



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

Jon Ruiz, City Manager

City of Eugene, Oregon



COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF EUGENE, OREGON
FISCAL YEAR ENDED JUNE 30, 2013



REPORT PREPARED BY THE CITY
FINANCE DIVISION

INTRODUCTORY SECTION

CITY OF EUGENE, OREGON
 Comprehensive Annual Financial Report
 Year ended June 30, 2013

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December 13, 2013

Citizens of Eugene
The Honorable Kitty Piercy, Mayor
Members of the City Council
Jon R. Ruiz, City Manager

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Eugene, Oregon, for the fiscal year ended June 30, 2013.

Local ordinances and state statutes require that the City of Eugene issue a report on its financial position and activity within six months of the close of each fiscal year. In addition, this report must be audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established an internal control structure designed to safeguard City assets against loss, theft, or misappropriation, and to ensure the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure has been designed to provide reasonable, but not absolute, assurance that these objectives are being met. The concept of reasonable assurance recognizes that:

- The cost of the control structure should not exceed the benefits likely to be derived; and
- The evaluation of cost and benefits require estimates and judgments by management.

We believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. To the best of our knowledge, the enclosed data are presented accurately in all material respects, along with the disclosures necessary to provide the reader with a reasonable understanding of the City's financial affairs.

The City's financial statements were audited by Isler CPA, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2013, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report on the Basic Financial Statements is included in the Financial Section of this report.

In addition to meeting the requirements set forth above, the independent audit also was designed to meet the special needs of federal grantor agencies as provided for in the Federal Single Audit Act and the Office of Management and Budget's (OMB) Circular A-133. These standards require the independent auditor not only report on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the independent audit for the fiscal year ended June 30, 2013 indicated no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The independent auditors' reports related specifically to the Single Audit and OMB Circular A-133 are included in the Government Auditing Standards Section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report on the basic financial statements.

City Overview

The City of Eugene was incorporated in 1862, and the citizens adopted the Council/Manager form of government in 1944. The City Council develops legislation and policies to direct the City organization, and hires a professional manager (the City Manager) to oversee City of Eugene personnel and operations. The Mayor is elected at-large to a four-year term and acts as the formal representative of the City and presides over City Council meetings. The City Council has eight members elected by ward to four-year terms, with one-half of the council elected every two years. As allowed by state statutes, the City levies a property tax on real and personal property located within its boundaries.

As of July 1, 2012, 158,335 people resided within Eugene's municipal boundaries, making it Oregon's second largest city. City boundaries encompassed 44 square miles in Lane County. The Willamette River runs through the heart of the City and the McKenzie River joins the Willamette to the north of the City. Eugene is the center of government and education including County, State and Federal government agencies, and is home to the University of Oregon. Over the last ten years, Eugene's population has increased on average by 1.1% annually.

The City provides a full range of municipal services. These services include police, fire, emergency medical services, municipal court, community planning and development, parks and open space, library, recreational and cultural activities, airport, wastewater treatment, stormwater management, general public works; and administration, along with other functions associated with a full-service municipal government. These services are provided primarily to citizens who live within the corporate limits. However, many of the services and facilities operated by the City are provided for and financed by regional service areas larger than the City.

For financial reporting purposes, the City includes all funds subject to appropriation by the City Council. In addition, the City includes all governmental organizations and activities for which the City Council is financially accountable. Therefore, the financial statements of the Urban Renewal Agency of the City of Eugene, although legally separate, have been combined with those of the City proper by including them in the appropriate statements and schedules in this report.

For financial planning and control, the City prepares and adopts an annual budget in accordance with Oregon Revised Statutes Chapters 294.305 through 294.565. Local government budgeting in Oregon is a joint effort between the people affected by the budget and the appointed and elected officials responsible for adopting the budget. Elected and appointed officials determine the allocation of resources among the service areas. The State of Oregon Department of Revenue checks to ensure that the budget is prepared according to the Oregon Local Budget Law. Citizens involved with budget preparation provide input to promote adequate funding for programs they want and need.

To give the public ample opportunity to participate in the budgeting process, local budget law requires that a Budget Officer be appointed and a Budget Committee be formed. The Budget Officer draws together necessary information and prepares the first draft of the budget. The Budget Committee then reviews and revises the proposed budget before making its recommendations to the City Council. Notices are published, budgets are made available for review, and at least two public hearings are held – one hearing is held before the Budget Committee, which is composed of the eight City Councilors and eight appointed citizen members, and one hearing is held before the City Council. Additionally, opportunities for public testimony are provided at many Budget Committee meetings. These requirements encourage public participation in the budget-making process and give public exposure to budgeted programs and fiscal policies before the governing body of the municipal corporation adopts the budget.

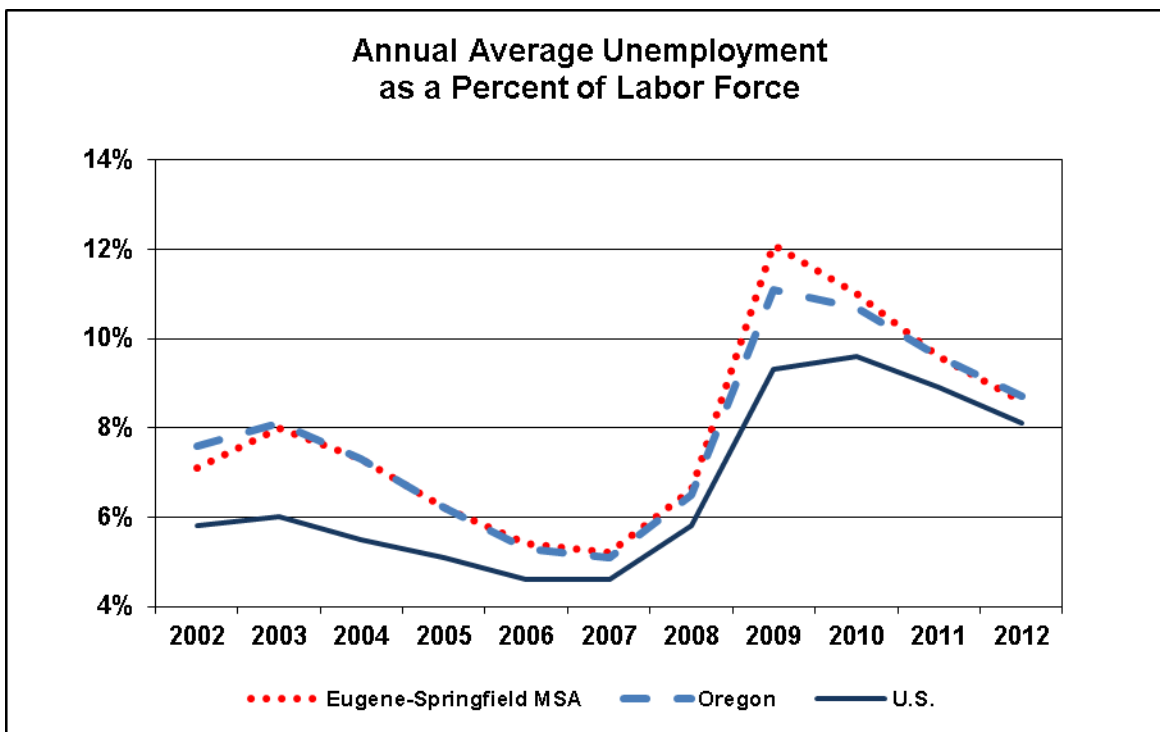
The legally adopted budget is at the fund and departmental level for operating expenditures, with separate appropriations established for capital projects, debt service, interfund transfers, interfund loans, intergovernmental expenditures, and special payments. Budgetary controls are administered internally at a more restrictive level. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the General Fund and the Community Development Fund, this comparison is presented as required supplementary information in this report. For all other funds, this comparison is presented as other supplementary information.

Local Economy

Eugene is located in western Oregon, in the southern Willamette Valley, in close proximity to the Pacific Ocean and the Cascade Mountain Range. Citizens and visitors enjoy the mild climate, recreation and fitness opportunities, and the diverse cultural events it has to offer. Interstate 5 connects Eugene to the Portland metropolitan area and Washington state to the north, and California to the south. State highways provide access to the Cascade Mountains and the recreational opportunities of eastern Oregon, and to the picturesque coastal towns, state parks and public beaches to the west.

Eugene's municipal airport is serviced by six air carriers: Alaska Airlines, Allegiant, American Airlines, Delta, Frontier and United Airlines. Commercial air service links Eugene directly to Denver, Honolulu, Las Vegas, Los Angeles, Oakland, Phoenix/Mesa, Portland, Salt Lake City, San Francisco, and Seattle.

Eugene is the largest city in Lane County and the second largest city in Oregon, representing 45% of the county's, and 4% of the state's population. Eugene's economy typically follows the trends of the state and national economies. The unemployment rate in the Eugene-Springfield Metropolitan Statistical Area (MSA) rose sharply as a result of the recession, from an average annual rate of 5.2% in 2007 to a high of 12.1% in 2009, primarily due to job losses from closure of the City's largest taxpayer, Hynix, as well as other job losses in construction, manufacturing, retail, and professional services. Eugene's 2012 unemployment rate dropped to 8.6%, which is still high by historic standards, and 0.5% higher than the national average:



The two pillars that have historically provided relative stability in Eugene's economy are the large public sector employment base and population in-migration. In prior years, the influx of new residents has helped the economy diversify away from lumber and wood products manufacturing. California has been the largest source of new residents to the area due to Eugene's proximity to that state, local environmental and cultural amenities, and relatively low cost of living. However, Eugene's population growth has slowed down somewhat in recent years as a result of the recession and resulting high unemployment rate. While historical population growth rate has been approximately 1.1%, in the last three years for which population data are available (2010 through 2012), the growth rate has been below 1%.

County, state, and federal government agencies are centered in Eugene, as well as the University of Oregon and Lane Community College. Between 2003 and 2013, employment in the government, education and health services sectors increased by 13%, largely due to growth of the University of Oregon. In the Fall of 2012, the University of Oregon reached a record enrollment level of 24,591 undergraduate and graduate students. The University is the largest employer in Lane County, providing 4,847 faculty, administration and classified jobs in 2011. The University also employed 1,472 graduate assistants and provided 3,346 part-time student jobs. The University is a major contributor to Oregon's economy, generating economic activity estimated at more than \$2 billion. In 2010 the University of Oregon was ranked by the Carnegie Foundation to be in the top 2% of U.S. research universities.

As the local economy has diversified away from dependence on resource-based and manufacturing industries, the Eugene-Springfield area has become an increasingly important center for health services in Western Oregon. PeaceHealth Medical Group is the area's largest employer with approximately 4,200 jobs.

Recession-caused job losses have been partially offset by a number of large construction projects, including several projects at the University of Oregon. These include completion of the \$75 million Global Scholars Hall, a 451-bed multi-level student housing/learning facility in 2012. The University's status as a major research institution was reinforced in 2012 with completion of the \$65 million Lewis Integrative Science Building, part of the Lorry I. Lokey Science Complex. This complex is home to strategic research clusters centered on interdisciplinary and integrative research missions including brain research, cognitive science, neuroscience, green materials science, nanotechnology research, and solar technology research. In the summer of 2013, the University broke ground on a \$50 million expansion of the student recreation center.

In 2016, Eugene will again host the U.S. Olympic Team Track and Field trials. This is the largest national championship track meet in the world that selects the athletes to represent Team USA at the Summer Olympic Games. Eugene also hosted the 2008 and 2012 Track and Field Trials. The University's venerable Hayward Field, which has received multi-million dollar upgrades, will host the event which draws approximately 20,000 out-of-area visitors.

A \$73 million major renovation of Sacred Heart Medical Center at University District began in 2011. Four buildings dating from 1941 to 1968 have been torn down, and a replacement 104-bed, 95,310-square-foot hospital will open in 2014. A \$13 million project to improve Sacred Heart's psychiatric unit was announced in 2013. The hospital offers services including the Acute Care for Elders (ACE) unit, a 24-hour Emergency Department, Oregon Rehabilitation Center, Gamma Knife Center, and Regional Infusion Center. The University District campus is home to the Center for Medical Education and Research, a partnership among the University of Oregon, Oregon Health Sciences University and Sacred Heart to train new physicians. The campus employs more than 1,000 people.

Downtown Eugene is benefiting from several public and private construction projects, large and small. These include completion in 2013 of a new \$55 million downtown campus for Lane Community College, located across from the Downtown Public Library. This project incorporates five floors of student housing along with a 90,000 square foot education building. Another large construction project, which is currently under way, is the Capstone student housing complex. This is the largest downtown construction project in Eugene's history. When completed, this project will include apartment buildings with 374 units to house 1,200 students, at a cost of \$89 million. First phase of the Capstone project opened in the Fall of 2013, and the entire project will be completed in 2014.

In the Fall of 2013, the Lane County Board of Commissioners unanimously approved a 99-year lease agreement to develop a two-block parcel at 6th Avenue and Oak Street in Downtown Eugene. The proposed \$67 million development on this site will include market-rate and subsidized apartment buildings, a movie theater, a grocery store, and ground-floor retail space. Lease payments from the property developer will provide a new revenue source for Lane County government.

Air connections through Eugene also continue to benefit from new investments and service expansion. In 2010, the main runway at the Eugene Airport was repaved. Allegiant Air began direct service to Honolulu starting in November 2012. Frontier Airlines started direct service to Denver in May 2013. Over the last ten years the number of total revenue enplanements at the Eugene airport grew by 35% to over 400,000 enplanements per year.

Long-term Financial Planning

The City of Eugene recognizes the importance of strategic long-term financial planning. Each year, forecasts are prepared to estimate the financial health of each major fund over the next six years. These forecasts are designed to inform policy makers about the long-term impacts of today's budget decisions and other potential financial dynamics for each City operation.

The largest of the City's funds is the General Fund, which is the general operating fund for the City. In preparation for the FY14 budget, the General Fund forecast was updated to provide policy makers with the financial outlook for the fund. Despite making approximately \$24 million in reductions in the General Fund budget over the past several years, and reducing the annual operating budget growth rate from 6.2% in FY03 through FY09 to 0.6% in FY10 through FY13, the forecast demonstrated that growth in expenditures continues to outpace growth in revenues, resulting in a General Fund structural deficit of approximately \$6.3 million. The primary reason for the operating deficit is the dramatic slowdown in property tax revenue growth as a result of slow growth in taxable assessed values.

As a result of the updated General Fund forecast, the City Manager presented the FY14 proposed budget that was based on balancing ongoing revenues and expenditures in the City's General Fund using one of the following two approaches:

- Implement \$5.3 million in various service reductions to bring expenditures in line with the revenues, and \$1 million in operating footprint reductions.
- The alternate strategy was the city service fee proposal that was included in the May 21, 2013 election as Ballot Measure 20-211. If this measure were approved by the voters, the revenues provided by the city service fee would have been used to continue General Fund services at their current level. The city service fee was rejected by the voters, with 67% of the votes cast against the measure and 33% in favor of the measure.

After extensive deliberations and receiving public input at several meetings, the Budget Committee restored \$5.3 million in service reductions for one year using \$1.1 million in anticipated savings from PERS legislation and \$4.2 million from the Reserve for Revenue Shortfall. The Budget Committee also voted to set up a series of Budget Committee meetings prior to December 31, 2013, in order to formulate a long-term sustainable financial strategy for the City's General Fund. This process also includes a robust public outreach component, including public meetings on the City budget at five local high schools, as well as a Finance Investigative Team that led a fact-finding effort around various budget saving ideas.

The City also utilizes three additional important planning documents: the *Capital Improvement Program*, the *Multi-Year Financial Plan* and the *Debt Affordability Study*.

In March 2013, the City Council approved the *Capital Improvement Program* for FY14 through FY19. The *Capital Improvement Program* (CIP) forecasts the City's capital needs over a six-year period based on various long-range plans, goals, and policies. The underlying strategy of the CIP is to plan for land acquisition, construction, and major maintenance of public facilities necessary for the safe and efficient management of City assets. A critical element of a balanced CIP is the provision of funds to preserve or enhance existing facilities and provide new assets which will help the City respond to changing service needs and community growth. The program serves as the basis for the capital budget and is updated every two years. The FY14-19 CIP totals about \$177.1 million in projects with funding secured or identified from a variety of sources.

Transportation is the largest CIP category with a total allocation of \$69.6 million, of which \$67.3 million is dedicated towards pavement preservation. Airport capital improvements, including the terminal building expansion, Concourse C addition, automated rental car wash facility, access road improvements and preservation and maintenance projects, will account for \$39.5 million. About \$30.3 million for public buildings will primarily be invested in preservation and capital maintenance of existing City facilities. Improvements to preserve and rehabilitate the City's wastewater system will be funded with \$13.9 million. Under the City's stormwater program, drywell decommissioning, stream corridor acquisition, bank stabilization and stream restoration, and system upgrades and capacity enhancements are to be funded at \$14.8 million. Approximately \$9.1 million in anticipated capital spending will be for parks and open space projects.

In April 2011, the City's Executive Team reviewed and approved the *Multi-Year Financial Plan (MYFP)* for FY12 to FY17. The MYFP was subsequently presented to the Mayor and the City's Budget Committee. The Multi-Year Financial Plan is a compilation of significant but unfunded challenges and opportunities that are likely to occur over the next six years. It serves as a strategic planning tool and helps address Council's goal for "Fair, Stable, and Adequate Resources." It provides an important means to improve the City's ability to link the Council goals process, the Capital Improvement Program, the General Fund Six-Year Financial Forecast, other project or service specific strategic plans, and the annual budget process.

The FY12-17 MYFP identified a total of about \$281.0 million in unfunded challenges and opportunities that may occur within the next six years. Of this amount, \$134.1 million was for several high-priority items such as shortfalls in the General Fund, Ambulance Transport Fund, and the Parking Fund, as well as deferred maintenance of streets, parks and public buildings, and implementation of City Council projects.

All of these high-priority items would need to be funded on an ongoing basis in order for the City's budget to become truly sustainable, rather than merely stable, in the long-run.

With the significant amount of future capital projects, as well as identified unfunded needs, the City also recognizes the need to be thoughtful and deliberate in planning future debt levels. As a result, the City has developed a *Debt Affordability Study* that is updated every two years in conjunction with the CIP update. This study looks at not just the legally allowable level of debt, but the level of debt that the community would consider affordable, given the ability of the community to pay for that debt. The Budget Committee adopted a debt policy limit of net direct debt of no more than 1% of real market value of property. The *Debt Affordability Study* measures future debt plans against this debt policy limit to determine whether those plans are considered affordable and those results are included in the CIP. The City's net direct debt to real market was 0.16% at the end of FY13.

City Council Vision and Goals

The City Council adopts goals that provide major policy direction for budget allocations and service delivery. The City Council adopted the following vision and goals in 2009.

City Council Vision

- Value all people, encouraging respect and appreciation for diversity, equity, justice, and social well-being. We recognize and appreciate our differences and embrace our common humanity as the source of our strength;
- Be responsible stewards of our physical assets and natural resources. We will sustain our clean air and water, beautiful parks and open spaces, livable and safe neighborhoods, and foster a vibrant downtown, including a stable infrastructure; and
- Encourage a strong, sustainable and vibrant economy, fully utilizing our educational and cultural assets, so that every person has an opportunity to achieve financial security.

City Council Goals

Safe Community

A community where all people are safe, valued, and welcome.

Sustainable Development

A community that meets its present environmental, economic, and social needs without compromising the ability of future generations to meet their own needs.

Accessible And Thriving Culture And Recreation

A community where arts and outdoors are integral to our social and economic well-being and are available to all.

Effective, Accountable Municipal Government

A government that works openly, collaboratively, and fairly with the community to achieve measurable and positive outcomes and provide effective, efficient services.

Fair, Stable And Adequate Financial Resources

A government whose ongoing financial resources are based on a fair and equitable system of revenues and are adequate to maintain and deliver municipal services.

City Hall Planning

One of the major planning efforts currently under way is the City Hall rebuild. Completed in 1964, the Eugene City Hall has served as the center of municipal government for nearly half a century. In that time, the City's population has more than tripled and City government outgrew this modest facility. At the same time, the condition of City Hall has deteriorated and the structure's seismic vulnerability has been well documented.

Since 1999, several planning processes resulted in the relocation of all public safety functions from City Hall to safer locations. This culminated in the move of the remaining police functions to the new headquarters facility on Country Club Road in summer of 2012, and the Downtown Public Safety Station at 960 Olive Street in February 2013. All other functions at City Hall, including the Mayor, City Council and City Manager's Office, Human Resources, Risk Services and Municipal Court were relocated in 2012 as well.

In January 2013 the City Council unanimously directed the City Manager to develop a city hall design on the current site with the goal of retaining the Council Chamber, existing parking (to the extent possible) and public art, as well as any other components that make sense from an operational or design standpoint. In a subsequent supplemental budget action, \$750,000 was transferred from the Facility Replacement Fund to the project for the purpose of undertaking the analysis, public involvement, and initial design work necessary to develop a recommended concept design for council approval in the spring of 2014.

A publicly advertised, qualifications-based selection process resulted in the selection of Rowell Brokaw Architects to lead the design team for the City Hall Rebuild Project. Rowell Brokaw is based in Eugene and is teaming up with The Miller Hull Partnership from Seattle. In a separate competitive selection process, Eugene-based McKenzie Commercial Contractors was selected as the construction manager/general contractor (CM/GC) for the project. McKenzie Commercial will provide construction consulting and cost estimating during the design process, manage the bidding process for all major components of the work, and act as the general contractor during construction.

Design and construction of the City Hall Rebuild is expected to take a little more than two years with move-in targeted by the end of 2015. The Council established a budget of \$15 million for the project, which includes approximately \$11 million for construction and \$4 million for soft costs such as architectural design work, engineering, staff project management, permits, furnishings, and other related project costs. Staff and consultant analysis completed in support of the Council's decision-making process demonstrated that a \$15 million project budget, while challenging, was sufficient to accomplish most of the goals articulated by the council. Recognizing that \$15 million cannot accomplish major consolidation of City services, the project will preserve opportunities for future phases that can accommodate greater consolidation over time as more resources become available.

Other Information

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eugene for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 37th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

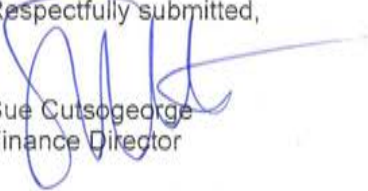
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its adopted budget document for FY13. In order to qualify for the Award, the budget document was judged to be proficient in several categories as a policy document, financial plan, operations guide, and communications device. The City has received this award for 30 years, and is one of the few jurisdictions in the country to have received this recognition every year since its inception.

Acknowledgments

The Finance Division has the responsibility for preparing the Comprehensive Annual Financial Report. I appreciate and thank all staff who assisted and contributed to the report's presentation. I would also like to thank the Mayor, members of the City Council and Budget Committee, the City Manager and Executive Team for their interest and support in managing the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Sue Cutsogeorge', with a long horizontal flourish extending to the right.

