENCY - THE URBAN RENEWAL AGENCY
OF THE CITY OF HARRISBURG

(A Component Unit of the City of Harrisburg)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2022

KS State Bank Government Finance Dept. - HRA Development Loan

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

Current Year Activity:

	Outstanding Balance July 1, 2021	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2022	Due Within One Year
Principal	\$ 120,791	\$ -	\$ 120,791	\$ -	\$ -
Interest	-	5,414	5,414	-	-
Total	<u>\$ 120,791</u>	<u>\$ 5,414</u>	<u>\$ 126,205</u>	<u>\$ -</u>	<u>\$ -</u>

**HARRISBURG REDEVELOPMENT AGENCY - THE URBAN RENEWAL AGENCY OF
THE CITY OF HARRISBURG**

(A Component Unit of the City of Harrisburg)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2022

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, 2021	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2022	Due Within One Year
Principal	\$ 2,405,000	\$ -	\$ -	\$ 2,405,000	\$ 120,000
Interest	-	93,800	93,800	-	93,800
Total	<u>\$ 2,405,000</u>	<u>\$ 93,800</u>	<u>\$ 93,800</u>	<u>\$ 2,405,000</u>	<u>\$ 213,800</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2023	\$ 120,000	\$ 93,800	\$ 213,800	2.00%
	2024	125,000	91,400	216,400	4.00%
	2025	130,000	86,400	216,400	4.00%
	2027	140,000	75,800	215,800	4.00%
	2028	145,000	70,200	215,200	4.00%
	2029	150,000	64,400	214,400	4.00%
	2030	160,000	58,400	218,400	4.00%
	2031	165,000	52,000	217,000	4.00%
	2032	170,000	45,400	215,400	4.00%
	2033	180,000	38,600	218,600	4.00%
	2034	185,000	31,400	216,400	4.00%
	2035	190,000	24,000	214,000	4.00%
	2036	200,000	16,400	216,400	4.00%
	2037	210,000	8,400	218,400	4.00%
Total		<u>\$ 2,405,000</u>	<u>\$ 837,800</u>	<u>\$ 3,242,800</u>	

REPORTS ON OTHER LEGAL
AND
REGULATORY REQUIREMENTS

HARRISBURG REDEVELOPMENT AGENCY -
THE URBAN RENEWAL AGENCY OF THE CITY OF HARRISBURG

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2022

To the Governing Body of the Urban Renewal Agency of the City of Harrisburg
Harrisburg, Oregon

We have audited the basic financial statements of the Urban Renewal Agency of the City of Harrisburg (Agency) as of and for the year ended June 30, 2022 and have issued our report thereon dated March 17 2023. 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, except for:

- The Agency expended over appropriations in one fund, as noted on page 23.

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 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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency internal control over financial reporting.

This report is intended solely for the information and use of the Board of Directors 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.



Steve Tuchscherer, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
March 17, 2023

Agenda Bill
Harrisburg Redevelopment Agency Board
Harrisburg, Oregon

THE MATTER OF APPROVING THE HARRISBURG REDEVELOPMENT AGENCY 2ND QUARTER 2022/2023 EXPENSE REPORT

STAFF REPORT:

Exhibit A: 2nd Quarter HRA Expense Report Ending December 31, 2022

ACTION: MOTION TO APPROVE THE HRA 2ND QUARTER 2022/2023 EXPENSE REPORT.

THIS AGENDA BILL IS DESTINED FOR: Regular Agenda – April 25, 2023

BUDGET IMPACT		
COST	BUDGETED?	SOURCE OF FUNDS
N/A	N/A	N/A

STAFF RECOMMENDATION:

Staff recommend the HRA Board reviews and approves the HRA 2nd Quarter 2022/2023 Expense Report.

BACKGROUND INFORMATION:

The HRA's Finance Officer has prepared the 2nd Quarter 2022/2023 Expense Report for review by the HRA Board. The report shows all revenues and expenditures for the 2nd quarter for fiscal year 2022-2023. We have currently received 185.07% of the budgeted property taxes. This will not continue into next fiscal year as we will be participating in shared revenue which will decrease our levy on taxes. Our investment revenue will be higher than budgeted due to the increased interest rates over the last three months. The HRA Board should review the document and raise any questions or concerns they may have to the HRA staff. **Be aware that these numbers could change after fiscal year 2021-2022 is audited due to any auditor adjustments or reclassifications.**

REVIEW AND APPROVAL:

Cathy Nelson 04/19/2023
Cathy Nelson Date
Finance Officer

**HARRISBURG REDEVELOPEMENT AGENCY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 3 MONTHS ENDING DECEMBER 31, 2022**

HRA GENERAL FUND

REVENUES (RESOURCES)

OBJECT CLASSIFICATION (DESCRIPTION)	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PERCENTAGE
BEGINNING FUND BALANCE	2,163,550.00	2,077,360.00	2,163,550.00	(86,190.00)	96.02%
TAXES	421,729.82	430,517.66	232,625.00	197,892.66	185.07%
INVESTMENT REVENUE	13,507.81	20,909.99	9,980.00	10,929.99	209.52%
MISCELLANEOUS REVENUE	2,250.00	3,750.00	9,000.00	(5,250.00)	41.67%
TOTAL FUND REVENUE	2,601,037.63	2,532,537.65	2,415,155.00	117,382.65	104.86%

EXPENDITURES (REQUIREMENTS)

OBJECT CLASSIFICATION (DESCRIPTION)	PERIOD ACTUAL	YTD ACTUAL	BUDGET	REMAINING	PERCENTAGE
MATERIALS & SERVICE	10,311.90	13,219.90	23,400.00	10,180.10	56.50%
CAPITAL OUTLAY	1,800.00	2,252.50	2,127,955.00	2,125,702.50	0.11%
SPECIAL PAYMENTS	0.00	37,965.44	50,000.00	12,034.56	75.93%
DEBT SERVICES	46,900.00	46,900.00	213,800.00	166,900.00	21.94%
TOTAL FUND EXPENDITURES	59,011.90	100,337.84	2,415,155.00	2,314,817.16	4.15%
NET REVENUES OVER EXPENDITURES	2,542,025.73	2,432,199.81	0.00		