Sue Cutsogeorge
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

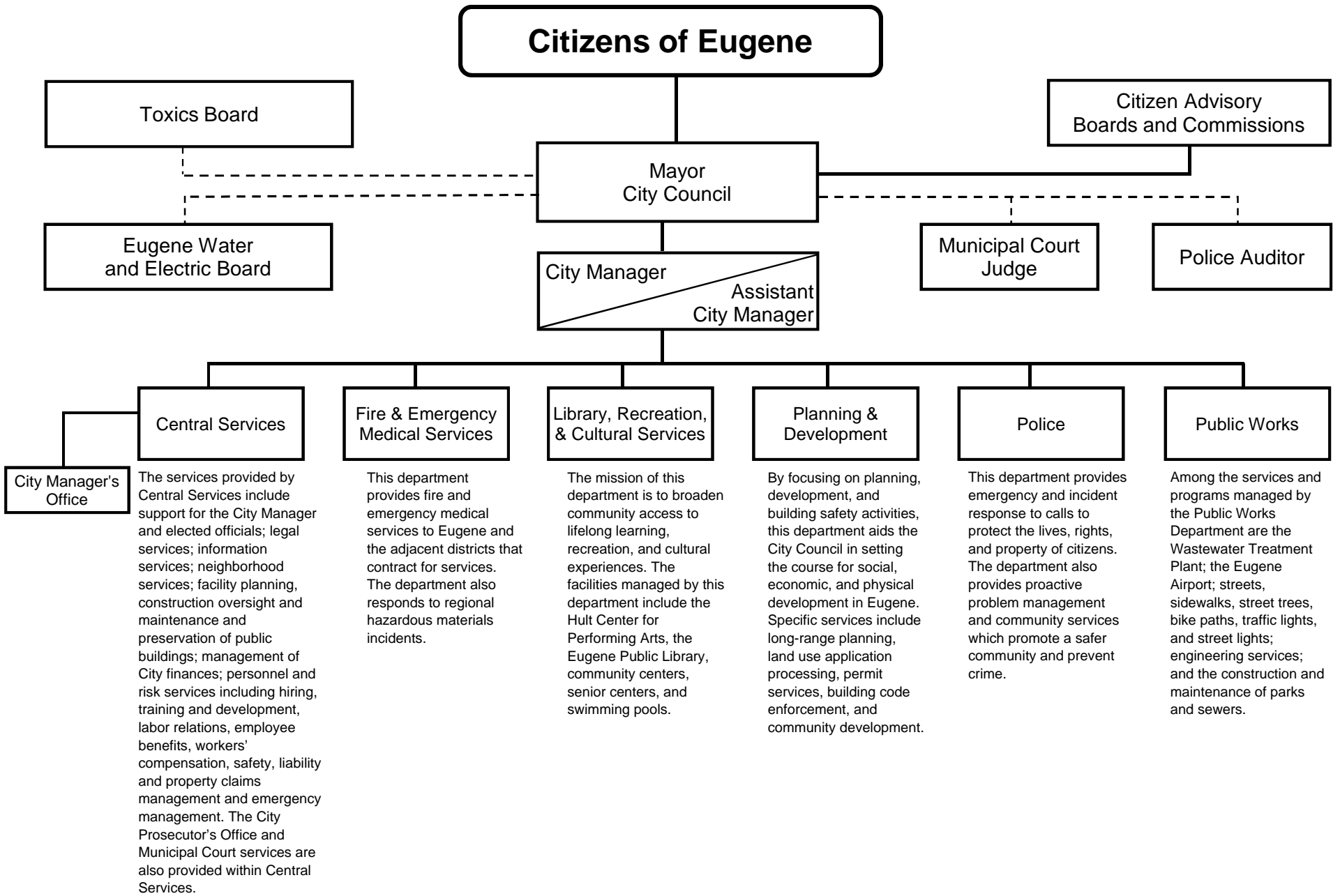
**City of Eugene
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Eugene Organizational Chart



CITY OF EUGENE, OREGON

Mayor and City Council as of June 30, 2013

	<u>Name</u>	<u>Term Expires</u>
Mayor:	Kitty Piercy	January 2017
Councilors:	George Brown (Ward 1)	January 2017
	Betty Taylor (Ward 2)	January 2017
	Alan Zelenka (Ward 3)	January 2015
	George Poling (Ward 4)	January 2015
	Mike Clark (Ward 5)	January 2015
	Greg Evans (Ward 6)	January 2015
	Claire Syrett (Ward 7)	January 2017
	Chris Pryor (Ward 8)	January 2017

Principal Officials

Jon R. Ruiz, City Manager

Sarah Medary, Assistant City Manager

Glenn Klein, City Attorney

Kristie Hammitt, Central Services Executive Director

Randall B. Groves, Fire and Emergency Medical Services Chief

Renee Grube, Acting Library, Recreation, and Cultural Services Executive Director

Sarah Medary, Planning and Development Executive Director

Pete Kerns, Chief of Police

Kurt Corey, Public Works Executive Director

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT



An Independently Owned Member
McGLADREY ALLIANCE |  McGladrey

To the Honorable Mayor and Members of the City Council
City of Eugene, Oregon

Report on the financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Eugene, Oregon (“the City”) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 17 through 26), the schedules of revenues, expenditures and changes in fund balances – budget and actual of the General Fund and the Community Development Fund (pages 79 through 80) (the "budgetary schedules"); and the schedule of pension funding progress and the schedule of OPEB funding progress (page 81) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis, the schedule of pension funding progress, and the schedule of OPEB funding progress described in accordance with auditing standards generally accepted in the United States of America, which consisted 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 an opinion on the financial statements as a whole. The budgetary schedules described above are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules 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 budgetary schedules are fairly stated in all material respects in relating to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section (pages 1 through 11); other supplementary information (pages 83 through 129); and statistical tables section (pages 131 through 150) are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (pages 164 through 166), and is also not a required part of the basic financial statements. The other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic


financial statements and certain 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 basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical tables section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ISLER CPA

A handwritten signature in black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

By Gary Iskra, CPA, a member

Eugene, Oregon
December 13, 2013

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Management's Discussion and Analysis

The management of the City of Eugene, Oregon (City) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2013. 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 auditors' report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

Financial Highlights

- The City's total assets at June 30, 2013 increased \$0.2 million from \$975.1 million to \$975.3 million. The increase was due to a \$0.9 million increase in capital assets. \$665.1 million of the City's assets are capital assets such as roads, sewer systems, airport facilities, parks, and public buildings.
- The City's total liabilities decreased \$7.1 million from \$158.0 million to \$150.9 million. The decrease was primarily due to a \$5.3 million decrease in bonds payable, the result of scheduled debt service payments.
- The net position of the City (assets less liabilities) at June 30, 2013 increased \$7.3 million from \$817.1 million to \$824.4 million from the prior year. The City's unrestricted portion of net position is \$111.8 million, which is split \$85.8 million and \$26.0 million for the City's governmental and business-type activities, respectively. The majority of the governmental activities portion of unrestricted net position is in the General Fund, Telecom Fund, and the City's Internal Service Funds.
- At June 30, 2013, the General Fund's fund balance was \$39.5 million, a decrease of \$3.6 million from the previous year. Of the General Fund's fund balance, \$3.0 million, or 2.5% of General Fund expenditures, is unassigned. Additional information about the components of the General Fund's fund balance can be found in the Notes to Basic Financial Statements.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements and other required supplementary information. The City's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period. Examples of such items include earned, but uncollected property taxes, and earned, but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion of, their costs through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- Central services
- Fire and emergency medical services
- Library, recreation, and cultural services
- Planning and development
- Police
- Public works

The business-type activities of the City include the following:

- Ambulance transport
- Municipal airport
- Parking services
- Stormwater utility
- Wastewater utility

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Urban Renewal Agency (URA) for which the City is financially accountable. Although legally separate, the URA's governing body is identical to the City's, and because the services of the URA are exclusively for the benefit of the City, it is included as an integral part of the primary government.

The government-wide financial statements can be found at Exhibits 1 and 2 in the basic financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found at Exhibits 3 and 5 in the basic financial statements.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report four major funds: General Fund, Community Development Special Revenue Fund, General Capital Projects Fund, and the Systems Development Capital Projects Fund. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Summary fund data by fund-type for these nonmajor governmental funds is provided as other supplementary information in the form of combining statements at B-1 and B-2 of this report. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements at C-1, C-2, D-1, D-2, E-1, and E-2.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the Community Development Fund as required supplementary information at A-1 and A-2. Budgetary comparisons for all other governmental funds have been provided as other supplementary information at C-3 through C-12, D-3 through D-5, and E-3 through E-8.

The governmental fund financial statements can be found at Exhibits 3 and 4 in the basic financial statements.

Proprietary funds. Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains two different types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its ambulance transport, municipal airport, parking services, stormwater utility, and wastewater utility operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for engineering services, facilities services, fleet services, information systems and services, and risk and benefits management activities. Because internal service funds predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with the governmental activities in the government-wide financial statements.

The enterprise funds, all of which are considered to be major funds of the City, are reported separately as proprietary fund financial statements in the basic financial statements. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided as other supplementary information in the form of combining statements at G-1, G-2, and G-3.

The City adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds as other supplementary information at F-1 through F-5. Budgetary comparisons for the internal service funds are provided as other supplementary information at G-4 through G-8. The proprietary fund financial statements can be found at Exhibits 6, 7, and 8 in the basic financial statements.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons for the General Fund and Community Development Fund, information about the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees, and the budget to GAAP reconciliation schedule.

Other supplementary information. The combining statements and schedules referred to earlier and the schedules of property tax and bonded debt transactions follow the required supplementary information in this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial health. In the case of the City, assets exceeded liabilities by \$824.4 million at the close of the fiscal year ending June 30, 2013.

City of Eugene's Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Capital assets	\$ 424,687,580	421,356,710	240,442,993	243,029,332	665,130,573	664,386,042
Other assets	263,820,497	265,654,233	46,324,687	45,070,204	310,145,184	310,724,437
Total assets	<u>688,508,077</u>	<u>687,010,943</u>	<u>286,767,680</u>	<u>288,099,536</u>	<u>975,275,757</u>	<u>975,110,479</u>
Noncurrent liabilities	102,193,581	108,558,227	68,687	276,056	102,262,268	108,834,283
Other liabilities	42,493,303	43,696,733	6,107,013	5,516,195	48,600,316	49,212,928
Total liabilities	<u>144,686,884</u>	<u>152,254,960</u>	<u>6,175,700</u>	<u>5,792,251</u>	<u>150,862,584</u>	<u>158,047,211</u>
Net position:						
Net investment in capital assets	388,294,288	384,208,529	240,442,993	243,029,332	628,737,281	627,237,861
Restricted	69,770,185	59,391,855	14,149,495	12,568,710	83,919,680	71,960,565
Unrestricted	85,756,720	91,155,599	25,999,492	26,709,243	111,756,212	117,864,842
Total net position	<u>\$ 543,821,193</u>	<u>534,755,983</u>	<u>280,591,980</u>	<u>282,307,285</u>	<u>824,413,173</u>	<u>817,063,268</u>

The largest portion of the City's net position, \$628.7 million, is its investment in capital assets. The City's investment in capital assets is reported net of related debt. While they represent an asset to the City, capital assets do not represent readily available resources to be used for ongoing operations or to liquidate existing liabilities.

The remaining portion of the City's net position consists of restricted and unrestricted resources. The restricted portion of the City's net position is \$83.9 million (10.2%) which represents resources that are subject to external restrictions as to how they may be used. The City's unrestricted portion of net position is \$111.8 million, which is split \$85.8 million and \$26.0 million for the City's governmental and business-type activities, respectively. The majority of the governmental activities portion of unrestricted net position is within the General Fund, Telecom Fund, and the City's Internal Service Funds.

City of Eugene's Changes in Net Position

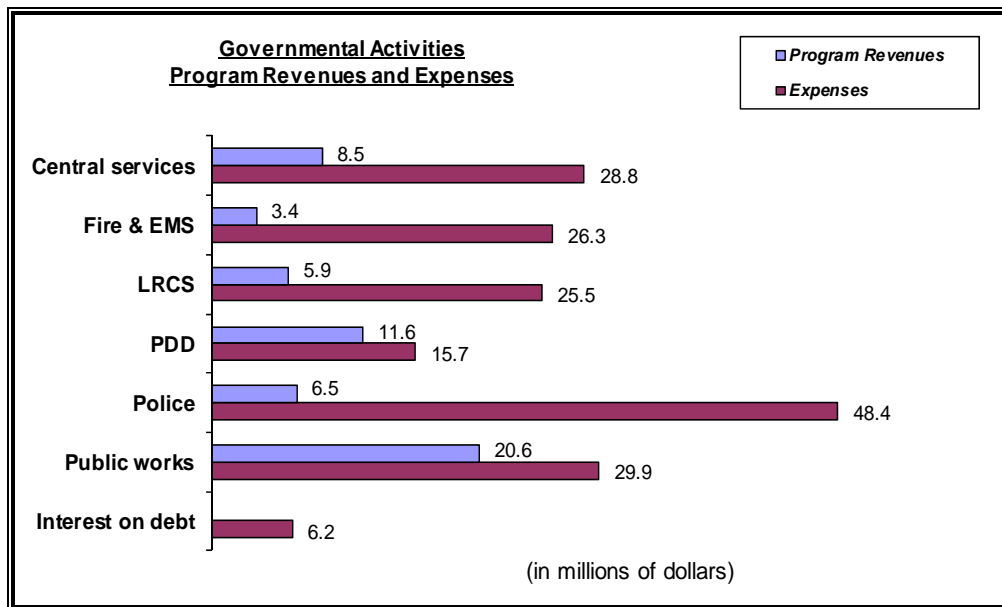
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Fees, fines, and charges for services	\$ 38,272,815	39,934,597	57,020,578	56,199,854	95,293,393	96,134,451
Operating grants and contributions	14,212,700	15,253,888	88,815	50,920	14,301,515	15,304,808
Capital grants and contributions	4,054,905	2,933,678	3,724,162	7,232,486	7,779,067	10,166,164
General revenues:						
Taxes	103,977,744	102,569,362	0	0	103,977,744	102,569,362
Grants and contributions not restricted to specific programs	3,778,264	3,573,073	0	0	3,778,264	3,573,073
Contributions in lieu of taxes	11,762,150	13,469,821	0	0	11,762,150	13,469,821
Franchise fees on telecom providers revenues	8,467,984	10,393,736	0	0	8,467,984	10,393,736
Unrestricted investment earnings	543,569	1,219,164	83,972	161,900	627,541	1,381,064
Total revenues	185,070,131	189,347,319	60,917,527	63,645,160	245,987,658	252,992,479
Direct expenses:						
Central services	28,785,480	30,497,667	0	0	28,785,480	30,497,667
Fire and emergency medical services	26,258,225	24,656,973	0	0	26,258,225	24,656,973
Library, recreation, and cultural services	25,531,545	25,748,493	0	0	25,531,545	25,748,493
Planning and development	15,726,999	18,096,816	0	0	15,726,999	18,096,816
Police	48,410,580	45,836,249	0	0	48,410,580	45,836,249
Public works	29,854,695	28,441,201	0	0	29,854,695	28,441,201
Interest on long-term debt	6,227,473	6,650,862	0	0	6,227,473	6,650,862
Ambulance transport	0	0	6,028,180	6,488,263	6,028,180	6,488,263
Municipal airport	0	0	11,865,384	11,529,227	11,865,384	11,529,227
Parking services	0	0	4,120,694	4,347,259	4,120,694	4,347,259
Stormwater utility	0	0	12,960,199	12,436,129	12,960,199	12,436,129
Wastewater utility	0	0	22,042,299	20,986,079	22,042,299	20,986,079
Total direct expenses	180,794,997	179,928,261	57,016,756	55,786,957	237,811,753	235,715,218
Indirect expense allocation*	(3,670,000)	(3,347,000)	3,670,000	3,347,000	0	0
Total expenses	177,124,997	176,581,261	60,686,756	59,133,957	237,811,753	235,715,218
Increase in net position before transfers	7,945,134	12,766,058	230,771	4,511,203	8,175,905	17,277,261
Transfers	1,946,076	353,430	(1,946,076)	(353,430)	0	0
Increase in net position after transfers	9,891,210	13,119,488	(1,715,305)	4,157,773	8,175,905	17,277,261
Net position July 1	534,755,983	521,636,495	282,307,285	278,149,512	817,063,268	799,786,007
Prior period adjustment	(826,000)	0	0	0	(826,000)	0
Net position July 1, as restated	533,929,983	521,636,495	282,307,285	278,149,512	816,237,268	799,786,007
Net position June 30	\$ 543,821,193	534,755,983	280,591,980	282,307,285	824,413,173	817,063,268

* The direct expenses above do not include the indirect expense allocation that is reported in the Statement of Activities (Exhibit 2).

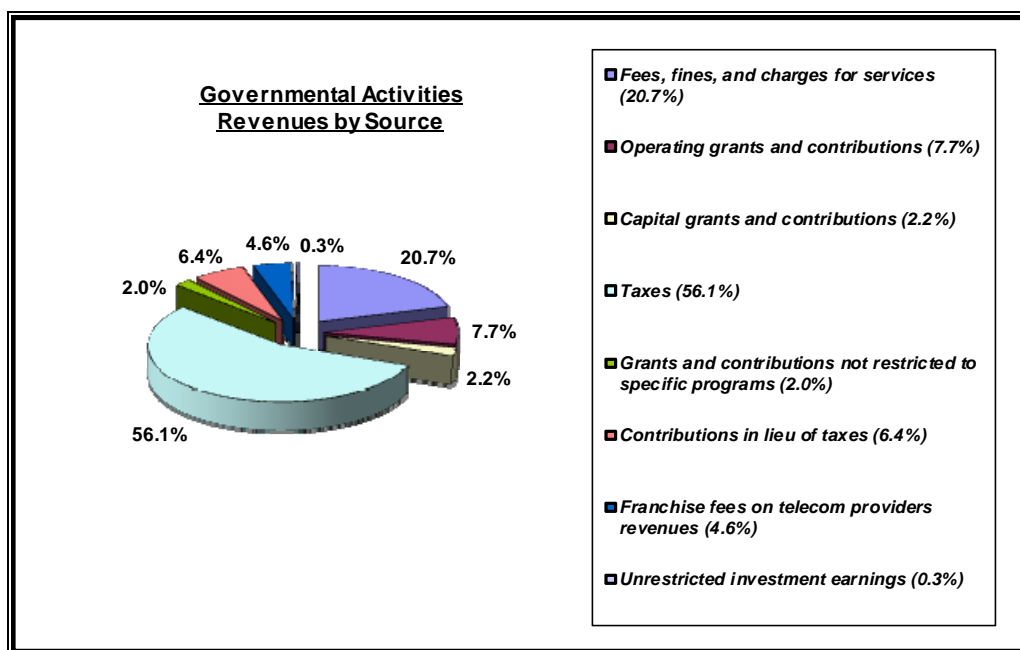
Governmental activities. The change in governmental activities before transfers decreased from \$12.8 million in the prior year to \$7.9 million in the most recent fiscal year. The decrease of \$4.9 million between the two years was primarily driven by the following factors:

- Program revenues decreased \$4.3 million, primarily due to a \$1.9 million decrease in franchise fees charged to telecommunication service providers and a \$1.7 million decrease in contributions in lieu of taxes paid by Eugene Water and Electric Board.
- Program expenses increased \$0.9 million, which was caused by a \$2.6 million increase in Police expenses, in part due to higher personnel costs, and a \$2.4 million decrease in Planning and Development expenses, stemming from a reduction in program loans.

This next chart compares program revenues and expenses for the individual governmental activities for the current year. As the chart reflects, most governmental activities relied on general revenues to support the function.



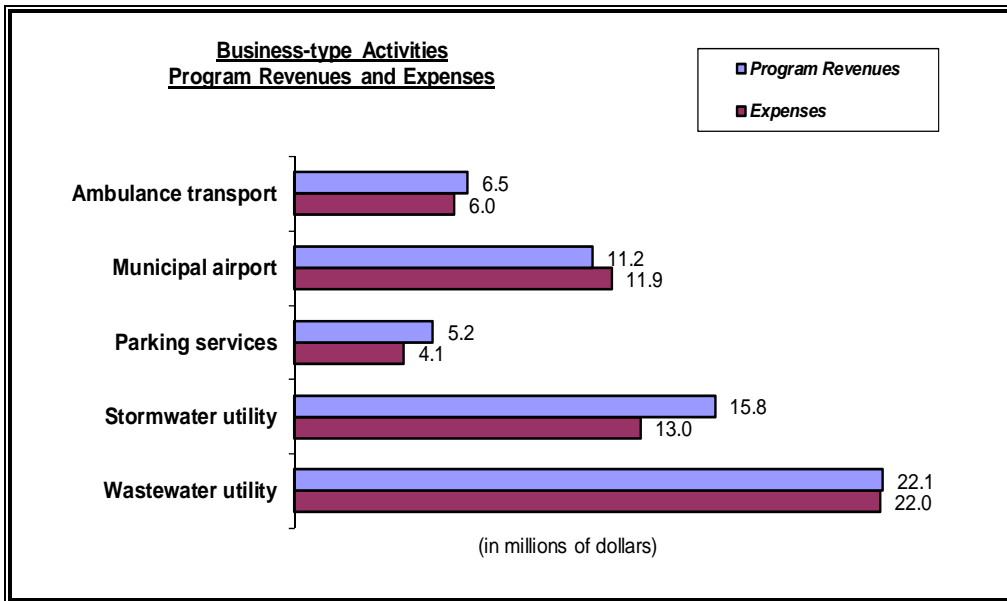
The next chart shows the percent of the total for each source of revenue supporting governmental activities.



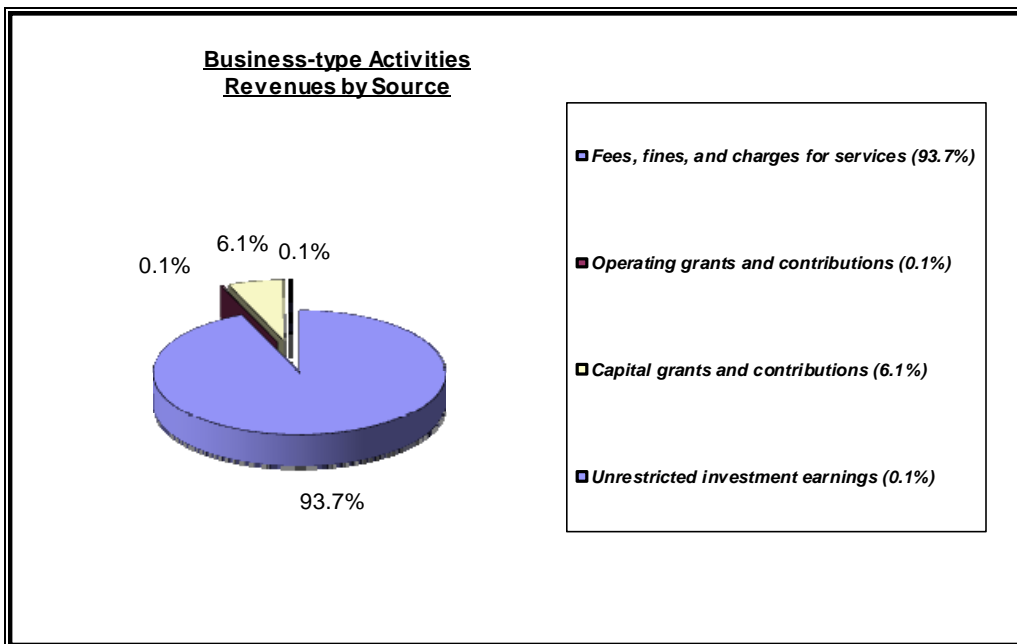
Business-type activities. The change in net position for business-type activities, before transfers, decreased by \$4.3 million. The decrease was primarily driven by:

- Program revenues decreased by \$2.7 million, primarily due to a \$3.5 million decrease in grant revenues for capital projects and infrastructure contributions (storm water and sewer lines) donated by local developers.
- Program expenses increased by \$1.2 million, mainly due to \$1.1 million increase in Wastewater Utilities' operating costs.

The following chart compares program revenues to expenses by individual business-type activity for the fiscal year. In comparison to governmental activities, business-type activities typically recover their costs through program revenues. In the fiscal year, several of the business-type activities experienced lower than anticipated program revenue.



The chart below shows that 93.7% of revenues for business-type activities are generated from fees, fines, and charges for services. Capital grants and contributions were derived predominantly from grants from the Federal Aviation Administration and the donation of infrastructure stemming from the development of new residential areas



Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounted to \$665.1 million (net of accumulated depreciation). The investment in capital assets includes land, rights-of-way, construction in progress, buildings and equipment, improvements other than buildings (such as parks and park improvements), storm sewers and trunk sewers (stormwater and wastewater systems), and infrastructure (such as roads and sidewalks). The total increase in the City's investment in capital assets for the year was 0.1%.

City of Eugene's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 67,844,131	68,567,562	17,142,705	17,142,705	84,986,836	85,710,267
Construction in progress	5,226,037	27,953,375	3,933,585	8,805,731	9,159,622	36,759,106
Buildings and equipment	158,454,510	135,882,841	35,925,850	37,484,441	194,380,360	173,367,282
Improvements other than buildings	41,612,060	42,354,436	51,811,882	51,409,315	93,423,942	93,763,751
Storm sewers and trunk sewers	0	0	131,628,971	128,187,140	131,628,971	128,187,140
Infrastructure	151,550,842	146,598,496	0	0	151,550,842	146,598,496
	<u>\$ 424,687,580</u>	<u>421,356,710</u>	<u>240,442,993</u>	<u>243,029,332</u>	<u>665,130,573</u>	<u>664,386,042</u>

Major capital asset additions during the fiscal year include \$15.5 million in street and sidewalk improvements.

Additional information on the City's capital assets can be found in the Notes to Basic Financial Statements (Note 4E).

Bonded Debt. At the end of the fiscal year, the City had total liabilities of \$150.9 million. Of this amount, \$96.9 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$25.8 million in general obligation bonds to be serviced by general property taxes, \$0.2 million in certificates of participation to be serviced by general property taxes, \$0.5 million in limited tax improvement bonds to be serviced by property owners subject to the improvements, and \$62.8 million in limited tax pension bonds to be repaid from existing revenue sources, all backed by the full faith and credit of the City. The remainder of the City's bonded debt includes \$0.9 million in certificates of participation serviced by specific fund revenues and \$6.4 million in tax increment bonds to be repaid from tax increment revenues.

City of Eugene's Bonded Debt

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 25,820,000	28,910,000	0	0	25,820,000	28,910,000
Certificates of participation	1,105,000	1,465,000	0	0	1,105,000	1,465,000
Limited tax bonds	63,257,761	64,290,728	0	0	63,257,761	64,290,728
Tax increment bonds	6,429,000	7,183,000	0	0	6,429,000	7,183,000
Deferred amounts	305,344	410,295	0	0	305,344	410,295
	<u>\$ 96,917,105</u>	<u>102,259,023</u>	<u>0</u>	<u>0</u>	<u>96,917,105</u>	<u>102,259,023</u>

The City's bonded debt decreased \$5.3 million during the year as the result of scheduled debt service payments.

Moody's Investors Service rates the City's publicly offered bond issues. The City's most recent ratings from Moody's are as follows:

- Aa1 for general obligation bonds (November 2011) with the following exceptions:
 - The General Obligation Refunding Bonds, Series 2006 are insured by Ambac Assurance and were rated Aaa at issuance. Subsequent to issuance, Ambac Assurance was downgraded by Moody's Investors Service to Caa2. In April 2001, Ambac Assurance severed their relationship with Moody's requesting that Ambac ratings be withdrawn. Moody's ratings on securities insured by Ambac will be maintained at the published underlying rating, or Aa1.
 - The General Obligation Fire Projects Bonds, Series 2002 are insured by MBIA Insurance Corporation and were rated Aaa at issuance. Subsequent to issuance, MBIA Insurance Corporation was downgraded by Moody's Investors Service. MBIA Insurance Corporation is currently rated as B3.
- Aa2 for full faith and credit obligations, which includes the Atrium Obligations and the Santa Clara Fire Station Obligations.

- The pension obligation bonds are insured by Ambac Assurance and were rated Aaa at issuance. Subsequent to issuance, Ambac Assurance was downgraded by Moody's Investors Service to Caa2. In November 2010, Moody's Investors Service upgraded the underlying rating on Oregon Local Governments Limited Tax Pension Obligations, Series 2002 to Aa3 from A3 in conjunction with a rating methodology change related to pool financings. In April 2001, Ambac Assurance severed their relationship with Moody's requesting that Ambac ratings be withdrawn. Moody's ratings on securities insured by Ambac will be maintained at the published underlying rating, or Aa3. The pension obligations were issued as one offering for certain Oregon cities, counties, and special districts. The City of Eugene's share of the total pension obligations on which the rating was based is 29.7%.

Under Oregon Revised Statutes, general obligation debt issues are limited to 3.0% of the real market value of all taxable property within the City's boundaries. The \$25.8 million in general obligation debt applicable to this limit is well below the \$613.5 million ceiling. The City's net direct general obligation bonded debt per capita is \$158.

Additional information on the City's bonded debt can be found in the Notes to Basic Financial Statements (Note 4H).

Fund-based Financial Analysis

As previously discussed, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Significant issues regarding governmental funds are listed below.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$101.3 million, an increase of \$0.7 million in comparison to the prior year. \$3.7 million of the fund balance is nonspendable because it accounts for the following: 1) prepaid expenditures, 2) debt service, 3) inventories, and 4) assets held for resale. The remaining \$97.6 million of fund balance was classified as follows.

- \$43.9 million was restricted due to external limits on how the resources may be used.
- \$12.3 million was committed as a result of specific constraints placed on the use of the resources per City ordinance.
- \$38.4 million was assigned per City Council's intent to use these resources for a specific purpose: unappropriated ending fund balance, reserve for revenue shortfall, balancing the next year's budget, and capital projects are the primary components.
- \$3.0 million was unassigned and is available to be used at the governments' discretion, subject to reporting fund limitations. Subsequent to the fiscal year end, the City Council took action on supplemental budget to dedicate the unassigned funds.

The fund balance of the City's General Fund decreased \$3.6 million from \$43.1 million to \$39.5 million during the current fiscal year. The decrease in fund balance represents the use of reserves as part of a multi-year strategy to balance the General Fund budget in the face of stagnant revenues since the 2008 great recession while at the same time facing increasing personnel costs.

The fund balance in the Community Development Fund decreased \$0.4 million from \$2.7 million to \$2.3 million during the fiscal year. The decrease was in part due to a \$0.3 million decrease in revolving loan repayments and a \$0.1 million increase in scheduled debt service payments.

The fund balance in the General Capital Projects Fund decreased \$0.9 million from \$6.2 million to \$5.3 million during the fiscal year. The decrease in fund balance represents the use of accumulated resources for existing capital projects.

The fund balance in the Systems Development Capital Projects Fund increased \$3.4 million from \$8.9 million to \$12.3 million during the fiscal year. The increase was primarily due to the accumulation of resources for future park developments.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position and its percent to total net position of each proprietary fund are as follows:

• Ambulance Transport	\$ 1.5 million	(63.9%)
• Municipal Airport	3.8 million	(4.1%)
• Parking Services	0.1 million	(0.6%)
• Stormwater Utility	6.9 million	(11.0%)
• Wastewater Utility	3.9 million	(4.1%)

Total business-type net position decreased \$1.7 million in the fiscal year. Significant issues regarding proprietary funds are as follows:

- The Ambulance Transport Fund reported a \$0.4 million decrease in net position. Despite a \$0.6 million decrease in operating expenses, mainly due to lower maintenance costs, the fund experienced a \$0.4 million decrease in operating revenues and a \$0.6 million reduction in General Fund Contributions, which resulted in the fund's decrease in net position.
- The Municipal Airport Fund reported a \$1.3 million decrease in net position. The decrease was primarily due to a \$0.8 million reduction in grant revenues for capital projects.
- The Parking Services Fund reported a \$0.8 million decrease in net position. While the Fund's operating expenses were down \$0.2 million, primarily due to lower maintenance costs, operating income (total operating revenues less total operating expenses) remained relatively unchanged from the prior year at \$0.7 million. The decrease in the Fund's net position was mainly due to a \$1.5 million transfer to the General Fund to support General Fund operations and administrative overhead.
- The Stormwater Utility Fund reported a \$1.6 million increase in net position. The increase was principally due to \$1.1 million increase in charges for services stemming from an increase in utility rates.
- The Wastewater Utility Fund reported a \$1.6 million decrease in net position. The decrease was mainly due to a \$0.7 million increase in material & supplies costs plus a \$0.3 million increase in personnel costs.

Other factors concerning the finances of proprietary funds can be found in the previous discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's final General Fund budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved during FY 2013. As a result, the final fiscal year 2013 budget for the General Fund increased by \$9.3 million. The primary reasons for this increase were as follows:

- \$2.2 million increase for grant-funded activities
- \$1.4 million increase for revenue backed programs
- \$1.4 million for one-time funding requests
- \$1.1 million in contractual obligations to vendors
- \$1.0 million in transfers for the City Hall rebuild project
- \$0.9 million for Municipal Court pass-through payments to the State of Oregon
- \$0.9 million in program reappropriations
- \$0.4 million in transfers for capital preservation projects

These changes were partially funded by increases of \$2.2 million in intergovernmental revenues (grant funding), \$1.9 million in charges for services, \$0.3 million in licenses and permits for animal services program charges, and \$0.1 million in miscellaneous revenues. The remaining funding of \$4.8 million is from unspent resources from the prior fiscal year.

The \$2.8 million decrease in budget-basis fund balance for the year ended June 30, 2013 was less than the projected deficit of \$6.2 million in the General Fund's final budget. The \$3.4 million difference is the combination of lower than anticipated revenues and lower departmental expenses. The unspent amount was dedicated in the 2014 budget as follows:

- \$1.5 million in transfers for the City Hall rebuild project
- \$0.8 million in program re-appropriations
- \$0.6 million to be added to the reserve for revenue shortfall
- \$0.4 million in transfers for capital preservation projects

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY 2014 budget:

- Property tax revenue is expected to increase 2.1% in FY 2014.
- Salaries for non-represented employees and employees covered under collective bargaining agreements will increase 1.0% - 2.0%.
- Health benefit rates will increase by 5.1%.
- Retirement costs are expected to range from 21.01% to 25.85% of payroll, depending on which pension plan the employee participates in.
- Interest rates on investments will be 0.40%.

GASB Statement No. 68

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 Accounting and Financial Reporting for Pensions. As a result of this new statement, beginning in FY 2015 the City will report its net pension liability in the statement of net position. Based on the City's most recent actuarial valuation performed on December 31, 2011 the City's current net pension liability is \$126.8 million.

Requests for Information

This financial report is designed to provide a general overview of the City'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:

Fionan Cronin, CPA
 Assistant Finance Director
 City of Eugene
 100 West 10th Avenue, Suite 400
 Eugene, Oregon 97401

BASIC FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2013

(amounts in dollars)

<u>Assets</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<u>Current assets</u>			
Equity in pooled cash and investments	166,528,304	28,256,450	194,784,754
Cash with fiscal agent	634,564	0	634,564
Receivables (net of allowance)	42,135,385	5,680,569	47,815,954
Internal balances	(9,838,338)	9,838,338	0
Due from other governments	5,631,698	1,700,499	7,332,197
Inventories	1,335,097	742,161	2,077,258
Prepays and deposits	977,445	20,595	998,040
Assets held for resale	1,851,966	0	1,851,966
Total current assets	209,256,121	46,238,612	255,494,733
<u>Noncurrent assets</u>			
Loans and notes receivable	0	86,075	86,075
Pension assets	54,564,376	0	54,564,376
Capital assets:			
Land and construction in progress	73,070,168	21,076,290	94,146,458
Other capital assets (net of accumulated depreciation)	351,617,412	219,366,703	570,984,115
Total noncurrent assets	479,251,956	240,529,068	719,781,024
Total assets	688,508,077	286,767,680	975,275,757
<u>Liabilities</u>			
<u>Current liabilities</u>			
Accounts payable	3,981,502	1,120,380	5,101,882
Wages payable	5,926,202	1,373,187	7,299,389
Compensated absences payable	8,426,650	1,746,759	10,173,409
Due to other governments	1,630,208	798,021	2,428,229
Notes and contracts payable	128,000	0	128,000
Claims payable	12,239,623	0	12,239,623
Deposits	1,579,509	757,471	2,336,980
Interest payable	393,700	0	393,700
Unearned revenue	1,948,300	311,195	2,259,495
Bonds payable	6,239,609	0	6,239,609
Total current liabilities	42,493,303	6,107,013	48,600,316
<u>Noncurrent liabilities</u>			
Compensated absences payable	124,894	57,573	182,467
Notes and contracts payable	7,639,000	0	7,639,000
General obligation bond and revolving credit facility	900,000	0	900,000
Bonds payable (net of unamortized discount/premium)	89,777,496	0	89,777,496
Net OPEB obligation	3,752,191	11,114	3,763,305
Total noncurrent liabilities	102,193,581	68,687	102,262,268
Total liabilities	144,686,884	6,175,700	150,862,584
<u>Net position</u>			
Net investment in capital assets	388,294,288	240,442,993	628,737,281
Restricted for:			
Capital projects	25,451,933	14,149,495	39,601,428
Debt service	2,405,391	0	2,405,391
Community development	23,435,739	0	23,435,739
Urban renewal	8,033,194	0	8,033,194
Other purposes	10,443,928	0	10,443,928
Unrestricted	85,756,720	25,999,492	111,756,212
Total net position	543,821,193	280,591,980	824,413,173

The accompanying notes are an integral part of the financial statements.

Statement of Activities

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Direct Expenses	Indirect Expenses Allocation	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs								
Governmental activities:								
Central services	28,785,480	(17,774,981)	8,435,743	35,779	0	(2,538,977)	0	(2,538,977)
Fire and emergency medical services	26,258,225	3,213,437	2,427,351	950,612	0	(26,093,699)	0	(26,093,699)
Library, recreation, and cultural services	25,531,545	2,380,649	5,481,909	461,577	0	(21,968,708)	0	(21,968,708)
Planning and development	15,726,999	1,265,126	9,106,904	2,482,358	0	(5,402,863)	0	(5,402,863)
Police	48,410,580	5,739,543	5,295,508	1,217,590	24,354	(47,612,671)	0	(47,612,671)
Public works	29,854,695	1,506,226	7,525,400	9,064,784	4,030,551	(10,740,186)	0	(10,740,186)
Interest on long term debt	6,227,473	0	0	0	0	(6,227,473)	0	(6,227,473)
Total governmental activities	180,794,997	(3,670,000)	38,272,815	14,212,700	4,054,905	(120,584,577)	0	(120,584,577)
Business-type activities:								
Ambulance transport	6,028,180	472,000	6,503,433	0	0	0	3,253	3,253
Municipal airport	11,865,384	468,000	8,463,832	0	2,721,065	0	(1,148,487)	(1,148,487)
Parking services	4,120,694	268,000	5,155,533	0	0	0	766,839	766,839
Stormwater utility	12,960,199	970,000	14,905,914	88,815	823,918	0	1,888,448	1,888,448
Wastewater utility	22,042,299	1,492,000	21,991,866	0	179,179	0	(1,363,254)	(1,363,254)
Total business-type activities	57,016,756	3,670,000	57,020,578	88,815	3,724,162	0	146,799	146,799
Total activities	237,811,753	0	95,293,393	14,301,515	7,779,067	(120,584,577)	146,799	(120,437,778)
General revenues:								
Property taxes						99,321,973	0	99,321,973
Transient room tax						1,747,280	0	1,747,280
Local motor vehicle fuel tax						2,908,491	0	2,908,491
Contributions in lieu of taxes						11,762,150	0	11,762,150
Franchise fees on telecom provider's revenues						8,467,984	0	8,467,984
Grants and contributions not restricted to specific programs						3,778,264	0	3,778,264
Unrestricted investment earnings						543,569	83,972	627,541
Transfers						1,946,076	(1,946,076)	0
Total general revenues and transfers						130,475,787	(1,862,104)	128,613,683
Change in net position						9,891,210	(1,715,305)	8,175,905
Net position, July 1, 2012						534,755,983	282,307,285	817,063,268
Prior period adjustment (Note 5I)						(826,000)	0	(826,000)
Net position, July 1, 2012, as restated						533,929,983	282,307,285	816,237,268
Net position, June 30, 2013						543,821,193	280,591,980	824,413,173

The accompanying notes are an integral part of the financial statements.

Balance Sheet

Governmental Funds

June 30, 2013

(amounts in dollars)

	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in pooled cash and investments	43,226,159	1,732,824	5,046,349	12,311,417	39,073,975	101,390,724
Cash with fiscal agent	0	126,000	508,564	0	0	634,564
Receivables:						
Interest	1,391,594	44,347	0	0	240,004	1,675,945
Taxes	6,709,608	0	0	0	1,215,619	7,925,227
Accounts	2,594,266	52,165	0	914,640	1,091,732	4,652,803
Assessments	0	0	0	0	782,213	782,213
Loans and notes	0	24,364,676	0	5,124	3,865,002	28,234,802
Allowance for uncollectibles	(238)	0	0	0	(113,508)	(113,746)
Due from other governments	2,094,122	798,568	0	0	2,587,101	5,479,791
Inventories	0	0	0	0	851,737	851,737
Prepays and deposits	762,321	0	0	0	131,473	893,794
Assets held for resale	0	0	0	0	1,851,966	1,851,966
Total assets	56,777,832	27,118,580	5,554,913	13,231,181	51,577,314	154,259,820
Liabilities						
Accounts payable	1,023,996	247,980	214,836	55,666	1,534,189	3,076,667
Wages payable	4,613,162	38,534	0	7,960	563,752	5,223,408
Due to other governments	838,657	168,116	404	363	440,075	1,447,615
Deposits	534,461	0	0	0	943,277	1,477,738
Unearned revenue	1,625,197	8,198	0	0	268,828	1,902,223
Total liabilities	8,635,473	462,828	215,240	63,989	3,750,121	13,127,651
Deferred inflows of resources						
Unavailable revenue	8,592,503	24,310,934	0	894,686	6,028,559	39,826,682
Total deferred inflows of resources	8,592,503	24,310,934	0	894,686	6,028,559	39,826,682
Fund balances						
Nonspendable	762,321	0	0	0	2,915,176	3,677,497
Restricted	1,058,040	2,344,818	1,670,898	12,272,506	26,568,404	43,914,666
Committed	0	0	0	0	12,315,054	12,315,054
Assigned	34,768,090	0	3,668,775	0	0	38,436,865
Unassigned	2,961,405	0	0	0	0	2,961,405
Total fund balances	39,549,856	2,344,818	5,339,673	12,272,506	41,798,634	101,305,487
Total liabilities, deferred inflows of resources, and fund balances	56,777,832	27,118,580	5,554,913	13,231,181	51,577,314	

Reconciliation to the Statement of Net Position:

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	38,766,374
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	402,893,879
All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	(49,026,279)
Internal service funds are proprietary funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities, and net position are reported along with governmental activities in the Statement of Net position.	49,881,732
Net position of governmental activities	<u>543,821,193</u>

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances*Governmental Funds*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	96,049,499	0	0	0	19,094,399	115,143,898
Licenses and permits	5,800,117	0	0	0	8,261,489	14,061,606
Intergovernmental	5,438,925	2,191,434	501	0	12,180,594	19,811,454
Rental income	118,269	0	22,863	111,791	217,786	470,709
Charges for services	10,197,484	13,696	0	4,495,031	6,075,576	20,781,787
Fines and forfeits	2,251,846	0	0	0	35,610	2,287,456
Special assessments	0	0	0	0	300,439	300,439
Repayment of revolving loans	0	1,168,036	0	0	191,723	1,359,759
Miscellaneous	1,489,987	578,647	16,415	104,823	1,800,156	3,990,028
Total revenues	121,346,127	3,951,813	39,779	4,711,645	48,157,772	178,207,136
Expenditures						
Current - departmental:						
Central services	14,781,128	124,000	0	30,000	4,156,778	19,091,906
Fire and emergency medical services	25,306,735	0	0	0	244,728	25,551,463
Library, recreation, and cultural services	23,587,315	0	0	0	283,131	23,870,446
Planning and development	5,348,713	3,432,012	0	45,705	6,717,635	15,544,065
Police	45,143,323	0	0	0	2,969,162	48,112,485
Public works	6,107,476	0	0	211,679	10,466,048	16,785,203
Debt service:						
Principal	215,000	128,000	0	0	13,545,196	13,888,196
Interest	16,663	45,370	0	0	1,439,793	1,501,826
Issuance costs	0	0	5,138	0	6,011	11,149
Capital outlay	0	598,379	5,809,015	1,052,740	13,908,374	21,368,508
Total expenditures	120,506,353	4,327,761	5,814,153	1,340,124	53,736,856	185,725,247
Excess (deficiency) of revenues over expenditures	839,774	(375,948)	(5,774,374)	3,371,521	(5,579,084)	(7,518,111)
Other financing sources (uses)						
Proceeds of debt issuance	0	0	1,075,000	0	8,420,000	9,495,000
Transfers in	2,319,241	0	3,819,300	0	1,772,259	7,910,800
Transfers out	(6,700,025)	0	0	0	(1,836,534)	(8,536,559)
Total other financing sources (uses)	(4,380,784)	0	4,894,300	0	8,355,725	8,869,241
Net change in fund balances	(3,541,010)	(375,948)	(880,074)	3,371,521	2,776,641	1,351,130
Fund balances, July 1, 2012	43,090,866	2,720,766	6,219,747	8,900,985	39,681,993	100,614,357
Prior period adjustment (Note 5I)	0	0	0	0	(660,000)	(660,000)
Fund balances, July 1, 2012, as restated	43,090,866	2,720,766	6,219,747	8,900,985	39,021,993	99,954,357
Fund balances, June 30, 2013	39,549,856	2,344,818	5,339,673	12,272,506	41,798,634	101,305,487

The accompanying notes are an integral part of the financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the fiscal year ended June 30, 2013
(amounts in dollars)

Net change in fund balances - total governmental funds	1,351,130
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	1,392,871
Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. In addition, the Statement of Activities reports gains and losses arising from the disposal of existing capital assets, while governmental funds do not.	(68,110)
Governmental funds do not report expenditures for unpaid compensated absences, interest expense, or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.	345,230
Capital outlay is reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.	2,216,425
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.	4,393,198
Transfers of capital assets are often made between proprietary funds and governmental funds when the use of an asset changes. Transfers of liabilities are sometimes made between proprietary funds and governmental funds when the fund responsible for repayment changes. Such transfers will provide or use economic resources in proprietary funds, but may not necessarily provide or use spendable financial resources in governmental funds.	(525,882)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, facilities, and fleet services to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	786,348
Change in net position of governmental activities	9,891,210

The accompanying notes are an integral part of the financial statements.

Statement of Fund Net Position

Proprietary Funds

June 30, 2013

(amounts in dollars)

	Business-type Activities Enterprise Funds					Totals	Governmental Activities
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility		Total Internal Service Funds
<u>Assets</u>							
<u>Current assets</u>							
Equity in pooled cash and investments	843,397	17,828,069	3,910	6,219,213	3,361,861	28,256,450	65,137,580
Receivables:							
Accounts	1,416,220	785,757	360,399	1,918,197	1,677,528	6,158,101	39,006
Allowance for uncollectibles	(342,474)	(8,824)	(112,079)	(8,604)	(5,551)	(477,532)	(556)
Due from other governments	37,864	86,589	141,759	78,436	1,355,851	1,700,499	151,907
Inventories	0	0	35,489	0	521,498	556,987	483,360
Prepays and deposits	11,095	0	0	4,750	4,750	20,595	83,651
Wetlands mitigation credits	0	0	0	185,174	0	185,174	0
Total current assets	1,966,102	18,691,591	429,478	8,397,166	6,915,937	36,400,274	65,894,948
<u>Noncurrent assets</u>							
Loans and notes receivable	0	75,071	0	0	11,004	86,075	0
Pension assets	0	0	0	0	0	0	54,564,376
Capital assets:							
Land	0	6,502,960	2,130,235	7,086,273	1,423,237	17,142,705	455,834
Improvements other than buildings	379,107	98,437,326	1,005,967	4,596,043	2,368,471	106,786,914	51,913
Trunk sewers	0	339,320	0	323,675	156,814,649	157,477,644	0
Storm sewers	0	738,060	0	57,997,294	2,212,007	60,947,361	0
Buildings and equipment	1,063,257	33,978,173	29,208,126	1,234,750	1,024,100	66,508,406	50,635,425
Construction in progress	0	2,897,046	0	882,191	154,348	3,933,585	366,372
Accumulated depreciation	(611,990)	(67,655,451)	(15,209,260)	(16,903,509)	(71,973,412)	(172,353,622)	(29,715,843)
Total noncurrent assets	830,374	75,312,505	17,135,068	55,216,717	92,034,404	240,529,068	76,358,077
Total assets	2,796,476	94,004,096	17,564,546	63,613,883	98,950,341	276,929,342	142,253,025

continued

	Business-type Activities Enterprise Funds						Governmental Activities
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Totals	Total Internal Service Funds
<u>Liabilities</u>							
<u>Current liabilities</u>							
Accounts payable	14,760	167,337	98,732	522,243	317,308	1,120,380	904,835
Wages payable	230,576	215,225	54,478	345,738	527,170	1,373,187	702,794
Compensated absences payable	242,457	317,760	63,544	411,803	711,195	1,746,759	774,722
Due to other governments	5,145	43,152	274	15,173	734,277	798,021	182,593
Claims payable	0	0	0	0	0	0	12,239,623
Deposits	0	5,269	11,200	41,002	700,000	757,471	101,771
Interest payable	0	0	0	0	0	0	280,303
Unearned revenue	0	35,146	73,706	202,343	0	311,195	46,077
Certificates of participation payable	0	0	0	0	0	0	155,000
Bonds payable	0	0	0	0	0	0	949,798
Total current liabilities	492,938	783,889	301,934	1,538,302	2,989,950	6,107,013	16,337,516
<u>Noncurrent liabilities</u>							
Compensated absences payable	0	35,756	21,817	0	0	57,573	52,264
Certificates of participation payable	0	0	0	0	0	0	735,000
Bonds payable (net of unamortized discount/premium)	0	0	0	0	0	0	61,692,513
Net OPEB obligation	1,140	1,766	633	2,931	4,644	11,114	3,715,662
Total noncurrent liabilities	1,140	37,522	22,450	2,931	4,644	68,687	66,195,439
Total liabilities	494,078	821,411	324,384	1,541,233	2,994,594	6,175,700	82,532,955
<u>Net position</u>							
Net investment in capital assets	830,374	75,237,434	17,135,068	55,216,717	92,023,400	240,442,993	20,903,701
Restricted for capital projects	0	14,149,495	0	0	0	14,149,495	0
Unrestricted	1,472,024	3,795,756	105,094	6,855,933	3,932,347	16,161,154	38,816,369
Total net position	2,302,398	93,182,685	17,240,162	62,072,650	95,955,747	270,753,642	59,720,070
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						9,838,338	
Net position of business-type activities						280,591,980	

The accompanying notes are an integral part of the financial statements.

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Statement of Revenues, Expenses, and Changes in Fund Net Position*Proprietary Funds*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Business-type Activities Enterprise Funds					Totals	Governmental Activities
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility		Total Internal Service Funds
<u>Operating revenues</u>							
Licenses and permits	0	0	0	91,192	0	91,192	0
Rental income	0	3,383,680	553,822	33,365	22,816	3,993,683	720,136
Charges for services	6,391,697	5,016,758	3,678,964	14,763,534	21,934,784	51,785,737	62,575,887
Fines and forfeits	0	6,387	681,996	640	3,956	692,979	0
Miscellaneous	111,736	57,007	240,012	17,183	30,310	456,248	265,091
Total operating revenues	6,503,433	8,463,832	5,154,794	14,905,914	21,991,866	57,019,839	63,561,114
<u>Operating expenses</u>							
Personnel services	4,404,164	4,419,537	1,173,957	6,993,674	10,954,760	27,946,092	15,592,577
Contractual services	111,959	841,958	937,152	2,396,329	1,754,762	6,042,160	4,073,216
Materials and supplies	556,352	833,888	83,131	483,566	3,099,181	5,056,118	4,473,823
Maintenance	855,792	449,103	801,751	1,603,138	1,652,387	5,362,171	1,735,834
Utilities	60,133	496,392	334,937	89,102	889,307	1,869,871	2,847,288
Rent	0	174	0	41,356	44,135	85,665	468,209
Taxes	0	0	22,878	0	0	22,878	11,440
Insurance	43,044	105,636	56,804	71,768	137,141	414,393	2,387,457
Claims	0	0	0	0	0	0	24,244,872
Central business functions	472,000	468,000	268,000	970,000	1,492,000	3,670,000	1,539,000
Depreciation	39,544	4,822,537	800,142	1,555,476	3,802,723	11,020,422	3,185,103
Total operating expenses	6,542,988	12,437,225	4,478,752	14,204,409	23,826,396	61,489,770	60,558,819
Operating income (loss)	(39,555)	(3,973,393)	676,042	701,505	(1,834,530)	(4,469,931)	3,002,295
<u>Nonoperating revenues (expenses)</u>							
Interest revenue	5,451	43,543	0	22,151	13,568	84,713	233,359
Interest expense	0	0	0	0	0	0	(4,484,488)
Loss on sale of capital asset	(14,508)	0	0	(2,003)	0	(16,511)	(4,208)
Amortization of issuance costs	0	0	0	0	0	0	(438,224)
Intergovernmental	0	0	0	88,815	0	88,815	199,419
Total nonoperating revenues (expenses)	(9,057)	43,543	0	108,963	13,568	157,017	(4,494,142)
Income (loss) before capital contributions and transfers	(48,612)	(3,929,850)	676,042	810,468	(1,820,962)	(4,312,914)	(1,491,847)
Capital contributions	0	2,721,065	0	823,918	179,179	3,724,162	525,882
Transfers in	0	0	0	0	3,011	3,011	3,374,964
Transfers out	(361,988)	(76,835)	(1,507,253)	(1,004)	(2,007)	(1,949,087)	(803,129)
Change in net position	(410,600)	(1,285,620)	(831,211)	1,633,382	(1,640,779)	(2,534,828)	1,605,870
Total net position, July 1, 2012	2,712,998	94,468,305	18,071,373	60,439,268	97,596,526		58,114,200
Total net position, June 30, 2013	2,302,398	93,182,685	17,240,162	62,072,650	95,955,747		59,720,070
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						819,523	
Change in net position of business-type activities						(1,715,305)	

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Business-type Activities Enterprise Funds					Governmental Activities	
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Totals	Total Internal Service Funds
<u>Cash flows from operating activities</u>							
Cash received from customers	6,066,604	8,598,760	5,136,708	14,818,262	29,355,640	63,975,974	14,069,997
Cash received from interfund services provided	0	0	0	0	0	0	49,221,369
Cash received from MWMC for operating reimbursements	0	0	0	0	12,711,976	12,711,976	0
Cash paid to MWMC for sewer user and septic hauler fees collected	0	0	0	0	(20,183,624)	(20,183,624)	0
Cash paid to suppliers for goods and services	(712,764)	(2,117,705)	(1,325,111)	(1,942,332)	(5,642,937)	(11,740,849)	(37,135,974)
Cash paid to employees for services	(3,953,734)	(3,701,798)	(949,523)	(5,821,819)	(9,185,722)	(23,612,596)	(11,520,042)
Cash paid for interfund services used	(1,399,306)	(1,227,616)	(1,101,503)	(3,469,274)	(3,660,689)	(10,858,388)	(4,420,188)
Cash paid for central business functions	(472,000)	(468,000)	(268,000)	(970,000)	(1,492,000)	(3,670,000)	(1,539,000)
Net cash provided by (used for) operating activities	(471,200)	1,083,641	1,492,571	2,614,837	1,902,644	6,622,493	8,676,162
<u>Cash flows from noncapital financing activities</u>							
Transfers in	0	0	0	0	0	0	3,245,000
Transfers out	(361,988)	0	(1,507,253)	0	0	(1,869,241)	(803,129)
Principal payments on pension bonds	0	0	0	0	0	0	(1,930,000)
Interest payments on pension bonds	0	0	0	0	0	0	(3,314,373)
Subsidy from federal grant	0	0	0	88,815	0	88,815	199,419
Net cash provided by (used for) noncapital financing activities	(361,988)	0	(1,507,253)	88,815	0	(1,780,426)	(2,603,083)
<u>Cash flows from capital and related financing activities</u>							
Principal payments on notes, bonds, and certificates	0	0	0	0	0	0	(145,000)
Interest payments on notes, bonds, and certificates	0	0	0	0	0	0	(57,160)
Contributions from other funds and governments	0	2,743,458	0	383,648	0	3,127,106	0
Proceeds from sale of capital assets	0	0	0	0	0	0	137,192
Acquisition and construction of capital assets	(57,978)	(2,242,118)	(14,753)	(3,267,170)	(2,325,961)	(7,907,980)	(4,545,092)
Net cash provided by (used for) capital and related financing activities	(57,978)	501,340	(14,753)	(2,883,522)	(2,325,961)	(4,780,874)	(4,610,060)
<u>Cash flows from investing activities</u>							
Interest revenue	5,451	43,543	0	22,151	13,568	84,713	233,359
Repayment of loans and notes receivable	0	71,915	0	0	0	71,915	0
Net cash provided by (used for) investing activities	5,451	115,458	0	22,151	13,568	156,628	233,359
Net increase (decrease) in cash	(885,715)	1,700,439	(29,435)	(157,719)	(409,749)	217,821	1,696,378
Cash, July 1, 2012	1,729,112	16,127,630	33,345	6,376,932	3,771,610	28,038,629	63,441,202
Cash, June 30, 2013	843,397	17,828,069	3,910	6,219,213	3,361,861	28,256,450	65,137,580

continued

	Business-type Activities Enterprise Funds					Totals	Governmental Activities
	Ambulance <u>Transport</u>	Municipal <u>Airport</u>	Parking <u>Services</u>	Stormwater <u>Utility</u>	Wastewater <u>Utility</u>		Total Internal Service <u>Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	(39,555)	(3,973,393)	676,042	701,505	(1,834,530)	(4,469,931)	3,002,295
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u>							
Depreciation	39,544	4,822,537	800,142	1,555,476	3,802,723	11,020,422	3,185,103
Amortization of pension assets	0	0	0	0	0	0	1,860,723
(Increase) Decrease in accounts receivable	38,788	35,927	29,569	(94,447)	(346,306)	(336,469)	6,011
(Increase) Decrease in loans and notes receivable	0	0	0	0	0	0	300,000
Increase (Decrease) in allowance for uncollectibles	(3,476)	(2,163)	535	846	517	(3,741)	(6,094)
(Increase) Decrease in due from other governments	(22,409)	130,393	(26,057)	(6,729)	(109,240)	(34,042)	(55,860)
(Increase) Decrease in prepaids and deposits	(11,095)	0	0	(4,750)	(4,750)	(20,595)	347,874
(Increase) Decrease in wetlands mitigation credits	0	0	0	76,298	0	76,298	0
(Increase) Decrease in inventories	0	0	2,545	0	4,557	7,102	(94,773)
Increase (Decrease) in accounts payable	(347)	65,402	41,753	396,707	137,424	640,939	288,559
Increase (Decrease) in wages payable	12,367	28,486	2,170	38,897	43,576	125,496	42,718
Increase (Decrease) in compensated absences payable	(27,489)	14,642	1,064	(50,105)	(70,605)	(132,493)	(74,103)
Increase (Decrease) in net OPEB obligation	(12,941)	(16,968)	(13,333)	(34,308)	(61,245)	(138,795)	(70,941)
Increase (Decrease) in claims payable	0	0	0	0	0	0	411,461
Increase (Decrease) in deposits	0	0	3,050	41,002	0	44,052	(42,454)
Increase (Decrease) in due to other governments	5,145	8,007	274	(18,233)	341,046	336,239	46,994
Increase (Decrease) in unearned revenue	(449,732)	(29,229)	(25,183)	12,678	(523)	(491,989)	(471,351)
Net cash provided by (used for) operating activities	(471,200)	1,083,641	1,492,571	2,614,837	1,902,644	6,622,493	8,676,162

Noncash capital and related financing activities

During the year, the Stormwater Utility Fund capitalized \$440,270 in assets contributed from customers. In addition, \$1,004 of equipment purchased by the fund was transferred to the Wastewater Utility Fund.

During the year, the Wastewater Utility Fund capitalized \$179,179 in assets contributed from customers and \$1,004 in assets contributed by the Stormwater Utility Fund.

During the year, \$148,471 and \$6,140 of capital assets purchased by governmental funds and proprietary funds respectively, were transferred to the Information Systems and Services Fund.

During the year, \$46,989 of capital assets purchased by the Facilities Services Fund were transferred to the Fleet Services Fund.

During the year, \$377,411 and \$123,824 of capital assets purchased by governmental funds and proprietary funds respectively, were transferred to the Fleet Services Fund.

The accompanying notes are an integral part of the financial statements.

CITY OF EUGENE, OREGON
Notes to Basic Financial Statements

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

The financial statements of the City of Eugene, Oregon (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The City has implemented GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position.

The City has early implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As part of the implementation of this statement, the City expensed \$812,652 in debt issuance costs.

The more significant of the City's accounting policies are described below:

(A) The Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the City of Eugene, Oregon (the primary government) and its component unit. The City of Eugene is a municipal corporation governed by a council comprised of eight members, each elected by and representing the citizens of a different ward of the City, and a Mayor, who is elected at large. The component unit discussed in the next paragraph is included in the City's reporting entity because of the significance of its operational and financial relationship with the City.

Blended Component Unit. The Urban Renewal Agency of the City of Eugene (Agency) is a legally separate public body, corporate and politic, created by ordinance of the City, and governed by the City Council, acting in its capacity as the Urban Renewal Agency Board. Because the Agency's governing body is identical to the City's, and because the services of the Agency are exclusively for the benefit of the City, the funds of the Agency are blended with those of the City by including them in the appropriate statements and schedules of this Comprehensive Annual Financial Report. Separate financial statements for the Agency can be obtained from the Finance Division of the City of Eugene.

(B) Organization and Operation

The City operates under the Eugene Charter of 1976, a general grant of powers charter. The City Council, composed of the Mayor and eight council members, forms the legislative branch of the City government, while the City Manager acts as the administrative head.

The accounts of the City are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating government functions and activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows of resources, fund balances (net position), revenues, and expenditures (expenses).

The government-wide financial statements (Exhibits 1 and 2) report information on all activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees, fines, and charges for services.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(C) Government-wide and Fund Financial Statements

The Statement of Activities (Exhibit 2) demonstrates the degree to which the direct and allocated indirect expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses are those costs, usually administrative in nature, that support all City functions and enable direct services to be provided. Program revenues include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements (Exhibits 3 through 8) are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured by a fund. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are accounted for using an economic resources measurement focus, whereby all assets and liabilities are included in the Statement of Net Position and the Statement of Fund Net Position. The increases and decreases in net position are presented in the government-wide Statement of Activities and in the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The City's government-wide and proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances, and loans. As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues in the Statement of Activities include 1) fees, fines, and charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Grants and contributions not restricted to specific programs are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and operating expenses are intermediate components within the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position, and include only those transactions that constitute their principal, ongoing activities exclusive of investing or financing transactions. Significant operating revenues include charges for services, rental income, and intergovernmental revenue. Significant operating expenses include personnel, materials and supplies, outside services, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements

The governmental fund financial statements are accounted for using a current financial resources measurement focus. The Balance Sheet reports current assets, current liabilities, and deferred inflows of resources; and the Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases and decreases in net fund balance. These funds use the modified accrual basis of accounting whereby revenues are recorded only when susceptible to accrual (both measurable and available). "Measurable" means that the amount of the transaction can be determined. "Available" is defined as being collectible within the current period or soon enough thereafter (60 days) to be used to liquidate liabilities of the current period. Expenditures, other than interest on noncurrent obligations, are recorded when the fund liability is incurred.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements, continued

Real and personal property taxes are levied as of July 1 for each fiscal year on values assessed as of January 1. Property taxes are an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Lane County and remitted to the City. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as deferred inflows of resources. Property taxes which are held at year-end by the collecting agency, Lane County, and are remitted to the City within the 60-day period are reported as "Due from other governments."

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Rental income is typically received in advance and is reported as unearned when appropriate.

Special assessments receivable and repayment of revolving loans expected to be collected within 60 days after year-end are considered measurable and available and are recognized as revenue. Assessment installments that are long-term are recorded as deferred inflows of resources.

Governmental Funds

Governmental funds finance most governmental functions of the City. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities, excluding those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination. The following are the City's major governmental funds:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are property taxes, charges for services, licenses and permits, and intergovernmental revenues. Primary expenditures of the General Fund are made for fire and emergency medical services, library, recreation, and cultural services, planning and development, police, public works, and general administration.

Community Development Fund

The Community Development Fund is used to account for proceeds of specific revenue sources that are restricted, committed, or assigned to expending including grant revenues received from the federal government under provisions of Title I of the Community Development Act of 1974. Major expenditures include development loans to individuals and businesses, as well as capital improvements benefiting low-income persons.

General Capital Projects Fund

The General Capital Projects Fund is used to account for the financial resources that are restricted, committed, or assigned to expending for capital outlay including construction of capital facilities not financed by proprietary or other capital projects funds. General Fund transfers, federal and state grants, and bond proceeds provide the financing for the expenditures of this fund.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Funds, continued

Systems Development Capital Projects Fund

The Systems Development Capital Projects Fund is used to account for resources that are restricted, committed, or assigned for construction of the non-assessable portion of capacity-enhancing capital projects. Financing is provided by a systems development charge levied against developing properties. Expenditures are restricted by state law to capacity-enhancing projects for the following systems: transportation, sanitary sewers, storm sewers, and parks facilities.

Proprietary Funds

Proprietary funds are used to account for the City's ongoing operations and activities which are similar to those found in the private sector. The measurement focus is upon the determination of net income.

The following are the City's major proprietary funds:

Ambulance Transport Fund

The Ambulance Transport Fund accounts for the operation of emergency medical services provided to the public. Revenues are provided by user charges.

Municipal Airport Fund

The Municipal Airport Fund accounts for the operations of the municipal airport. Principal sources of revenues are rental of terminal space to airlines and other service providers, landing fees, and parking fees. The fund receives Airport Improvement Program monies from the Federal Aviation Administration for capital improvements. The fund also imposes passenger facility charges on passengers utilizing the airport, the proceeds of which are restricted for use in financing eligible projects as determined by regulation.

Parking Services Fund

The Parking Services Fund accounts for the operations of City-owned parking facilities. Revenue sources include parking fees and fines, meter receipts, and rentals. The revenue is used to operate and maintain the parking facilities.

Stormwater Utility Fund

The Stormwater Utility Fund accounts for the operation and maintenance of the stormwater drainage system and the wetland resource protection and enhancement program. Primary revenues are stormwater user fees and the sale of wetland mitigation credits.

Wastewater Utility Fund

The Wastewater Utility Fund accounts for the operation, construction, and maintenance of the wastewater collection and treatment system. Primary revenues are wastewater user fees.

Additionally, the City reports the following fund type:

Internal Service Funds

Internal service funds account for those activities and services furnished internally to other organizational units within the City on a cost reimbursement basis. Charges are made to the various departments to support these activities. The City's internal service funds include facilities services, fleet services, information systems and services, professional services, and risk and benefits. The aggregate of all internal service funds is reflected in the fund financial statements.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Other Governmental Funds

Other governmental funds include all nonmajor special revenue, debt service, and capital projects funds of the City. The following lists all other governmental funds by governmental fund type:

Special Revenue Funds:

Construction and Rental Housing
Library, Parks, and Recreation
Public Safety Communications
Road
Solid Waste and Recycling
Special Assessment Management
Telecom Registration and Licensing
Urban Renewal Agency General
Urban Renewal Agency Riverfront

Debt Service Funds:

General Obligation
Special Assessment Bond
Urban Renewal Agency

Capital Projects Funds:

Special Assessment
Transportation
Urban Renewal Agency
Urban Renewal Agency Riverfront

(E) Risk Management

The City retains a portion of the risk of loss for workers' compensation, general liability, and medical, dental, and vision employee benefits. The amount estimated to be payable is based on an actuarial report of the estimated ultimate loss, including incurred but not reported claims as of the Statement of Fund Net Position date. Claims payable include all incremental costs directly incurred as a result of a claim, and consider estimated recoveries on both settled and unsettled claims. Claims expense is reduced by amounts recovered or expected to be recovered. Claims liability/expense are accounted for in the City's basic financial statements in an internal service fund.

(F) Equity in Pooled Cash and Investments

Policies adopted by the Investment Advisory Board and the Eugene City Council authorize the City to invest in obligations of the U.S. Treasury and its agencies, time certificates of deposit, governmental money market bank deposit accounts, bankers' acceptances, municipal bonds, corporate bonds, commercial paper, repurchase agreements, reverse repurchase agreements, and the Oregon Local Government Investment Pool.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(F) Equity in Pooled Cash and Investments, continued

It is the City's policy to report at amortized cost all short-term, highly-liquid money market investments (including corporate bonds, commercial paper, bankers' acceptances, municipal bonds, and U.S. Treasury and agency obligations) and participating interest-earning investment contracts with a remaining maturity at time of purchase of one year or less. Such investments are stated at cost, increased by accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method. Callable investments purchased at a discount are amortized to the maturity date, and callable investments purchased at a premium are amortized to the first call date. Investments with a remaining maturity at time of purchase of more than one year are valued at fair value.

The City maintains a common cash and investments pool for all City funds. Interest earned on the pooled cash and investments is allocated quarterly based on each fund's average cash and investments balance as a proportion of the City's total pooled cash and investments. For purposes of the Statement of Cash Flows, the City considers "cash" to include the pooled cash and investments, since the pool has the general characteristics of a demand deposit account, in that any participating fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty.

(G) Receivables

Unbilled City services that are significant and meet the measurable and available criteria for revenue recognition are accrued as revenue in the governmental fund financial statements at year-end. Significant unbilled service accounts receivable relating to the government-wide and proprietary fund financial statements are accrued as revenue when earned.

(H) Interfund Receivables and Payables

In the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" in the fund financial statements.

During the year, borrowings that occur between funds are classified as interfund loans or advances. In the fund financial statements, the short-term portion of such borrowings are classified as "Interfund loans receivable" or "Interfund loans payable". The noncurrent portion is classified as "Advances to other funds" or "Advances from other funds." The governmental fund financial statements report this as nonspendable fund balance to indicate funds are not available for appropriation and are not expendable financial resources.

In the government-wide financial statements, all interfund receivables and payables are combined and any residual balances between the governmental and business-type activities are reported as "Internal balances."

(I) Inventories and Prepaid Items

Inventories of materials and supplies are valued at cost or average cost using the first-in/first-out method. Inventories are capitalized and charged to operations as consumed in both the government-wide and fund financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

(J) Capital Assets

Capital assets are defined by the government as tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The City's capitalization threshold for tangible assets is \$5,000. Tangible assets include land, rights-of-way (included with land), buildings, improvements, equipment, and infrastructure. The capitalization threshold for intangible assets is set at 0.5% of total capital assets for both governmental and business-type activities. Intangible assets include copyrights, trademarks, and computer software.

Infrastructure capital assets are those that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. The City has a transportation infrastructure system reported in governmental activities consisting of roads, bridges, sidewalks, and traffic and lighting systems. Infrastructure reported in business-type activities consists of a regional airfield, and stormwater and wastewater collection systems.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(J) Capital Assets, continued

Except for governmental activities infrastructure placed in service prior to July 1, 1980, all capital assets have been capitalized in the government-wide and proprietary fund financial statements. In accordance with the current financial resources measurement focus, capital assets are not capitalized in the governmental fund financial statements. All purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Historical cost is measured by the cash or cash equivalent price of obtaining an asset, including ancillary charges necessary to place the asset into its intended location and condition for use. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges, if any. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Amounts expended for maintenance and repairs are charged to expenditures/expenses in the appropriate funds as incurred and are not capitalized. Capital improvements financed by special assessments which provide assets to the City's Stormwater Utility Fund and Wastewater Utility Fund are capitalized in the proprietary fund Statement of Fund Net Position.

Capital assets are depreciated unless they are inexhaustible in nature or have an indefinite useful life (e.g., land and rights-of-way). Depreciation is an accounting process which allocates the cost of capital assets, in a systematic and rational manner, to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. All estimates of useful lives are based on actual experience by City departments with identical or similar capital assets. Infrastructure assets are depreciated using a composite depreciation method. All other categories of assets are depreciated on the straight-line basis of accounting. The estimated useful lives of the various categories of assets are as follows:

<u>Category</u>	<u>Estimated useful life</u>
Buildings	40-50 years
Improvements other than buildings	20 years
Infrastructure	25-40 years
Equipment	3-15 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized.

Capital assets of proprietary funds are reported net of accumulated depreciation in the government-wide Statement of Net Position and the proprietary funds Statement of Fund Net Position. Capital assets not specifically related to activities reported in proprietary funds are reported net of accumulated depreciation in the governmental activities column in the government-wide Statement of Net Position. Depreciation expense on proprietary fund capital assets is reported in the government-wide Statement of Activities and the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. Depreciation expense on general capital assets is reported in the government-wide Statement of Activities as a direct expense.

(K) Capitalized Interest

Interest is capitalized on constructed assets in proprietary funds. For the year ended June 30, 2013, no interest was capitalized on proprietary fund capital assets.

(L) Compensated Absences

Liabilities for accumulated or vested vacation leave and compensation time benefits (compensated absences) are recorded in the government-wide financial statements and proprietary fund financial statements. The governmental fund financial statements do not report liabilities for compensated absences unless they are due for payment. Sick leave does not vest and is recorded in all funds as taken.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(M) Noncurrent Obligations

Noncurrent obligations are reported in the government-wide and proprietary fund financial statements as liabilities. The governmental fund financial statements do not report noncurrent obligations because they do not require the use of current financial resources. Bond discounts and premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method in the government-wide and proprietary fund financial statements, but are recognized during the current period in the governmental fund financial statements. The bonds-outstanding method does not differ significantly from the effective interest method. Bond issuance costs are expensed in the period incurred.

The limited tax pension obligations are deep discount bonds that increase in value based on the initial yield to maturity. This increase in value is reflected as an increase in noncurrent liabilities on the Statement of Net Position and as interest expense on the Statement of Activities.

(N) Deferred Inflows of Resources

In addition to liabilities, the governmental fund balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent unavailable revenue that will be recognized in a future period(s). The City has six primary types of revenues that are reported in this section under the modified accrual basis of accounting. These revenues include: interest, taxes, systems development charges, municipal court, assessments, and loans and notes. These revenues are deferred and recognized as an inflow of resources in the period that the revenues become available.

(O) Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes an ordinance that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance at any time through passage of an additional ordinance.

Resources that are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Comprehensive Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as needed. When an expenditure is incurred where an unrestricted fund balance classification could be used, the City's practice is to use committed resources first, assigned resources second, and then unassigned amounts as they are needed.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(O) Fund Balance, continued

Fund balances by classification for the year ended June 30, 2013 were as follows:

Fund balances	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total
						Governmental Funds
Nonspendable:						
Inventories	\$ 0	0	0	0	851,737	851,737
Prepays and deposits	762,321	0	0	0	131,473	893,794
Assets held for resale	0	0	0	0	1,851,966	1,851,966
Permanent balance	0	0	0	0	80,000	80,000
Restricted:						
Capital projects	0	0	1,670,898	12,272,506	6,018,585	19,961,989
Community development	0	2,344,818	0	0	0	2,344,818
Rental housing program	0	0	0	0	227,996	227,996
Cultural services	1,058,040	0	0	0	3,679,063	4,737,103
Debt service	0	0	0	0	871,606	871,606
Road maintenance	0	0	0	0	3,482,205	3,482,205
Public safety communications	0	0	0	0	2,392,546	2,392,546
Solid waste and recycling	0	0	0	0	457,349	457,349
Urban renewal	0	0	0	0	9,439,054	9,439,054
Committed:						
Construction permits	0	0	0	0	1,997,591	1,997,591
Special assessments	0	0	0	0	2,595,768	2,595,768
Telecommunications	0	0	0	0	7,721,695	7,721,695
Assigned:						
Unappropriated						
ending fund balance	21,670,000	0	0	0	0	21,670,000
Capital projects	0	0	3,668,775	0	0	3,668,775
Cultural services	1,262,701	0	0	0	0	1,262,701
Reserve for encumbrances	1,432,484	0	0	0	0	1,432,484
Reserve for next year's spending	3,970,995	0	0	0	0	3,970,995
Reserve for revenue shortfall	4,895,575	0	0	0	0	4,895,575
Other reserves	1,536,335	0	0	0	0	1,536,335
Unassigned	2,961,405	0	0	0	0	2,961,405
Total fund balances	\$ 39,549,856	2,344,818	5,339,673	12,272,506	41,798,634	101,305,487

(P) Indirect Expenses Allocation

In the fund financial statements, the City allocates certain indirect costs incurred by the central services function of the General Fund to non-general funds in order to recover expenditures made on behalf of those other City funds. This allocation has been removed from the direct expenses column in the government-wide Statement of Activities and a separate column titled indirect expenses allocation has been presented. Indirect costs allocated to business-type activities are equal to the amount actually paid by the function. The remaining indirect costs are allocated to governmental activities based on personnel service costs. The remaining net expense in the central services function represents direct program activity of that function including its share of allocated indirect costs.

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(2) Reconciliation of Government-wide and Fund Financial Statements

(A) Explanation of Differences Between the Government-wide Statement of Net Position and the Governmental Fund Balance Sheet

The Balance Sheet for governmental funds (Exhibit 3) includes a reconciliation between total fund balances and total net position of governmental activities in the Statement of Net Position (Exhibit 1). The following are selected elements of that reconciliation.

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds. The details of this \$38,766,374 difference are as follows:

Receivables:	
Interest	\$ 1,618,000
Taxes	7,679,652
Systems development charges	889,562
Municipal court	736,875
Assessments	729,806
Loans and notes	<u>28,172,788</u>
Subtotal	39,826,683
Allowance for uncollectibles	<u>(1,060,309)</u>
Net adjustment	<u>\$ 38,766,374</u>

Capital assets are not financial resources in governmental funds, but reported in the Statement of Net Position at their net depreciable value. The details of this \$402,893,879 difference are as follows:

Capital assets (net of accumulated depreciation) reported in the Statement of Net Position - governmental activities column:	
Land and construction in progress	\$ 73,070,169
Other capital assets (net of accumulated depreciation)	351,617,412
Capital assets (net of accumulated depreciation) reported in internal service funds included in the Statement of Net Position - governmental activities column	<u>(21,793,702)</u>
Net adjustment	<u>\$ 402,893,879</u>

All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds. The details of this \$49,026,279 difference are as follows:

Bonds payable	\$ (33,384,795)
Notes and contracts payable	(7,767,000)
Accrued interest payable	(113,397)
Compensated absences	(7,724,558)
Net OPEB obligation	<u>(36,529)</u>
Net adjustment	<u>\$ (49,026,279)</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(2) Reconciliation of Government-wide and Fund Financial Statements, continued

(B) Explanation of Differences Between the Government-wide Statement of Activities and the Fund Statement of Revenues, Expenditures, and Changes in Fund Balances

The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities is provided at Exhibit 5. The following are selected elements of that reconciliation:

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. The details of this \$1,392,871 difference are as follows:

Change in unavailable revenue from the following sources:	
Property taxes receivable	\$ 595,998
Special assessments receivable	(229,183)
System development charges receivable	185,351
Municipal court receivables	100,654
Notes receivable	<u>809,430</u>
Subtotal	1,462,250
Change in the allowance for uncollectibles	<u>(69,379)</u>
Net adjustment	<u>\$ 1,392,871</u>

Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. In addition, the Statement of Activities reports gains and losses arising from the disposal of existing capital assets, while governmental funds do not. The details of this \$68,110 difference are as follows:

Donations of capital assets	\$ 1,003,178
Sale of capital assets	<u>(1,071,288)</u>
Net adjustment	<u>\$ (68,110)</u>

Governmental funds do not report expenditures for unpaid compensated absences, interest expense, or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs. The details of this \$345,230 difference are as follows:

Compensated absences	\$ 45,111
Net OPEB obligation	530,129
Accrued interest	144,419
Amortization of issuance costs	<u>(374,429)</u>
Net adjustment	<u>\$ 345,230</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(2) Reconciliation of Government-wide and Fund Financial Statements, continued

(B) Explanation of Differences Between the Government-wide Statement of Activities and the Fund Statement of Revenues, Expenditures, and Changes in Fund Balances, continued

Capital outlay is reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense. The details of this \$2,216,425 difference are as follows:

Capital outlay	\$ 21,303,326
Depreciation expense	<u>(19,086,901)</u>
Net adjustment	<u>\$ 2,216,425</u>

Repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. The payment of debt principal affects the Statement of Activities and is reported as a decrease in noncurrent liabilities in the Statement of Net Position. The details of this \$4,393,198 difference are as follows:

Debt issued:	
Issuance of general obligation bonds	\$ <u>(9,495,000)</u>
Principal payments:	
General obligation debt	12,585,003
Certificates of participation	215,000
Limited tax bonds	206,195
Notes payable	128,000
Tax increment bonds	<u>754,000</u>
	<u>13,888,198</u>
Net adjustment	<u>\$ 4,393,198</u>

Transfers of capital assets are often made between proprietary funds and governmental funds when the use of an asset changes. Transfers of liabilities are sometimes made between proprietary funds and governmental funds when the fund responsible for repayment changes. Such transfers will provide or use economic resources in proprietary funds, but may not necessarily provide or use spendable financial resources in governmental funds.

Transfer of governmental capital assets to proprietary funds	\$ <u>(525,882)</u>
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(3) Stewardship, Compliance, and Accountability

(A) Budgetary Information

The City Manager submits to the Budget Committee a proposed operating and capital budget a sufficient length of time in advance to allow adoption of the budget prior to July 1. The operating and capital budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain community comments.

Prior to July 1, the City legally adopts its annual budget for all funds through passage of a resolution. The resolution authorizes fund appropriations as current annual departmental requirements, debt service, capital outlay, interfund transfers, interfund loans, special payments, and miscellaneous fiscal transactions.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(3) Stewardship, Compliance, and Accountability, continued

(A) Budgetary Information, continued

Expenditures cannot legally exceed appropriations at these control levels. Appropriations which have not been spent at year-end lapse, although an amending resolution passed in the subsequent year specifically provides for the reappropriation of prior-year lapsed encumbrances.

Unexpected additional resources or appropriations 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 City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passage of a Council resolution authorizing the transfer. All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes Chapters 294.305 through 294.565. Supplemental appropriations, permitted by Oregon Budget Law, were authorized by the City Council during the fiscal year. The net effect of amending resolutions passed during the fiscal year was an appropriation increase of \$12,703,397.

(B) Overexpenditures of Appropriations

For the year ended June 30, 2013, the Risk and Benefits Fund had budget-basis expenses in excess of legal appropriations of \$673,025. The overexpenditure in this fund was driven by some unusually large individual medical claims in the current year.

(4) Detailed Notes on All Funds

(A) Equity in Pooled Cash and Investments

The City maintains a common cash and investments pool that is available for use by all funds. Each fund's portion of this pool is displayed in the Statement of Net Position, the Statement of Fund Net Position, or the Balance Sheet as "Equity in pooled cash and investments." Cash and investments are comprised of the following at June 30, 2013:

Cash on hand	\$	40,709
Cash with fiscal agent		634,564
Deposits with banks		7,893,830
Investments		<u>186,850,215</u>
	\$	<u><u>195,419,318</u></u>

Deposits

At June 30, 2013, the City's deposits with various financial institutions had a bank value of \$7,893,830, which included \$4,251,078 in time certificates of deposits. The City's investment policy limits investments in time certificates of deposits to 50% of the City's total investment portfolio with a maximum length to maturity of three years.

All City deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though not guaranteeing that all funds are 100% protected. A bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are considered "adequately capitalized." The Office of State Treasurer (OST) has identified the following exceptions to the collateral calculation and any exception requires 100% collateralization.

- A bank may not accept public fund deposits from one depositor in excess of their net worth. If the bank has a drop in net worth that takes them out of compliance, they are required to post 100% collateral on any amount the depositor has in excess of the bank's net worth while working to eliminate that excess.
- A bank may not hold aggregate public funds in excess of a percentage of their net worth based on their capitalization category (100% for undercapitalized, 150% for adequately capitalized, 200% for well capitalized) unless approved, for a period of 90 days or less, by OST.
- A bank may only hold in excess of 30% of all aggregate public funds reported by all banks holding Oregon public funds if the excess is collateralized at 100%.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(A) Equity in Pooled Cash and Investments, continued

Deposits, continued

The OST, at the advice of the Director of Consumer and Business Services, may also at any time require banks to pledge additional collateral up to 110% of the value of FDIC uninsured public fund deposits. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2013, the City had deposits of \$998,190 insured by federal depository insurance, \$9,829,845 collateralized under the PFCP, and \$634,564 in deposits (cash with fiscal agent) held by escrow companies that were uninsured and uncollateralized.

Investments

As of June 30, 2013, the City held the following investments and maturities:

<u>Investment type</u>	<u>Carrying value</u>	<u>Weighted average maturity in years</u>	<u>% of investment portfolio</u>
Corporate indebtedness	\$ 18,868,937	0.747	10.1%
Local government investment pool	35,630,206	0.003	19.1%
Municipal bonds	35,675,229	1.153	19.1%
U.S. agency securities	92,636,532	1.479	49.6%
U.S. treasury securities	4,039,311	0.801	2.1%
Total	<u>\$ 186,850,215</u>	<u>1.281</u>	<u>100.0%</u>

Interest Rate Risk

As a means of limiting its exposure to losses arising from rising interest rates, the City's investment policy limits investment as follows:

<u>Investment type</u>	<u>Maximum % of portfolio</u>	<u>Maximum length to maturity</u>
Bankers' acceptances	25%	6 months
Corporate indebtedness	35%	18 months
Local government investment pool	100%	1 day
State and local government obligations	50%	3 years
U.S. agency securities	100%	3 years
U.S. agency securities - Temporary Liquidity Guarantee Program (TGLP)	25%	December 31, 2012
U.S. treasury securities	100%	3 years

With the exception of pass-through funds, the maximum amount of pooled investments to be placed in the Local Government Investment Pool is limited by Oregon Statute to \$45,405,443, which will increase proportionately to the Portland Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(A) Equity in Pooled Cash and Investments, continued

Investments, continued

Credit Risk

The City's policy, which adheres to State of Oregon law, is to limit its Corporate and Municipal investments as follows: Issuers within Oregon must be rated "A" (bonds) or A-2 / P-2 (commercial paper) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization at time of purchase. Issuers not in Oregon must be rated AA / Aa (bonds) or A-1 / P-1 (commercial paper) or better at time of purchase.

At June 30, 2013, the City's investments were rated as follows:

<u>Investment type</u>		<u>Highest Rating From</u>				<u>Not rated</u>
		<u>Moody's Investors Service or Standard & Poor's Corporation</u>				
	<u>Total</u>	<u>Aaa/AAA</u>	<u>Aa/AA</u>	<u>A</u>		
Corporate indebtedness	\$ 18,868,937	5,019,456	13,849,481	0	0	
Local government investment pool	35,630,206	0	0	0	35,630,206	
Municipal bonds	35,675,229	4,876,564	29,077,667	1,720,998	0	
U.S. agency securities	92,636,532	76,086,899	0	0	16,549,633	
U.S. treasury securities	<u>4,039,311</u>	<u>4,039,311</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	\$ <u>186,850,215</u>	<u>90,022,230</u>	<u>42,927,148</u>	<u>1,720,998</u>	<u>52,179,839</u>	

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2013, the fair value of the City's deposits with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us/>.

The LGIP's portfolio concentration of credit risk at June 30, 2013 included: Corporate Notes (47.7%), U.S. Treasury and Agency Securities (42.1%), Commercial Paper (0.1%), Municipal Bonds (4.2%), Certificates of Deposits (0.7%), and Non-US Government Debt (5.2%). The credit risk associated with the investments was: AAA rating (0.1%), AA rating (28.8%), A rating (34.6%), BBB rating (7.8%), and not rated (28.7%).

Concentration of Credit Risk

The City's policy for investing in individual issuers varies depending on the type of investments. U.S. Government Agency Securities are restricted to no more than 25% for any one issuer. No more than 25% of the total portfolio of investments may be invested in a single issuer of bankers' acceptances or repurchase agreements. Investments in commercial paper or corporate bonds may not exceed more than 35% of the portfolio and investments in any one issuer may not exceed 5% of the investment portfolio. Investments in the Temporary Liquidity Guarantee Program (TLGP) are limited to 5% per bank name and may not exceed more than 25% of the investment portfolio. The combined limit for each bank in certificates of deposits, bankers' acceptances, corporate indebtedness, and TLGP is 10%.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(B) Receivables

Receivables for individual major funds, internal service funds, and other governmental funds in the aggregate, including the applicable allowances for uncollectible accounts at June 30, 2013, are as follows:

<u>Fund description</u>	<u>Interest</u>	<u>Taxes</u>	<u>Accounts</u>	<u>Assessments</u>	<u>Loans and notes</u>	<u>Total gross receivables</u>	<u>Less allowance for uncollectibles</u>	<u>Total net receivables</u>
General	\$ 1,391,594	6,709,608	2,594,266	0	0	10,695,468	(238)	10,695,230
Community Development	44,347	0	52,165	0	24,364,676	24,461,188	0	24,461,188
Systems Development Capital Projects	0	0	914,640	0	5,124	919,764	0	919,764
Ambulance Transport	0	0	1,416,220	0	0	1,416,220	(342,474)	1,073,746
Municipal Airport	0	0	785,757	0	75,071	860,828	(8,824)	852,004
Parking Services	0	0	360,399	0	0	360,399	(112,079)	248,320
Stormwater Utility	0	0	1,918,197	0	0	1,918,197	(8,604)	1,909,593
Wastewater Utility	0	0	1,677,528	0	11,004	1,688,532	(5,551)	1,682,981
Internal service funds	0	0	39,006	0	0	39,006	(556)	38,450
Other governmental funds	<u>240,004</u>	<u>1,215,619</u>	<u>1,091,732</u>	<u>782,213</u>	<u>3,865,002</u>	<u>7,194,570</u>	<u>(113,508)</u>	<u>7,081,062</u>
	<u>\$ 1,675,945</u>	<u>7,925,227</u>	<u>10,849,910</u>	<u>782,213</u>	<u>28,320,877</u>	<u>49,554,172</u>	<u>(591,834)</u>	<u>48,962,338</u>
Government-wide adjustment for uncollectibles								<u>(1,060,309)</u>
Receivables (net of allowance) - Government-wide Statement of Net Position								<u>47,902,029</u>

As of June 30, 2013, the City had two outstanding loans receivable under the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee program totaling \$7,767,000 for which the City is contingently liable. Further information on these two loans is available in the Notes Payable section of Note 4 (H) Noncurrent Liabilities.

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(C) Interfund Transfers

<u>Fund description</u>	<u>General</u>	<u>General Capital Projects</u>	<u>Wastewater Utility</u>	<u>Internal service funds</u>	<u>Other governmental funds</u>	<u>Total transfers out</u>
General	\$ 0	3,069,300	0	3,245,000	385,725	6,700,025
Ambulance Transport	361,988	0	0	0	0	361,988
Municipal Airport	0	0	0	76,835	0	76,835
Parking Services	1,507,253	0	0	0	0	1,507,253
Stormwater Utility	0	0	1,004	0	0	1,004
Wastewater Utility	0	0	2,007	0	0	2,007
Internal service funds	0	750,000	0	53,129	0	803,129
Other governmental funds	<u>450,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,386,534</u>	<u>1,836,534</u>
Total transfers in	\$ <u>2,319,241</u>	<u>3,819,300</u>	<u>3,011</u>	<u>3,374,964</u>	<u>1,772,259</u>	<u>11,288,775</u>

Transfers are routinely made for the following purposes:

- To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
- To move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as payments become due.
- To move unrestricted revenues collected in the General Fund to finance various programs and activities accounted for in other funds in accordance with budgetary authorizations.
- To move revenues collected from restricted sources to other funds to pay for direct expenses.

Other transfers include \$1.5 million transferred from the Parking Services fund to the General Fund to support general operations, \$1.2 million transferred from the General Fund to the Fleet Services fund for future replacement of equipment, \$0.9 million transferred from the General Fund to the Information Systems and Services Fund for development of the new Integrated Public Safety Record Management System and Computer Aided Dispatch, and \$1.0 million transferred from the General Fund to the Facilities Services Fund for future rebuild of City Hall.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(D) Due From Other Governments

Amounts due from other governments at June 30, 2013, are presented below:

<u>Fund description</u>	<u>State</u>	<u>Federal</u>	<u>County</u>	Eugene Water and Electric <u>Board</u>	<u>MWMC</u>	<u>Other</u>	<u>Total</u>
General	\$ 276,088	147,348	513,279	866,611	0	290,796	2,094,122
Community Development	3,000	724,651	0	0	0	70,917	798,568
Ambulance Transport	14,145	0	0	0	0	23,719	37,864
Municipal Airport	0	86,589	0	0	0	0	86,589
Parking Services	141,759	0	0	0	0	0	141,759
Stormwater Utility	4,859	17,252	53,905	0	0	2,420	78,436
Wastewater Utility	0	0	0	0	1,298,768	57,083	1,355,851
Internal service funds	62,447	0	191	309	0	88,960	151,907
Other governmental funds	<u>2,339,050</u>	<u>0</u>	<u>127,929</u>	<u>23,870</u>	<u>48</u>	<u>96,204</u>	<u>2,587,101</u>
Total due from other governments - Government-wide Statement of Net Position	\$ <u><u>2,841,348</u></u>	<u><u>975,840</u></u>	<u><u>695,304</u></u>	<u><u>890,790</u></u>	<u><u>1,298,816</u></u>	<u><u>630,099</u></u>	<u><u>7,332,197</u></u>

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(E) Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

<u>Governmental activities:</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets, not being depreciated:				
Land	\$ 68,401,562	804,791	(1,362,222)	67,844,131
Construction in progress	27,953,375	5,521,899	(28,249,237)	5,226,037
Total capital assets, not being depreciated	<u>96,354,937</u>	<u>6,326,690</u>	<u>(29,611,459)</u>	<u>73,070,168</u>
Capital assets, being depreciated:				
Buildings and equipment	222,404,498	30,990,336	(3,126,420)	250,268,414
Improvements other than buildings	80,328,435	3,157,410	(814,841)	82,671,004
Infrastructure	285,091,405	15,527,473	0	300,618,878
Total capital assets being depreciated	<u>587,824,338</u>	<u>49,675,219</u>	<u>(3,941,261)</u>	<u>633,558,296</u>
Less accumulated depreciation for:				
Buildings and equipment	(86,521,657)	(8,262,493)	2,970,246	(91,813,904)
Improvements other than buildings	(37,973,999)	(3,434,383)	349,438	(41,058,944)
Infrastructure	(138,492,909)	(10,575,127)	0	(149,068,036)
Total accumulated depreciation	<u>(262,988,565)</u>	<u>(22,272,003)</u>	<u>3,319,684</u>	<u>(281,940,884)</u>
Total capital assets, being depreciated, net	<u>324,835,773</u>	<u>27,403,216</u>	<u>(621,577)</u>	<u>351,617,412</u>
Governmental activities capital assets, net	\$ <u>421,190,710</u>	<u>33,729,906</u>	<u>(30,233,036)</u>	<u>424,687,580</u>

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(E) Capital Assets, continued

<u>Business-type activities:</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets, not being depreciated:				
Land	\$ 17,142,705	0	0	17,142,705
Construction in progress	<u>8,805,731</u>	<u>2,047,431</u>	<u>(6,919,577)</u>	<u>3,933,585</u>
Total capital assets, not being depreciated	<u>25,948,436</u>	<u>2,047,431</u>	<u>(6,919,577)</u>	<u>21,076,290</u>
Capital assets, being depreciated:				
Buildings and equipment	66,543,380	189,201	(224,175)	66,508,406
Improvements other than buildings	102,130,027	4,656,887	0	106,786,914
Storm sewers	55,697,013	5,250,348	0	60,947,361
Trunk sewers	<u>154,251,339</u>	<u>3,226,305</u>	<u>0</u>	<u>157,477,644</u>
Total capital assets being depreciated	<u>378,621,759</u>	<u>13,322,741</u>	<u>(224,175)</u>	<u>391,720,325</u>
Less accumulated depreciation for:				
Buildings and equipment	(29,058,939)	(1,731,280)	207,663	(30,582,556)
Improvements other than buildings	(50,720,712)	(4,254,320)	0	(54,975,032)
Storm sewers	(15,179,084)	(1,416,653)	0	(16,595,737)
Trunk sewers	<u>(66,582,128)</u>	<u>(3,618,169)</u>	<u>0</u>	<u>(70,200,297)</u>
Total accumulated depreciation	<u>(161,540,863)</u>	<u>(11,020,422)</u>	<u>207,663</u>	<u>(172,353,622)</u>
Total capital assets, being depreciated, net	<u>217,080,896</u>	<u>2,302,319</u>	<u>(16,512)</u>	<u>219,366,703</u>
Business-type activities capital assets, net	\$ <u>243,029,332</u>	<u>4,349,750</u>	<u>(6,936,089)</u>	<u>240,442,993</u>

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(E) Capital Assets, continued

Depreciation expense was charged to functions/programs as follows:

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

Central services	\$	249,540
Fire and emergency medical services		1,154,284
Library, recreation, and cultural services		2,318,491
Planning and development		384,027
Police		1,040,595
Public works		13,939,964
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>3,185,102</u>
	\$	<u><u>22,272,003</u></u>

Business-type activities:

Ambulance transport	\$	39,544
Municipal airport		4,822,537
Parking services		800,142
Stormwater utility		1,555,476
Wastewater utility		<u>3,802,723</u>
	\$	<u><u>11,020,422</u></u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(F) Unavailable/Unearned Revenue

Unavailable revenues are reported as a deferred inflow of resources in the governmental funds Balance Sheet. Unavailable revenues are reported in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Unearned revenues are reported as a liability in the proprietary funds Statements of Net Position and governmental funds Balance Sheet. Unearned revenues are reported in connection with resources that have been received but not yet earned. The various components of unavailable/unearned revenue at June 30, 2013 consist of the following:

<u>Fund by type</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable:			
General	\$ 7,855,627	0	7,855,627
Other governmental funds	1,442,024	0	1,442,024
Assessments receivable:			
Other governmental funds	750,826	0	750,826
Systems development charges receivable:			
Systems Development Capital Projects	889,562	0	889,562
Notes receivable:			
Community Development Special Revenue	24,310,934	0	24,310,934
Systems Development Capital Projects	5,124	0	5,124
Other governmental funds	3,833,903	0	3,833,903
Other:			
General	736,876	1,625,197	2,362,073
Community Development Special Revenue	0	8,198	8,198
Municipal Airport	0	35,146	35,146
Parking Services	0	73,706	73,706
Stormwater Utility	0	202,343	202,343
Internal service funds	0	46,077	46,077
Other governmental funds	1,806	268,828	270,634
Total unavailable/unearned revenue	\$ <u>39,826,682</u>	<u>2,259,495</u>	<u>42,086,177</u>

(G) Operating Leases

The City conducts some of its operations from leased facilities located both inside and outside the central business district. All such leases for facilities are classified as operating leases and expire within the next six years. The total rental expense for the year ended June 30, 2013, for operating leases was \$1,246,630. Most of these leases for facilities contain an option whereby the City can, after the initial lease term, renew its lease for periods of one to ten years.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(G) Operating Leases, continued

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2013:

<u>Fiscal year ending June 30</u>	<u>Rentals</u>
2014	\$ 1,431,422
2015	1,038,406
2016	842,825
2017	778,864
2018	<u>753,126</u>
Total minimum future rentals	\$ <u><u>4,844,643</u></u>

(H) Noncurrent Liabilities

General Obligation Bonds

The City issues general obligation bonds to finance major construction projects in governmental activities. G.O. bonds in governmental activities are backed by the full faith and credit and unlimited taxing power of the City and are serviced by general property tax revenues. The City's G.O. bonded debt is subject to a debt limit of 3% of real market value per Oregon Revised Statutes 287A.050. For the year ended June 30, 2013, the City had 96% of its legal debt capacity available.

General Obligation Bond and Revolving Credit Facility (Streets)

On November 4, 2008, Eugene voters passed Measure 20-145, authorizing the City to issue a maximum of \$35,900,000 of general obligation (G.O.) bonds. The proceeds from the sale of the bonds are to be used for street preservation. The bonds can be issued to provide interim financing and to refund the bonds that provide interim financing. As of June 30, 2013, the City had \$6,830,000 in authorized borrowing remaining.

The City has a G.O. and revolving credit facility with Bank of America, N.A. which matures on June 1, 2014 and has an authorized limit of \$4,000,000. The City elects from either a LIBOR based taxable or tax exempt interest rate for each draw. As of June 30, 2013, the City had a \$900,000 balance on the credit facility.

Draws on this credit facility are recorded as a financing source in the Transportation Capital Projects Fund. The debt will be repaid from general property tax revenues or by the future issuance of long-term general obligation bonds, which can be issued at the City's discretion. The General Obligation Bond and Revolving Credit Facility (Street and Off-Street Bike and Pedestrian Paths) is backed by the full faith and credit of the City and is included in the City's G.O. debt limit.

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
G.O. bond and revolving credit facility (Street)	\$ <u>0</u>	<u>8,420,000</u>	<u>(7,520,000)</u>	<u>900,000</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

General Obligation Bond and Revolving Credit Facility (POS)

On November 7, 2006, Eugene voters passed Measure 20-110, authorizing the City to issue a maximum of \$27,490,000 of general obligation (G.O.) bonds. The proceeds from the sale of the bonds are to be used for the purchase of land for parks and open space, and the construction and improvement of athletic fields and the West Eugene Wetlands Education Center. The bonds can be issued to provide interim financing and to refund the bonds that provide interim financing. As of June 30, 2013, the City had \$11,263,800 in authorized borrowing remaining.

On May 31, 2007, the City entered into a General Obligation Bond and Revolving Credit Facility with Bank of America, N.A. currently bearing interest at 0.75% with a maturity date of June 1, 2014. The facility has an authorized limit of \$6,875,000 outstanding at any given time and is further limited to a maximum of the amount authorized under the bond measure. As of June 30, 2013, the City had a \$0 balance on the credit facility.

Draws on this credit facility are recorded as a financing source in the General Capital Projects Fund. The debt will be repaid from general property tax revenues or by the future issuance of long-term general obligation bonds, which can be issued at the City's discretion. The General Obligation Bond and Revolving Credit Facility (Parks, Athletic Fields, and Open Spaces) is backed by the full faith and credit of the City and is included in the City's G.O. bonded debt margin limit.

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
G.O. bond and revolving credit facility (POS)	\$ <u>0</u>	<u>1,075,000</u>	<u>(1,075,000)</u>	<u>0</u>

General Obligation Bonds

The City issues general obligation bonds to finance major construction projects in governmental activities. G.O. bonds in governmental activities are backed by the full faith and credit of the City and are serviced by general property tax revenues. The City's G.O. bonded debt is subject to a debt margin of 3.0% of real market value per Oregon Revised Statutes 287.004. For the year ended June 30, 2013, the City had 95.0% of capacity available. G.O. bonds currently outstanding are as follows:

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
General obligation bonds serviced by general property taxes:			
Parks and Open Spaces Bonds, Series 2004	6,305,000	2.500% to 4.650%	3,300,000
General Obligation Refunding Bonds, Series 2006	24,990,000	3.500% to 4.125%	12,370,000
General Obligation Refunding Bonds, Series 2011	<u>10,975,000</u>	2.000% to 3.000%	<u>9,250,000</u>
Total general obligation bonds	<u>\$ 42,270,000</u>		<u>24,920,000</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

General Obligation Bonds, continued

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal year ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 4,125,000	874,463
2015	4,265,000	734,263
2016	4,410,000	588,963
2017	3,045,000	422,031
2018	3,160,000	311,470
2019-2023	5,915,000	423,425
	<u>\$ 24,920,000</u>	<u>3,354,615</u>

Certificates of Participation

The City issues certificates of participation (COPs) to finance major construction projects in governmental activities. The Atrium Obligations are backed by the full faith and credit of the City, and debt payments are to be paid from rental payments made by property occupants, including City departments. The Santa Clara Fire Obligations are backed by the full faith and credit of the City and the debt payments are made by the General Fund.

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Certificates of participation serviced by general property taxes:			
Santa Clara Fire Station, Series 2003	\$ 2,090,000	2.000% to 4.000%	215,000
Certificates of participation serviced by specific fund revenues:			
Atrium Obligations, Series 1998A (tax-exempt)	1,200,000	3.700% to 4.900%	425,000
Atrium Obligations, Series 1998B (taxable)	<u>1,200,000</u>	6.125% to 6.200%	<u>465,000</u>
Total certificates of participation	<u>\$ 4,490,000</u>		<u>1,105,000</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Certificates of Participation, continued

Annual debt service requirements to maturity for certificates of participation are as follows:

Fiscal year ending June 30	Governmental activities	
	Principal	Interest
2014	\$ 370,000	57,855
2015	165,000	40,770
2016	180,000	31,700
2017	190,000	21,730
2018	200,000	11,165
	<u>\$ 1,105,000</u>	<u>163,220</u>

Limited Tax Bonds

The City issues limited tax bonds in governmental and business-type activities. Limited tax bonds in governmental activities include limited tax improvement bonds and limited tax pension bonds. Limited tax improvement bonds finance public improvements that benefit private parties. Improvement bonds are secured by the benefited properties and are to be repaid in installments from property owners. Limited tax pension bonds finance a portion of the estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. The pension bonds are to be repaid from existing revenue sources. All limited tax bonds are backed by the full faith and credit of the City, within the limitations of Article XI of the Oregon Constitution.

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Limited tax bonds:			
Limited Tax Pension Bonds, Series 2002	\$ 84,335,000	2.000% to 7.410%	62,742,089
Limited Tax Improvement Bonds, Series 2006	1,036,427	5.100%	146,454
Limited Tax Improvement Bonds, Series 2011	580,000	7.050%	369,218
Total limited tax bonds	<u>\$ 85,951,427</u>		<u>63,257,761</u>

The Limited Tax Pension Bonds, Series 2002, in governmental activities, are deep discount bonds and reported net of accretion. However, the annual debt service requirements to maturity are reported on a cash basis and do not account for accreted amounts. The following table reconciles the ending balance of limited tax bonded debt and the annual debt service requirements to maturity schedule:

Total limited tax bonds	\$ 63,257,761
Less: Accretion of deep discount	(7,913,824)
Total debt service requirements for limited tax bonds	<u>\$ 55,343,937</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Limited Tax Bonds, continued

Annual debt service requirements to maturity for limited tax improvement bonds and limited tax pension bonds are as follows:

Fiscal year ending June 30	Governmental activities	
	Principal	Interest
2014	\$ 0	33,499
2015	0	33,499
2016	146,454	33,499
2017	0	26,030
2018	0	26,030
2019-2023	0	130,150
2024-2027	369,218	91,105
Improvement bonds	\$ 515,673	373,812
2014	\$ 949,798	4,559,574
2015	978,861	4,805,512
2016	1,003,922	5,065,451
2017	1,027,454	5,336,919
2018	1,051,915	5,622,457
2019-2023	19,846,314	18,673,340
2024-2028	29,970,000	6,566,752
Pension bonds	54,828,264	50,630,005
Total limited tax bonds	\$ 55,343,937	51,003,817

Tax Increment Bonds

The City's Urban Renewal Agency issues tax increment bonds to finance major construction projects in governmental activities. The purpose of the Urban Renewal Agency is to stimulate economic development by financing public improvements within designated districts. Tax increment bonds are serviced by property tax increment revenues. When an urban renewal district is first created, the property assessed value within the district boundaries is established as a "frozen base". The Urban Renewal Agency receives property taxes related to the incremental increase in the property assessed value that is in excess of the "frozen base".

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Tax Increment Bonds, continued

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Tax increment bonds:			
URA Tax Increment Bonds, Series 2011	\$ 7,900,000	5.200%	6,429,000
Total tax increment bonds	<u>\$ 7,900,000</u>		<u>6,429,000</u>

Annual debt service requirements to maturity for tax increment bonds are as follows:

<u>Fiscal year ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 794,000	334,308
2015	835,000	293,020
2016	878,000	249,600
2017	924,000	203,944
2018	972,000	155,896
2019-2020	<u>2,026,000</u>	<u>157,508</u>
	<u>\$ 6,429,000</u>	<u>1,394,276</u>

Conduit Debt

On December 27, 2010, the City issued \$6,900,000 of Bank Loan Revenue Bonds, dated December 30, 2010, bearing a variable interest rate, and maturing on December 27, 2035. The bonds were issued to provide access to tax-exempt interest rates to Woolworth Properties, LLC for the construction of the Woolworth Building, which is located within the City's Urban Renewal Downtown District. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, \$6,817,945 of the bonds were outstanding.

Notes Payable

The City has entered into contracts with the U.S. Department of Housing and Urban Development (HUD) as a guarantor for loan guarantees made under HUD's Section 108 Loan Guarantee Program (Program). The Program is a source of financing for economic development.

HUD contracts for loan guarantee assistance contain certain security provisions. The primary security is a pledge by the City of its current and future Community Development Block Grant funds. The City provides additional security for each Guaranteed Loan in the form of property liens.

In July 2008, the City borrowed \$2,706,000 from HUD to finance the purchase of the historic Washburne and Centre Court buildings in the Urban Renewal Downtown District. The note pays interest at a variable rate equal to the three-month LIBOR rate plus 0.2%. The rate adjusts on the first day of each month.

On November 16, 2010, the City entered into a contract with HUD to borrow \$5,189,000 to support the rehabilitation of the historic Washburne and Centre Court buildings in the Urban Renewal Downtown District. As of June 30, 2013, the City had borrowed \$5,189,000 against the note. The note pays interest at a variable rate equal to the three-month LIBOR rate plus 0.2%. The rate adjusts on the first day of each month.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Notes Payable, continued

<u>Governmental activities</u>	<u>Loan amount</u>	<u>Interest rate</u>	<u>Ending balance</u>
Notes payable:			
Housing and Urban Development -			
Washburne and Centre Court Building	\$ 2,706,000	varies	2,578,000
Washburne and Centre Court Building Rehabilitation	<u>5,189,000</u>	varies	<u>5,189,000</u>
	<u>\$ 7,895,000</u>		<u>7,767,000</u>

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal year <u>ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 128,000	36,570
2015	248,000	35,230
2016	248,000	34,057
2017	328,000	32,602
2018	328,000	31,051
2019-2023	1,740,000	131,411
2024-2028	2,698,000	84,059
2029-2031	<u>2,049,000</u>	<u>12,413</u>
	<u>\$ 7,767,000</u>	<u>397,393</u>

The HUD notes will be repaid from principal and interest payments received from a loan to Beam Properties Eugene LLC, who purchased the property from the City. The loan proceeds from the Beam Properties Eugene LLC loan will be received in the Community Development Special Revenue Fund.

Compensated Absences

At June 30, 2013, the City reported compensated absences of \$8,551,544 in governmental activities. The General Fund, internal service funds, and other governmental funds are typically used to liquidate these liabilities.

Internal Service Fund Debt

Based on an analysis of billings, governmental activities have been determined to be the predominant source of revenue for all internal service funds. Therefore, noncurrent liabilities of the internal service funds are reported in governmental activities. As of June 30, 2013, internal service fund debt included the Atrium Obligations of \$890,000, Limited Tax Pension Bonds (net of accretion of deep discount) of \$54,828,264, deferred bond discounts of \$99,778, and \$26,986 in compensated absences.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2013 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<u>Governmental activities</u>					
General obligation bonds	\$ 28,910,000	0	(3,990,000)	24,920,000	4,125,000
Limited tax bonds	64,290,728	0	(1,032,967)	63,257,761	950,609
Tax increment bonds	7,183,000	0	(754,000)	6,429,000	794,000
Certificates of participation payable	1,465,000	0	(360,000)	1,105,000	370,000
Deferred issuance discount/premium	410,295	0	(104,951)	305,344	0
Total bonds payable	<u>102,259,023</u>	<u>0</u>	<u>(6,241,918)</u>	<u>96,017,105</u>	<u>6,239,609</u>
General obligation bond and revolving credit facility	0	9,495,000	(8,595,000)	900,000	0
Compensated absences payable	8,670,758	8,034,433	(8,153,647)	8,551,544	8,426,650
Notes and contracts payable	7,895,000	0	(128,000)	7,767,000	128,000
Net OPEB obligation	4,353,261	1,138,185	(1,739,255)	3,752,191	0
Governmental activities - noncurrent liabilities	<u>\$ 123,178,042</u>	<u>18,667,618</u>	<u>(24,857,820)</u>	<u>116,987,840</u>	<u>14,794,259</u>
<u>Business-type activities</u>					
Compensated absences payable	\$ 1,936,825	1,597,561	(1,730,054)	1,804,332	1,746,759
Net OPEB obligation	149,909	3,371	(142,166)	11,114	0
Business-type activities - noncurrent liabilities	<u>\$ 2,086,734</u>	<u>1,600,932</u>	<u>(1,872,220)</u>	<u>1,815,446</u>	<u>1,746,759</u>

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information

(A) Risk Management

The City has established an internal service fund to account for and finance its risks of loss. The City has a self-insured liability program which covers personal injury, public official's errors and omissions, automobile, and employer's liability, with a maximum self-insured retention of \$2,000,000 per occurrence. In addition, the City has a self-insured workers' compensation program which covers employees' work-related illnesses and injuries, including employer's liability, with a maximum self-insured retention of \$1,000,000 per occurrence.

All regular full and part-time City employees are eligible for medical, dental, and vision insurance coverage. Employees may choose between two self-insured plans: the City Health Plan, a Preferred Provider Organization (PPO) plan or the City Managed Care Plan, a Point of Service (POS) plan. A third self-insured medical plan, the City Hybrid Plan, is available to Non-represented and IATSE-represented employees. The City has established a self-insurance fund to pay medical, dental, and vision claims of employees and their dependents on the City Health Plan, up to the self-insurance retention limit of \$250,000 per employee.

Coverage for workers' compensation, general liability, and employees' health claims in excess of the self-insurance retention limit is purchased from commercial insurers. The City also purchases all-risk property insurance coverage from a commercial insurer. The property insurance policy has a basic \$25,000 deductible, with earthquake and flood insurance coverages subject to the following deductibles: flood – \$250,000 deductible per occurrence; earthquake – 2% of the combined value of the property at the location, subject to a minimum deductible of \$100,000 per location and the deductible applies separately to each location. During the previous three fiscal years, there were no liability claims that exceeded the insurance coverage levels.

At June 30, 2013, a total claims liability of \$12,239,623 is reported in the Risk and Benefits Internal Service Fund. Claims liabilities reported by the City are based on an actuarial estimate of the ultimate cost of settling claims incurred, including incurred but not reported (IBNR) claims. Claims liabilities include all incremental costs incurred directly as a result of a claim, and consider estimated recoveries on both settled and unsettled claims. Claims expense has been reduced by amounts recovered, or expected to be recovered through excess insurance.

The following changes occurred in the claims liability in the current and previous fiscal year:

Fiscal year ended June 30	Liability balance at beginning of year	Current-year claims and changes in estimates	Claim payments	Liability balance at end of year
2012	\$ 10,916,609	22,069,113	(21,157,560)	11,828,162
2013	11,828,162	24,244,872	(23,833,411)	12,239,623

(B) Joint Ventures

The City is also a participant with Lane County and the City of Springfield in the Metropolitan Wastewater Management Commission (MWMC), a joint venture established by intergovernmental agreement to construct, maintain, and operate regional sewerage facilities. The MWMC consists of a seven-member board to which the City appoints three voting members. The City has no explicit, measurable equity interest in the MWMC. However, the City has an ongoing financial responsibility for the operations of the MWMC in that the City is obligated to adopt disposal rates and charges not less than those adopted by the MWMC, and to forward to the MWMC, its share of the revenues as specified in the adopted financing plan, which requires that all MWMC administrative, operational, and maintenance expenses be financed through a uniform district-wide monthly fee.

MWMC contracts with the City for operation of the regional sewerage facilities on a cost reimbursement basis which is accounted for in the Wastewater Utility Fund. For the fiscal year ended June 30, 2013, the City provided billable operations to MWMC costing \$12,820,923 and MWMC owed the City \$1,298,768 for unreimbursed costs at year-end. The City of Springfield includes the MWMC as a component unit of its financial reporting entity. MWMC's most recently published financial statement was for the year ended June 30, 2012, which reflected net income of \$3,814,583 and total fund equity of \$127,054,417. Separate financial statements for MWMC can be obtained from the City of Springfield Finance Department.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – PERS

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

PERS is administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

Funding Policy

The City contributed 13.44% of covered payroll to the PERS defined benefit pension plan. This contribution rate was determined as part of the December 31, 2009 PERS actuarial valuation. The most recent actuarial valuation was prepared as of December 31, 2011. The 2011 valuation and the estimated effects of subsequent State legislation were used to establish rates as of July 1, 2013. The City also charged an internal rate of 5.5% of payroll to departments to fund the repayment of the City's pension obligation bonds, which were issued in 2002.

Annual Pension Cost

The City of Eugene has submitted contributions as required by OPERB. For the fiscal year ended June 30, 2013, the City's annual PERS pension expenditures/expense was \$10,186,670. This amount consisted of the annual required contribution to the defined benefit pension plans of \$8,325,947 and \$1,860,723 in amortization of pension assets. The City's contributions were equal to the annual required contributions, which were less than the annual pension cost as a result of the amortization of pension assets. The City's annual PERS pension cost and pension assets for the year ended June 30, 2013, were as follows:

Annual required contribution	\$	8,325,947
Interest on pension assets		(4,514,008)
Adjustment to the annual required contribution		6,374,731
Annual pension cost		<u>10,186,670</u>
Contributions made		<u>8,325,947</u>
Decrease in pension assets		<u>(1,860,723)</u>
Pension assets, beginning of year		<u>56,425,099</u>
Pension assets, end of year	\$	<u><u>54,564,376</u></u>

The City's annual pension cost, the contribution, the percentage of annual pension cost contributed to the plan, and the pension assets for fiscal year ending June 30, 2013 and the preceding two years were as follows:

<u>Fiscal year</u> <u>ending June 30</u>	<u>Annual</u> <u>pension</u> <u>cost (APC)</u>	<u>Contribution</u>	<u>Percentage</u> <u>of APC</u> <u>contributed</u>	<u>Pension</u> <u>assets</u>
2011	\$ 10,683,385	9,088,115	85%	58,147,991
2012	13,244,961	11,522,069	87%	56,425,099
2013	10,186,670	8,325,947	82%	54,564,376

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – PERS, continued

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$719,826,602, and the actuarial value of assets was \$592,998,990, resulting in an unfunded actuarial liability (UAAL) of \$126,827,612. The covered payroll (annual payroll of active employees covered by the plans) was \$95,549,026, and the ratio of the UAAL to the covered payroll was 133.0%.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to Basic Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

For the fiscal year ending June 30, 2013, the City's annual required contribution rate for PERS was based on the December 31, 2009 actuarial valuation using the projected unit credit method.

The actuarial assumptions for the December 31, 2009 PERS actuarial valuations included an investment return of 8.0% (8.5% for PERS variable account balances), a projected salary growth of 3.75%, and a projected inflation rate of 2.75%. The PERS actuarial valuation included a healthcare cost inflation trend rate of 7.0% in 2010 decreasing to 4.5% in 2029. The actuarial value of assets equals the market value of assets. The unfunded actuarially accrued liability and plan gains and losses are amortized as a level percentage of the combined valuation payroll over a closed period of 20 years.

The PERS defined benefit pension plan utilizes a contribution rate stabilization method (or "rate collar") to restrict the degree of change to new contribution rates. The new contribution rate will not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20% of the prior contribution rate. If the plan's funded percentage drops below 70% or increases above 130%, the size of the rate collar doubles. If the funded percentage is between 70% and 80% or between 120% and 130%, the size of the rate collar is increased on a graded scale. The actuarial value of assets is equal to their fair market value less contingency, capital preservation, and rate guarantee reserves.

The Oregon Legislative Assembly created a second level or "Tier" of PERS benefits that modified service and disability retirement allowances payable to persons who established PERS membership on or after January 1, 1996 ("Tier Two" members). Future interest credits on all member contributions in Tier One and Tier Two regular accounts are assumed to accrue at an annual rate of 8.0%, compounded annually.

(D) Retirement Plan - OPSRP

Plan Description

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS, the Oregon Public Service Retirement Plan (OPSRP). OPSRP, a cost-sharing multiple-employer defined benefit plan, was established under Oregon Revised Statutes 238.600 to act as a common investment and administrative agent for public employers in the State of Oregon. OPSRP is effective for all employees hired on or after August 29, 2003. OPSRP provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

OPSRP is administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(D) Retirement Plan - OPSRP, continued

Funding Policy

The City contributed 10.46% of covered payroll to the OPSRP defined benefit pension plan. This contribution rate was determined as part of the December 31, 2009 PERS actuarial valuation. The most recent actuarial valuation was prepared as of December 31, 2011. The 2011 valuation was used to establish rates as of July 1, 2013. The City also charged an internal rate of 5.5% of payroll to departments to fund the repayment of the City's pension obligation bonds, which were issued in 2002.

Annual Pension Cost

The City of Eugene has submitted contributions as required by OPERB. The City's contributions to the OPSRP for the fiscal years ending June 30, 2013, 2012, and 2011, were \$3,240,508, \$2,870,785, and \$2,246,603, respectively.

Actuarial Methods and Assumptions

For the fiscal year ending June 30, 2013, the City's annual required contribution rate for OPSRP was based on the December 31, 2009 actuarial valuation using the projected unit credit method.

The actuarial assumptions for the December 31, 2009 OPSRP actuarial valuations included an investment return of 8.0% (8.5% for PERS variable account balances), a projected salary growth of 3.75%, and a projected inflation rate of 2.75%. The PERS actuarial valuation included a healthcare cost inflation trend rate of 7.0% in 2010 decreasing to 4.5% in 2029. The actuarial value of assets equals the market value of assets. The unfunded actuarially accrued liability and plan gains and losses are amortized as a level percentage of the combined valuation payroll over a closed period of 16 years.

The OPSRP defined benefit pension plan utilizes a contribution rate stabilization method (or "rate collar") to restrict the degree of change to new contribution rates. The new contribution rate will not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20% of the prior contribution rate. If the plan's funded percentage drops below 70% or increases above 130%, the size of the rate collar doubles. If the funded percentage is between 70% and 80% or between 120% and 130%, the size of the rate collar is increased on a graded scale. The actuarial value of assets is equal to their fair market value less contingency, capital preservation, and rate guarantee reserves.

(E) Retirement Plan – IAP

Plan Description

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Individual Account Program (IAP) is a defined contribution pension plan for all PERS and OPSRP members. State statute requires that covered employees contribute 6.0% of their annual covered salary to the IAP plan effective January 1, 2004. Statute allows that the employer may elect to pay the employees' required IAP contributions.

The IAP is administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>

Funding Policy

The City has elected to pay all of the employees' required IAP contributions, except for employees who are members of the City's International Association of Fire Fighters (IAFF) union. Beginning in FY13, IAFF covered employees elected to pay the employees required IAP contribution. Member contributions are deposited into the member's IAP account. Accounts are credited with earnings and losses net of administrative expenses.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(E) Retirement Plan – IAP, continued

Annual Plan Costs

For the fiscal year end June 30, 2013, the City's contributions and IAFF covered employees contributions to the IAP were \$5,097,048 and \$475,994, respectively (a total of 6.00% of covered payroll).

(F) Other Post-employment Benefits (OPEB)

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

Plan Description

The City contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.35% of annual covered payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to PERS' RHIA for the past three years were as follows, all of which equaled the required contributions for that year:

<u>Fiscal year</u> <u>ending June 30</u>	<u>Contribution</u>
2011	\$ 236,631
2012	515,974
2013	520,256

City Healthcare Plan

Plan Description

The City administers a single-employer defined benefit healthcare plan that provides post-retirement medical, dental, and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. Benefit provisions are established through negotiations between the City and representatives of collective bargaining units. Eligible participants may select from one of the City's two self-insured healthcare plans: the City Health Plan or the City Managed Care Plan. The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and to eligible dependents until age 26.

The City's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claims costs and the amount of retiree healthcare premiums represents the City's implicit employer contribution.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(F) Other Post-employment Benefits (OPEB), continued

City Healthcare Plan, continued

Plan Description, continued

The City also provides post-employment life insurance benefits to fully disabled employees through a single employer defined benefit plan. The plan provides a waiver of life insurance premiums for employees who participate in the City's life insurance plan who become totally disabled; the plan is underwritten by Standard Insurance Company, whereby the City pays a premium rate for active and disabled employees, and Standard Insurance Company provides term life insurance coverage. In the event the City changes life insurance carriers, Standard Insurance Company does not retain any liability for future death benefits. In changing life insurance carriers, if the new carrier was unwilling to accept the liability for the disabled employees, the City would be responsible for any future death benefits.

The City's post-employment life insurance benefit for disabled employees is an elective benefit offered by the City, this benefit is subject to collective bargaining agreements. The amount of life insurance benefits that a disabled employee receives is based on the amount of coverage and the reduction pattern in effect at the time of disablement. The coverage amount varies per employer group; the maximum benefit is \$250,000.

The City did not establish an irrevocable trust (or equivalent arrangement) to account for either plan. Instead, the activities of the plans are reported in the City's Risk and Benefits Internal Service Fund. Neither plan issues a separate report.

Funding Policy

The City has the authority to establish and amend contribution requirements. The required contribution is based on projected pay-as-you-go financing requirements. Since the City's healthcare plan is self-insured, the annual required contributions can fluctuate. For the fiscal year ending June 30, 2013, the City's combined plan contributions were \$1,881,421.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2013, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 1,207,041
Interest on net OPEB obligation	234,165
Adjustment to the annual required contribution	<u>(299,650)</u>
Annual OPEB cost (expense)	1,141,556
Contributions made	<u>1,881,421</u>
Increase (decrease) in net OPEB obligation	(739,865)
Net OPEB obligation, beginning of year	<u>4,503,170</u>
Net OPEB obligation, end of year	<u>\$ 3,763,305</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(F) Other Post-employment Benefits (OPEB), continued

Annual OPEB Cost and Net OPEB Obligation, continued

The City's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2013 and the preceding two years were as follows:

<u>Fiscal year</u> <u>ending June 30</u>		<u>Annual</u> <u>OPEB cost</u>	<u>Contribution</u>	<u>Percentage of</u> <u>annual OPEB</u> <u>cost contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2011	\$	935,860	851,492	91%	4,197,225
2012		934,634	628,719	67%	4,503,170
2013		1,141,556	1,881,421	165%	3,763,305

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$14,171,194, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$14,171,194. The covered payroll (annual payroll of active employees covered by the plans) was \$93,916,203, and the ratio of the UAAL to the covered payroll was 15.0%.

As of June 30, 2013, the City has set aside \$3,710,044 to pay for future post-employment benefits, which is included in the unrestricted portion of net position in the Risk and Benefits Internal Service Fund. Since these assets have not been placed in a qualified trust (or equivalent arrangement) they have not been recognized as part of the actuarial valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The June 30, 2013 actuarial valuations for the healthcare plan and the post-employment life insurance benefits for disabled employees were based on the entry age normal and the projected unit credit actuarial cost methods, respectively. The actuarial assumptions for both valuations included an investment return of 5.2%. The healthcare plan actuarial valuation included a healthcare cost inflation trend rate of 6.5% in 2013 decreasing to 5.0% in 2020. The unfunded actuarially accrued liability and the gains and losses for both plans are amortized as a level dollar amount over an open period of 30 years.

(G) Contingencies

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the City's self-insurance internal service fund are reviewed and losses are accrued based upon the judgment of City management. Based upon the advice of legal counsel with respect to such litigation and claims, City management cannot determine what effect the ultimate disposition of these matters will have on the financial position or results of operations of City funds.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(H) Outstanding Encumbrances

At June 30, 2013, the City has encumbered the following significant commitments:

<u>Fund</u>	<u>Amount</u>
General	\$ 1,432,484
Community Development Special Revenue	1,534,930
General Capital Projects	680,611
Systems Development Capital Projects	125,809
Municipal Airport	1,352,502
Parking Services	51,874
Stormwater Utility	1,297,850
Wastewater Utility	1,615,996
Internal service funds	3,049,686
Other governmental funds	<u>6,882,122</u>
Total outstanding encumbrances	<u>\$ 18,023,864</u>

(I) Prior Period Adjustment

In fiscal year 2004, the Urban Renewal Agency Riverfront Capital Projects Fund sold the majority of the Chiquita, Inc. and Autocraft, Inc. property to the federal government for a loss of \$99,284. During the current fiscal year, the Agency sold an additional portion of the property to the Northwest Community Credit Union. An evaluation of the remaining property was completed during the sale process and staff recognized that assets held for resale were overstated by \$826,000. This amount should have been written off and recognized as part of the loss in fiscal year 2004.

The Urban Renewal Agency Riverfront Capital Projects Fund reclassified the Riverfront Parkway and Franklin Boulevard vacant lot from land to assets held for resale since the City's intention is to eventually sell the property.

In the Statement of Net Position, this correction is reported as a prior period adjustment, decreasing assets held for resale and net position by \$826,000. In addition, capital assets decreased by \$166,000 with an offsetting increase to assets held for resale. In the Balance Sheet, the net correction of \$660,000 is reported as a prior period adjustment, decreasing assets held for resale and fund balance.

(J) Subsequent Event

Subsequent to the December 31, 2011 actuarial valuation, Oregon Senate Bill (SB) 822 and SB 861 were passed. These bills will impact future PERS benefits as follows.

Senate Bill 822 eliminated the tax remedy benefit for PERS recipients residing outside of Oregon. Prior to the passage of this bill, PERS recipients received an increase in benefits when the Oregon Legislature changed the laws making PERS benefits subject to Oregon income tax. With the passage of SB 822, PERS recipients who do not pay Oregon state income tax because they do not reside in Oregon, will no longer receive these increased benefits.

Senate Bill 822 also made changes to the amount of cost-of-living adjustments (COLA) paid to PERS recipients. The COLA payable on August 1, 2013 will be capped at 1.5% for all benefit recipients. This cap is lower than the previous 2.0% maximum cap for COLAs.

Furthermore, a budget note included in SB 822 directed the PERS board to adjust the 2013-15 biennium PERS rates to include up to an additional 1.9% reduction in rates. The 1.9% reduction represents a one-time deferral of PERS contributions for the 2013-15 biennium.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(J) Subsequent Event, continued

Senate Bill 861 changed the amount of COLA paid to PERS recipients for August 1, 2014 and beyond. The COLA will be limited to 1.25% on the first \$60,000 of a yearly benefit payment and 0.15% on amounts above \$60,000. In addition, the bill provides a supplemental, one-time payment of 0.25% of their yearly benefit to all benefit recipients, not to exceed \$150. Those who have a PERS benefit of less than \$20,000 per year will receive a second supplemental, one-time payment of 0.25% of their yearly benefit. These supplemental payments will not be compounded into the member's yearly benefit and will be in effect for six years (first payable after July 1, 2014 and ending after July 1, 2019).

In addition to the above Senate Bills, the PERS board made changes to the following actuarial assumptions that will impact PERS rates for the 2015-17 biennium and beyond. Those changes include:

- A reduction in the assumed earnings rate from 8.0% to 7.75%;
- The amortization period for the accumulated PERS unfunded actuarial liability will be reset at 20 years as of December 31, 2013;
- Entry age normal was adopted as the actuarial cost method effective December 31, 2012; and
- The employers' rate collar was modified as follows. If the plan's funded percentage drops below 60% or increases above 140%, the size of the rate collar doubles. If the funded percentage is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale.

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REQUIRED SUPPLEMENTARY INFORMATION

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
Revenues					
Taxes	96,979,000	96,979,000	96,049,499	0	96,049,499
Licenses and permits	5,829,900	6,134,900	5,800,117	0	5,800,117
Intergovernmental	3,628,903	5,837,492	5,438,925	0	5,438,925
Rental income	126,148	126,148	118,269	0	118,269
Charges for services	10,526,854	12,420,620	11,291,868	(1,094,384)	10,197,484
Fines and forfeits	2,618,500	2,618,500	2,251,846	0	2,251,846
Miscellaneous	1,322,950	1,370,551	1,566,053	(76,066)	1,489,987
Total revenues	121,032,255	125,487,211	122,516,577	(1,170,450)	121,346,127
Expenditures					
Current - departmental:					
Central services	21,753,409	22,654,339	20,985,832	(6,204,704)	14,781,128
Fire and emergency medical services	25,143,856	27,053,240	25,274,995	31,740	25,306,735
Library, recreation, and cultural services	24,660,404	24,949,666	23,628,152	(40,837)	23,587,315
Planning and development	5,915,447	6,494,266	5,653,942	(305,229)	5,348,713
Police	43,162,817	45,971,782	45,365,823	(222,500)	45,143,323
Public works	6,361,957	6,513,446	6,107,476	0	6,107,476
Debt service	231,663	231,663	231,663	0	231,663
Intergovernmental	0	1,125,000	987,156	(987,156)	0
Total expenditures	127,229,553	134,993,402	128,235,039	(7,728,686)	120,506,353
Excess (deficiency) of revenues over expenditures	(6,197,298)	(9,506,191)	(5,718,462)	6,558,236	839,774
Other financing sources (uses)					
Transfers in	9,750,241	9,750,241	9,320,241	(7,001,000)	2,319,241
Transfers out	(4,878,025)	(6,430,025)	(6,430,025)	(270,000)	(6,700,025)
Total other financing sources (uses)	4,872,216	3,320,216	2,890,216	(7,271,000)	(4,380,784)
Net change in fund balance	(1,325,082)	(6,185,975)	(2,828,246)	(712,764)	(3,541,010)
Fund balance, July 1, 2012	39,298,848	41,673,438	41,673,438	1,417,428	43,090,866
Fund balance, June 30, 2013	37,973,766	35,487,463	38,845,192	704,664	39,549,856

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
Revenues					
Intergovernmental	3,811,549	5,578,990	2,191,434	0	2,191,434
Charges for services	85,950	85,950	13,696	0	13,696
Repayment of revolving loans	0	0	0	1,168,036	1,168,036
Miscellaneous	869,000	869,000	581,978	(3,331)	578,647
Total revenues	4,766,499	6,533,940	2,787,108	1,164,705	3,951,813
Expenditures					
Current - departmental:					
Central services	6,000	6,000	0	124,000	124,000
Planning and development	2,854,775	3,964,344	1,671,466	1,760,546	3,432,012
Loans granted	5,826,879	5,208,732	1,760,547	(1,760,547)	0
Debt service	467,681	467,681	173,370	0	173,370
Capital outlay	2,583,008	1,121,075	598,379	0	598,379
Total expenditures	11,738,343	10,767,832	4,203,762	123,999	4,327,761
Excess (deficiency) of revenues over expenditures	(6,971,844)	(4,233,892)	(1,416,654)	1,040,706	(375,948)
Other financing sources (uses)					
Principal payments received	2,660,200	2,660,200	1,168,036	(1,168,036)	0
Transfers out	(124,000)	(124,000)	(124,000)	124,000	0
Total other financing sources (uses)	2,536,200	2,536,200	1,044,036	(1,044,036)	0
Net change in fund balance	(4,435,644)	(1,697,692)	(372,618)	(3,330)	(375,948)
Fund balance, July 1, 2012	5,261,644	2,719,838	2,719,838	928	2,720,766
Fund balance, June 30, 2013	826,000	1,022,146	2,347,220	(2,402)	2,344,818

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

June 30, 2013

(1) Schedule of Funding Progress – Oregon PERS

Oregon Public Employee Retirement System's schedule of funding progress for the City of Eugene:

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability (funding excess)	Funded ratio	Covered payroll	Unfunded actuarial accrued liability as a percentage of covered payroll
12/31/07	\$ 680,846,717	612,554,606	(68,292,111)	111%	85,563,475	-80%
12/31/09	572,595,446	664,728,789	92,133,343	86%	89,005,209	104%
12/31/11	592,998,990	719,826,602	126,827,612	82%	95,549,026	133%

(2) Schedule of Funding Progress – OPEB

Other Post Employment Benefits schedule of funding progress:

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Unfunded actuarial accrued liability as a percentage of covered payroll
06/30/09	\$ 0	13,418,783	13,418,783	0%	90,674,405	15%
06/30/11	0	9,502,642	9,502,642	0%	91,224,907	10%
06/30/13	0	14,171,194	14,171,194	0%	93,916,203	15%

The City's other post employment benefits include retiree healthcare and waiver of life insurance premiums for disabled employees. The actuarial cost method for retiree healthcare benefits is entry age normal; the cost method for waiver of life insurance premiums for disabled employees is projected unit cost.

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

(3) Budget to GAAP Reconciliation

Sections of Oregon Revised Statutes (Oregon Budget Law) require most transactions be budgeted on the modified accrual basis of accounting. However, there are certain transactions where statutory budget requirements conflict with generally accepted accounting principles (GAAP). The following discusses the differences between the budget basis and GAAP basis of accounting for the General Fund and the Community Development Fund.

	<u>General</u>	<u>Community Development</u>
Net change in fund balance - budget basis	\$ (2,828,246)	(372,618)
 <i>Budget resources not qualifying as revenues or other financing sources under GAAP:</i>		
Indirect and other cost reimbursements received are reported as revenues or other financing sources on a budget basis. Such receipts are reclassified as a reduction of expenditures on a GAAP basis.	(8,090,385)	0
 <i>Revenues and other financing sources required by GAAP not qualifying as budget resources:</i>		
Adjustment for fair value of investments at year end is reported as miscellaneous revenue on a GAAP basis. Such revenues are not reflected on a Budget basis.	(76,065)	(3,330)
 <i>Budget expenditures not qualifying as expenditures or other financing uses under GAAP:</i>		
Indirect and other costs reimbursed are reported as expenditures on a budget basis. Such disbursements are reclassified as a reduction of revenues and other financing sources on a GAAP basis.	8,090,385	0
Prepaid expenses are recorded in the year paid on a budget basis. However, such expenses are matched to the accounting period benefited under GAAP.	<u>(636,699)</u>	<u>0</u>
Net change in fund balance - GAAP basis.	<u>\$ (3,541,010)</u>	<u>(375,948)</u>

Principal payments received of \$1,168,036 and loans granted of \$1,760,547 are reported in the Community Development Fund as other financing sources and non-departmental expenditures, respectively. Such amounts have been reclassified as revenues and departmental expenditures on a GAAP basis. In addition, indirect cost reimbursements are reclassified from transfers to departmental administrative expenditures on a GAAP basis. Such reclassifications are not included in the above schedule.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2013

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Other Governmental Funds
Assets				
Equity in pooled cash and investments	27,844,882	2,095,478	9,133,615	39,073,975
Receivables:				
Interest	27,895	212,109	0	240,004
Taxes	69,313	1,146,306	0	1,215,619
Accounts	1,091,732	0	0	1,091,732
Assessments	132,372	505,373	144,468	782,213
Loans and notes	3,842,175	0	22,827	3,865,002
Allowance for uncollectibles	(113,508)	0	0	(113,508)
Due from other governments	952,350	91,845	1,542,906	2,587,101
Inventories	851,737	0	0	851,737
Prepays and deposits	131,473	0	0	131,473
Assets held for resale	0	1,541	1,850,425	1,851,966
Total assets	34,830,421	4,052,652	12,694,241	51,577,314
Liabilities				
Accounts payable	1,026,240	0	507,949	1,534,189
Wages payable	563,752	0	0	563,752
Due to other governments	423,210	0	16,865	440,075
Deposits	1,324	0	941,953	943,277
Unearned revenue	268,828	0	0	268,828
Total liabilities	2,283,354	0	1,466,767	3,750,121
Deferred inflows of resources				
Unavailable revenue	4,049,885	1,811,114	167,560	6,028,559
Total deferred inflows of resources	4,049,885	1,811,114	167,560	6,028,559
Fund balances				
Nonspendable	1,063,210	1,541	1,850,425	2,915,176
Restricted	16,469,619	2,239,997	7,858,788	26,568,404
Committed	10,964,353	0	1,350,701	12,315,054
Total fund balances	28,497,182	2,241,538	11,059,914	41,798,634
Total liabilities, deferred inflows of resources, and fund balances	34,830,421	4,052,652	12,694,241	51,577,314

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

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues				
Taxes	936,006	15,249,902	2,908,491	19,094,399
Licenses and permits	8,261,489	0	0	8,261,489
Intergovernmental	9,479,293	0	2,701,301	12,180,594
Rental income	177,439	0	40,347	217,786
Charges for services	5,938,828	0	136,748	6,075,576
Fines and forfeits	35,610	0	0	35,610
Special assessments	20,941	238,617	40,881	300,439
Repayment of revolving loans	191,723	0	0	191,723
Miscellaneous	681,750	67,837	1,050,569	1,800,156
Total revenues	25,723,079	15,556,356	6,878,337	48,157,772
Expenditures				
Current - departmental:				
Central services	4,156,778	0	0	4,156,778
Fire and emergency medical services	244,728	0	0	244,728
Library, recreation, and cultural services	283,131	0	0	283,131
Planning and development	6,717,635	0	0	6,717,635
Police	2,969,162	0	0	2,969,162
Public works	10,466,048	0	0	10,466,048
Debt service:				
Principal	0	13,545,196	0	13,545,196
Interest	0	1,439,793	0	1,439,793
Issuance costs	0	0	6,011	6,011
Capital outlay	98,178	0	13,810,196	13,908,374
Total expenditures	24,935,660	14,984,989	13,816,207	53,736,856
Excess (deficiency) of revenues over expenditures	787,419	571,367	(6,937,870)	(5,579,084)
Other financing sources (uses)				
Proceeds of debt issuance	0	0	8,420,000	8,420,000
Transfers in	1,742,259	0	30,000	1,772,259
Transfers out	(450,000)	(254,534)	(1,132,000)	(1,836,534)
Total other financing sources (uses)	1,292,259	(254,534)	7,318,000	8,355,725
Net change in fund balances	2,079,678	316,833	380,130	2,776,641
Fund balances, July 1, 2012	26,417,504	1,924,705	11,339,784	39,681,993
Prior period adjustment (Note 5I)	0	0	(660,000)	(660,000)
Fund balances, July 1, 2012	26,417,504	1,924,705	10,679,784	39,021,993
Fund balances, June 30, 2013	28,497,182	2,241,538	11,059,914	41,798,634

SPECIAL REVENUE FUNDS

Combining statements for all individual nonmajor special revenue funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements at B-1 and B-2. Fund statements for major special revenue funds are reported in Exhibits 3 and 4 of the basic financial statements.

Schedules of revenues, expenditures, and changes in fund balance - budget and actual are also presented here for each individual nonmajor special revenue fund. Budget and actual comparisons for major special revenue funds are reported as required supplementary information at A-2.

Major Special Revenue Fund:

Community Development Fund - To account for grant revenues received from the Federal government. Major expenditures include capital improvements benefiting low income persons and community development loans.

Nonmajor Special Revenue Funds:

Construction and Rental Housing Fund - To account for construction permit services and rental housing code fees related to all properties within the city limits and the urban growth boundary including compliance with applicable laws and regulations.

Library Local Option Levy Fund - To account for revenues received from a four-year library local option levy to enhance services at the main library, operate two branch libraries, and furnish the main library. Fund closed in FY12.

Library, Parks, and Recreation Fund - To account for contributions from private donors to support the public library and City-owned parks and recreation facilities.

Public Safety Communications Fund (formerly known as the Public Safety Answering Point Fund) - To account for operations of the emergency dispatch center and the regional radio system. Resources are primarily from telephone excise taxes and intergovernmental revenue.

Road Fund - To account for the operation and maintenance of the City's street transportation system. Resources are provided from the City's share of State Highway Trust Fund allocations, State OTIA III monies, fees and permits, and other miscellaneous grants.

Solid Waste and Recycling Fund - To account for business license revenues which are used to regulate solid waste and recycling haulers and provide community education.

Special Assessment Management Fund - To account for operations of the property management and assessment hardship deferral programs.

Telecom Registration and Licensing Fund - To account for registration fees and business privilege taxes collected from providers of telecommunication services in Eugene. Resources are used for program administration and telecom projects that benefit the community.

Urban Renewal Agency Fund - To account for administration of the Urban Renewal Agency.

Urban Renewal Agency Riverfront Fund - To account for revenues received from an ad valorem tax on property located in the Riverfront Research Park. Resources are used for improving the condition and appearance of the Riverfront Research Park.

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2013

(amounts in dollars)

	Construction and Rental <u>Housing</u>	Library, Parks, and <u>Recreation</u>	Public Safety <u>Communications</u>	Road	Solid Waste and <u>Recycling</u>	Special Assessment <u>Management</u>	Telecom Registration and <u>Licensing</u>	Urban Renewal <u>Agency</u>	Urban Renewal Agency <u>Riverfront</u>	<u>Total</u>
Assets										
Equity in pooled cash and investments	2,491,642	3,806,084	2,659,514	3,705,180	506,175	1,248,329	7,224,126	293,714	5,910,118	27,844,882
Receivables:										
Interest	0	0	0	0	0	0	0	13,599	14,296	27,895
Taxes	0	0	0	0	0	0	0	0	69,313	69,313
Accounts	84,947	0	350	147,894	0	0	745,801	112,740	0	1,091,732
Assessments	0	0	0	0	0	132,372	0	0	0	132,372
Loans and notes	0	0	0	0	0	0	0	3,842,175	0	3,842,175
Allowance for uncollectibles	0	0	0	(768)	0	0	0	(112,740)	0	(113,508)
Due from other governments	50,336	0	31,465	865,300	0	0	0	0	5,249	952,350
Inventories	0	0	0	851,737	0	0	0	0	0	851,737
Prepays and deposits	0	0	0	0	0	0	131,473	0	0	131,473
Total assets	2,626,925	3,806,084	2,691,329	5,569,343	506,175	1,380,701	8,101,400	4,149,488	5,998,976	34,830,421
Liabilities										
Accounts payable	92,258	44,373	8,779	692,931	21,456	0	166,443	0	0	1,026,240
Wages payable	206,861	0	62,423	253,414	26,780	3,262	11,012	0	0	563,752
Due to other governments	102,219	148	227,581	82,732	590	0	9,924	0	16	423,210
Deposits	0	0	0	1,324	0	0	0	0	0	1,324
Unearned revenue	0	2,500	0	205,000	0	0	60,853	475	0	268,828
Total liabilities	401,338	47,021	298,783	1,235,401	48,826	3,262	248,232	475	16	2,283,354
Deferred inflows of resources										
Unavailable revenue	0	0	0	0	0	132,372	0	3,833,903	83,610	4,049,885
Total deferred inflows of resources	0	0	0	0	0	132,372	0	3,833,903	83,610	4,049,885
Fund balances										
Nonspendable	0	80,000	0	851,737	0	0	131,473	0	0	1,063,210
Restricted	227,996	3,679,063	2,392,546	3,482,205	457,349	0	0	315,110	5,915,350	16,469,619
Committed	1,997,591	0	0	0	0	1,245,067	7,721,695	0	0	10,964,353
Total fund balances	2,225,587	3,759,063	2,392,546	4,333,942	457,349	1,245,067	7,853,168	315,110	5,915,350	28,497,182
Total liabilities, deferred inflows of resources, and fund balances	2,626,925	3,806,084	2,691,329	5,569,343	506,175	1,380,701	8,101,400	4,149,488	5,998,976	34,830,421

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances*Nonmajor Special Revenue Funds*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Construction and Rental Housing	Library, Parks, and Recreation	Public Safety Communications	Road	Solid Waste and Recycling	Special Assessment Management	Telecom Registration and Licensing	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
Revenues										
Taxes	0	0	0	0	0	0	0	0	936,006	936,006
Licenses and permits	2,960,193	0	0	1,667,204	647,054	0	2,987,038	0	0	8,261,489
Intergovernmental	0	0	754,020	8,725,273	0	0	0	0	0	9,479,293
Rental income	0	16,920	0	67,819	0	0	0	29,700	63,000	177,439
Charges for services	2,993,902	25,826	2,818,755	51,367	1,856	40,865	0	6,257	0	5,938,828
Fines and forfeits	32,529	0	0	71	3,010	0	0	0	0	35,610
Special assessments	0	0	0	0	0	20,941	0	0	0	20,941
Repayment of revolving loans	0	0	0	0	0	0	0	191,723	0	191,723
Miscellaneous	24,082	426,448	10,244	127,294	3,615	30,333	27,206	11,857	20,671	681,750
Total revenues	6,010,706	469,194	3,583,019	10,639,028	655,535	92,139	3,014,244	239,537	1,019,677	25,723,079
Expenditures										
Current - departmental:										
Central services	630,000	0	173,000	721,000	147,000	92,737	2,376,041	0	17,000	4,156,778
Fire and emergency medical services	244,728	0	0	0	0	0	0	0	0	244,728
Library, recreation, and cultural services	0	283,131	0	0	0	0	0	0	0	283,131
Planning and development	5,060,288	0	0	0	752,888	0	0	734,467	169,992	6,717,635
Police	0	0	2,969,162	0	0	0	0	0	0	2,969,162
Public works	383,096	0	0	10,082,952	0	0	0	0	0	10,466,048
Capital outlay	0	95,585	0	0	0	0	2,593	0	0	98,178
Total expenditures	6,318,112	378,716	3,142,162	10,803,952	899,888	92,737	2,378,634	734,467	186,992	24,935,660
Excess (deficiency) of revenues over expenditures	(307,406)	90,478	440,857	(164,924)	(244,353)	(598)	635,610	(494,930)	832,685	787,419
Other financing sources (uses)										
Transfers in	0	0	80,725	1,132,000	0	1,230	0	528,304	0	1,742,259
Transfers out	0	0	0	0	0	0	(450,000)	0	0	(450,000)
Total other financing sources (uses)	0	0	80,725	1,132,000	0	1,230	(450,000)	528,304	0	1,292,259
Net change in fund balances	(307,406)	90,478	521,582	967,076	(244,353)	632	185,610	33,374	832,685	2,079,678
Fund balances, July 1, 2012	2,532,993	3,668,585	1,870,964	3,366,866	701,702	1,244,435	7,667,558	281,736	5,082,665	26,417,504
Fund balances, June 30, 2013	2,225,587	3,759,063	2,392,546	4,333,942	457,349	1,245,067	7,853,168	315,110	5,915,350	28,497,182

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

		Actual		
	Budget	Budget basis	Adjustment	GAAP basis
Revenues				
Licenses and permits	2,760,000	2,960,193	0	2,960,193
Charges for services	4,006,000	3,477,417	(483,515)	2,993,902
Fines and forfeits	50,000	32,529	0	32,529
Miscellaneous	476,200	28,347	(4,265)	24,082
Total revenues	7,292,200	6,498,486	(487,780)	6,010,706
Expenditures				
Current - departmental:				
Central services	0	0	630,000	630,000
Fire and emergency medical services	283,355	244,728	0	244,728
Planning and development	5,174,102	5,049,658	10,630	5,060,288
Public works	409,008	383,096	0	383,096
Intergovernmental	950,000	483,515	(483,515)	0
Total expenditures	6,816,465	6,160,997	157,115	6,318,112
Excess (deficiency) of revenues over expenditures	475,735	337,489	(644,895)	(307,406)
Other financing sources (uses)				
Transfers out	(630,000)	(630,000)	630,000	0
Total other financing sources (uses)	(630,000)	(630,000)	630,000	0
Net change in fund balance	(154,265)	(292,511)	(14,895)	(307,406)
Fund balance, July 1, 2012	2,521,255	2,521,255	11,738	2,532,993
Fund balance, June 30, 2013	2,366,990	2,228,744	(3,157)	2,225,587

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	98,742	0	0	0
Rental income	0	16,920	0	16,920
Charges for services	20,000	25,826	0	25,826
Miscellaneous	354,324	432,297	(5,849)	426,448
Total revenues	473,066	475,043	(5,849)	469,194
Expenditures				
Current - departmental:				
Library, recreation, and cultural services	357,519	283,131	0	283,131
Capital outlay	1,247,618	95,585	0	95,585
Total expenditures	1,605,137	378,716	0	378,716
Excess (deficiency) of revenues over expenditures	(1,132,071)	96,327	(5,849)	90,478
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(1,132,071)	96,327	(5,849)	90,478
Fund balance, July 1, 2012	3,667,177	3,667,177	1,408	3,668,585
Fund balance, June 30, 2013	2,535,106	3,763,504	(4,441)	3,759,063

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	795,594	754,020	0	754,020
Charges for services	2,910,836	2,818,755	0	2,818,755
Miscellaneous	13,276	10,870	(626)	10,244
Total revenues	3,719,706	3,583,645	(626)	3,583,019
Expenditures				
Current - departmental:				
Central services	0	0	173,000	173,000
Police	3,775,629	2,969,162	0	2,969,162
Total expenditures	3,775,629	2,969,162	173,000	3,142,162
Excess (deficiency) of revenues over expenditures	(55,923)	614,483	(173,626)	440,857
Other financing sources (uses)				
Transfers in	80,725	80,725	0	80,725
Transfers out	(173,000)	(173,000)	173,000	0
Total other financing sources (uses)	(92,275)	(92,275)	173,000	80,725
Net change in fund balance	(148,198)	522,208	(626)	521,582
Fund balance, July 1, 2012	1,870,338	1,870,338	626	1,870,964
Fund balance, June 30, 2013	1,722,140	2,392,546	0	2,392,546

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

		Actual		
	<u>Budget</u>	<u>Budget</u>	<u>Adjustment</u>	<u>GAAP</u>
		<u>basis</u>		<u>basis</u>
<u>Revenues</u>				
Licenses and permits	1,648,000	1,667,204	0	1,667,204
Intergovernmental	8,867,572	8,725,273	0	8,725,273
Rental income	57,801	67,819	0	67,819
Charges for services	34,250	51,367	0	51,367
Fines and forfeits	0	71	0	71
Miscellaneous	94,100	131,390	(4,096)	127,294
Total revenues	10,701,723	10,643,124	(4,096)	10,639,028
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	721,000	721,000
Public works	11,554,354	10,021,883	61,069	10,082,952
Total expenditures	11,554,354	10,021,883	782,069	10,803,952
Excess (deficiency) of revenues over expenditures	(852,631)	621,241	(786,165)	(164,924)
<u>Other financing sources (uses)</u>				
Transfers in	1,132,000	1,132,000	0	1,132,000
Transfers out	(721,000)	(721,000)	721,000	0
Total other financing sources (uses)	411,000	411,000	721,000	1,132,000
Net change in fund balance	(441,631)	1,032,241	(65,165)	967,076
Fund balance, July 1, 2012	2,453,154	2,453,154	913,712	3,366,866
Fund balance, June 30, 2013	2,011,523	3,485,395	848,547	4,333,942

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	620,215	647,054	0	647,054
Charges for services	25,000	1,856	0	1,856
Fines and forfeits	0	3,010	0	3,010
Miscellaneous	5,300	5,044	(1,429)	3,615
Total revenues	650,515	656,964	(1,429)	655,535
<u>Expenditures</u>				
Current - departmental:				
Central services	50,000	50,000	97,000	147,000
Planning and development	779,046	752,888	0	752,888
Total expenditures	829,046	802,888	97,000	899,888
Excess (deficiency) of revenues over expenditures	(178,531)	(145,924)	(98,429)	(244,353)
<u>Other financing sources (uses)</u>				
Transfers out	(97,000)	(97,000)	97,000	0
Total other financing sources (uses)	(97,000)	(97,000)	97,000	0
Net change in fund balance	(275,531)	(242,924)	(1,429)	(244,353)
Fund balance, July 1, 2012	701,395	701,395	307	701,702
Fund balance, June 30, 2013	425,864	458,471	(1,122)	457,349

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Charges for services	68,420	40,865	0	40,865
Special assessments	0	0	20,941	20,941
Miscellaneous	28,000	32,284	(1,951)	30,333
Total revenues	96,420	73,149	18,990	92,139
Expenditures				
Current - departmental:				
Central services	88,143	77,100	15,637	92,737
Total expenditures	88,143	77,100	15,637	92,737
Excess (deficiency) of revenues over expenditures	8,277	(3,951)	3,353	(598)
Other financing sources (uses)				
Principal payments received	10,500	20,941	(20,941)	0
Loans - deferred assessments	(45,000)	(9,637)	9,637	0
Transfers in	45,000	1,230	0	1,230
Transfers out	(6,000)	(6,000)	6,000	0
Total other financing sources (uses)	4,500	6,534	(5,304)	1,230
Net change in fund balance	12,777	2,583	(1,951)	632
Fund balance, July 1, 2012	1,243,964	1,243,964	471	1,244,435
Fund balance, June 30, 2013	1,256,741	1,246,547	(1,480)	1,245,067

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	2,900,000	2,987,038	0	2,987,038
Miscellaneous	0	38,306	(11,100)	27,206
Total revenues	2,900,000	3,025,344	(11,100)	3,014,244
<u>Expenditures</u>				
Current - departmental:				
Central services	5,277,556	2,398,084	(22,043)	2,376,041
Capital outlay	187,170	2,593	0	2,593
Total expenditures	5,464,726	2,400,677	(22,043)	2,378,634
Excess (deficiency) of revenues over expenditures	(2,564,726)	624,667	10,943	635,610
<u>Other financing sources (uses)</u>				
Transfers out	(456,000)	(456,000)	6,000	(450,000)
Total other financing sources (uses)	(456,000)	(456,000)	6,000	(450,000)
Net change in fund balance	(3,020,726)	168,667	16,943	185,610
Fund balance, July 1, 2012	7,561,512	7,561,512	106,046	7,667,558
Fund balance, June 30, 2013	4,540,786	7,730,179	122,989	7,853,168

Urban Renewal Agency General Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

		Actual		
	<u>Budget</u>	<u>Budget basis</u>	<u>Adjustment</u>	<u>GAAP basis</u>
<u>Revenues</u>				
Intergovernmental	275,000	275,000	(275,000)	0
Rental income	0	29,700	0	29,700
Charges for services	10,000	6,257	0	6,257
Repayment of revolving loans	0	0	191,723	191,723
Miscellaneous	33,000	12,275	(418)	11,857
Total revenues	318,000	323,232	(83,695)	239,537
<u>Expenditures</u>				
Current - departmental:				
Planning and development	360,000	241,664	492,803	734,467
<u>Loans granted</u>	<u>639,658</u>	<u>492,803</u>	<u>(492,803)</u>	<u>0</u>
Total expenditures	999,658	734,467	0	734,467
Excess (deficiency) of revenues over expenditures	(681,658)	(411,235)	(83,695)	(494,930)
<u>Other financing sources (uses)</u>				
Principal payments received	100,000	191,723	(191,723)	0
Transfers in	360,000	253,304	275,000	528,304
Total other financing sources (uses)	460,000	445,027	83,277	528,304
Net change in fund balance	(221,658)	33,792	(418)	33,374
Fund balance, July 1, 2012	281,658	281,658	78	281,736
Fund balance, June 30, 2013	60,000	315,450	(340)	315,110

Urban Renewal Agency Riverfront Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Taxes	930,000	936,006	0	936,006
Rental income	63,000	63,000	0	63,000
Miscellaneous	37,000	29,462	(8,791)	20,671
Total revenues	1,030,000	1,028,468	(8,791)	1,019,677
Expenditures				
Current - departmental:				
Central services	0	0	17,000	17,000
Planning and development	250,401	186,992	(17,000)	169,992
Total expenditures	250,401	186,992	0	186,992
Excess (deficiency) of revenues over expenditures	779,599	841,476	(8,791)	832,685
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	779,599	841,476	(8,791)	832,685
Fund balance, July 1, 2012	5,080,690	5,080,690	1,975	5,082,665
Fund balance, June 30, 2013	5,860,289	5,922,166	(6,816)	5,915,350

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DEBT SERVICE FUNDS

None of the City's debt service funds meet the criteria for major fund reporting. Therefore, the combining statements for all individual debt service funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements at B-1 and B-2.

Schedules of revenues, expenditures, and changes in fund balance - budget and actual are also presented here for each individual debt service fund.

Nonmajor Debt Service Funds:

General Obligation Debt Service Fund - To account for the accumulation of resources for, and the payment of, general obligation indebtedness of the City, excluding debt accounted for as proprietary fund or special assessment debt. The debt service is financed through property taxes and interest income.

Special Assessment Bond Debt Service Fund - To account for special assessment receivables and the servicing of the related bonded debt. The debt service is financed through special assessment principal and interest collections and interest income.

Urban Renewal Agency Debt Service Fund - To account for the accumulation of tax increment resources and payment of Tax Increment Bonds.

Combining Balance Sheet*Nonmajor Debt Service Funds*

June 30, 2013

(amounts in dollars)

	General <u>Obligation</u>	Special Assessment <u>Bond</u>	Urban Renewal <u>Agency</u>	<u>Total</u>
<u>Assets</u>				
Equity in pooled cash and investments	314,601	423,771	1,357,106	2,095,478
Receivables:				
Interest	168,470	0	43,639	212,109
Taxes	985,758	0	160,548	1,146,306
Assessments	0	505,373	0	505,373
Due from other governments	80,561	0	11,284	91,845
Assets held for resale	0	1,541	0	1,541
Total assets	1,549,390	930,685	1,572,577	4,052,652
<hr/>				
Total liabilities	0	0	0	0
<hr/>				
<u>Deferred inflows of resources</u>				
Unavailable revenue	1,154,228	452,700	204,186	1,811,114
Total deferred inflows of resources	1,154,228	452,700	204,186	1,811,114
<hr/>				
<u>Fund balances</u>				
Nonspendable	0	1,541	0	1,541
Restricted	395,162	476,444	1,368,391	2,239,997
Total fund balances	395,162	477,985	1,368,391	2,241,538
<hr/>				
Total liabilities, deferred inflows of resources, and fund balances	1,549,390	930,685	1,572,577	4,052,652
<hr/>				

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

Nonmajor Debt Service Funds

For the fiscal year ended June 30, 2013

(amounts in dollars)

	General <u>Obligation</u>	Special Assessment <u>Bond</u>	Urban Renewal <u>Agency</u>	<u>Total</u>
Revenues				
Taxes	13,430,780	0	1,819,122	15,249,902
Special assessments	0	238,617	0	238,617
Miscellaneous	18,003	43,215	6,619	67,837
Total revenues	13,448,783	281,832	1,825,741	15,556,356
Expenditures				
Debt service:				
Principal	12,585,000	206,196	754,000	13,545,196
Interest	1,021,235	45,042	373,516	1,439,793
Total expenditures	13,606,235	251,238	1,127,516	14,984,989
Excess (deficiency) of revenues over expenditures	(157,452)	30,594	698,225	571,367
Other financing sources (uses)				
Transfers out	0	(1,230)	(253,304)	(254,534)
Total other financing sources (uses)	0	(1,230)	(253,304)	(254,534)
Net change in fund balances	(157,452)	29,364	444,921	316,833
Fund balances, July 1, 2012	552,614	448,621	923,470	1,924,705
Fund balances, June 30, 2013	395,162	477,985	1,368,391	2,241,538

General Obligation Debt Service Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

		Actual		
	<u>Budget</u>	<u>Budget basis</u>	<u>Adjustment</u>	<u>GAAP basis</u>
<u>Revenues</u>				
Taxes	13,044,896	13,430,780	0	13,430,780
Miscellaneous	15,000	25,594	(7,591)	18,003
Total revenues	13,059,896	13,456,374	(7,591)	13,448,783
<u>Expenditures</u>				
Debt service	13,610,532	13,606,235	0	13,606,235
Total expenditures	13,610,532	13,606,235	0	13,606,235
Excess (deficiency) of revenues over expenditures	(550,636)	(149,861)	(7,591)	(157,452)
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(550,636)	(149,861)	(7,591)	(157,452)
Fund balance, July 1, 2012	550,636	550,636	1,978	552,614
Fund balance, June 30, 2013	0	400,775	(5,613)	395,162

Special Assessment Bond Debt Service Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Special assessments	0	0	238,617	238,617
Miscellaneous	121,500	44,013	(798)	43,215
Total revenues	121,500	44,013	237,819	281,832
<u>Expenditures</u>				
Debt service	750,000	251,238	0	251,238
Total expenditures	750,000	251,238	0	251,238
Excess (deficiency) of revenues over expenditures	(628,500)	(207,225)	237,819	30,594
<u>Other financing sources (uses)</u>				
Principal payments received	633,200	238,617	(238,617)	0
Transfers out	(25,000)	(1,230)	0	(1,230)
Total other financing sources (uses)	608,200	237,387	(238,617)	(1,230)
Net change in fund balance	(20,300)	30,162	(798)	29,364
Fund balance, July 1, 2012	448,436	448,436	185	448,621
Fund balance, June 30, 2013	428,136	478,598	(613)	477,985

Urban Renewal Agency Debt Service Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	1,937,000	1,819,122	0	1,819,122
Miscellaneous	20,000	9,451	(2,832)	6,619
Total revenues	1,957,000	1,828,573	(2,832)	1,825,741
<u>Expenditures</u>				
Debt service	2,484,593	1,127,516	0	1,127,516
Total expenditures	2,484,593	1,127,516	0	1,127,516
Excess (deficiency) of revenues over expenditures	(527,593)	701,057	(2,832)	698,225
<u>Other financing sources (uses)</u>				
Transfers in	134,593	0	0	0
Transfers out	(360,000)	(253,304)	0	(253,304)
Total other financing sources (uses)	(225,407)	(253,304)	0	(253,304)
Net change in fund balance	(753,000)	447,753	(2,832)	444,921
Fund balance, July 1, 2012	922,821	922,821	649	923,470
Fund balance, June 30, 2013	169,821	1,370,574	(2,183)	1,368,391

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CAPITAL PROJECTS FUNDS

Combining statements for all individual nonmajor capital projects funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements at B-1 and B-2. Fund statements for major capital projects funds are reported in Exhibits 3 and 4 of the basic financial statements.

Schedules of revenues, expenditures, and changes in fund balance - budget and actual are also presented here for each individual capital projects fund.

Major Capital Projects Funds:

General Capital Projects Fund - To account for the financing and construction of capital facilities not financed by proprietary or other capital projects funds. General Fund revenues, Federal and State grants, donations, and bond proceeds provide the financing for the expenditures of this fund.

Systems Development Capital Projects Fund - To account for construction of the non-assessable portion of capacity-enhancing capital projects. Financing is provided by a systems development charge levied against developing properties. Expenditures are restricted by state law to capacity-enhancing projects for the following systems: transportation, sanitary sewers, storm sewers, and parks facilities.

Nonmajor Capital Projects Funds:

Special Assessment Capital Projects Fund - To account for the interim financing and related costs of construction for public improvements which primarily benefit the property owners against whose properties special assessments are levied. Construction-period financing is obtained through issuance of bond anticipation notes, and the debt service thereon is financed through special assessment collections, proceeds of long-term bonded debt, and interest on investments.

Transportation Capital Projects Fund - To account for revenues from dedicated sources and related nondevelopment transportation capital project expenditures. Revenues are generated primarily from a \$0.05 per gallon local motor vehicle fuel tax, transportation grants, and the 2008 Street Bond.

Urban Renewal Agency Capital Projects Fund - To account for costs of constructing and improving capital facilities in the Downtown District. Financing is provided by transfers from the Urban Renewal Agency Fund and interest on investments.

Urban Renewal Agency Riverfront Capital Projects Fund - To account for costs of constructing and improving capital facilities in the Riverfront District. Financing is provided by transfers from the Urban Renewal Agency Riverfront Fund and interest on investments.

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2013

(amounts in dollars)

	Special Assessment	Transportation	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
Assets					
Equity in pooled cash and investments	2,292,919	4,995,128	689,471	1,156,097	9,133,615
Receivables:					
Assessments	144,468	0	0	0	144,468
Loans and notes	22,827	0	0	0	22,827
Due from other governments	0	1,542,906	0	0	1,542,906
Assets held for resale	265	0	860,160	990,000	1,850,425
Total assets	2,460,479	6,538,034	1,549,631	2,146,097	12,694,241
Liabilities					
Accounts payable	0	502,584	0	5,365	507,949
Due to other governments	0	16,865	0	0	16,865
Deposits	941,953	0	0	0	941,953
Total liabilities	941,953	519,449	0	5,365	1,466,767
Deferred inflows of resources					
Unavailable revenue	167,560	0	0	0	167,560
Total deferred inflows of resources	167,560	0	0	0	167,560
Fund balances					
Nonspendable	265	0	860,160	990,000	1,850,425
Restricted	0	6,018,585	689,471	1,150,732	7,858,788
Committed	1,350,701	0	0	0	1,350,701
Total fund balances	1,350,966	6,018,585	1,549,631	2,140,732	11,059,914
Total liabilities, deferred inflows of resources, and fund balances	2,460,479	6,538,034	1,549,631	2,146,097	12,694,241

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

Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Special Assessment	Transportation	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
Revenues					
Taxes	0	2,908,491	0	0	2,908,491
Intergovernmental	0	2,701,301	0	0	2,701,301
Rental income	0	40,347	0	0	40,347
Charges for services	0	136,748	0	0	136,748
Special assessments	40,881	0	0	0	40,881
Miscellaneous	17,588	14,236	2,574	1,016,171	1,050,569
Total revenues	58,469	5,801,123	2,574	1,016,171	6,878,337
Expenditures					
Debt service:					
Issuance costs	0	6,011	0	0	6,011
Capital outlay	0	13,528,720	34,388	247,088	13,810,196
Total expenditures	0	13,534,731	34,388	247,088	13,816,207
Excess (deficiency) of revenues over expenditures	58,469	(7,733,608)	(31,814)	769,083	(6,937,870)
Other financing sources (uses)					
Proceeds of debt issuance	0	8,420,000	0	0	8,420,000
Transfers in	0	30,000	0	0	30,000
Transfers out	0	(1,132,000)	0	0	(1,132,000)
Total other financing sources (uses)	0	7,318,000	0	0	7,318,000
Net change in fund balances	58,469	(415,608)	(31,814)	769,083	380,130
Fund balances, July 1, 2012	1,292,497	6,434,193	1,581,445	2,031,649	11,339,784
Prior period adjustment (Note 5I)	0	0	0	(660,000)	(660,000)
Fund balances, July 1, 2012, as restated	1,292,497	6,434,193	1,581,445	1,371,649	10,679,784
Fund balances, June 30, 2013	1,350,966	6,018,585	1,549,631	2,140,732	11,059,914

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	0	501	0	501
Rental income	25,000	22,863	0	22,863
Miscellaneous	31,000	24,685	(8,270)	16,415
Total revenues	56,000	48,049	(8,270)	39,779
<u>Expenditures</u>				
Current - departmental:				
Library, recreation, and cultural services	10,000	0	0	0
Debt service	50,000	5,138	0	5,138
Capital outlay	21,068,101	5,809,015	0	5,809,015
Total expenditures	21,128,101	5,814,153	0	5,814,153
Excess (deficiency) of revenues over expenditures	(21,072,101)	(5,766,104)	(8,270)	(5,774,374)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	11,654,072	1,075,000	0	1,075,000
Transfers in	3,819,300	3,819,300	0	3,819,300
Total other financing sources (uses)	15,473,372	4,894,300	0	4,894,300
Net change in fund balance	(5,598,729)	(871,804)	(8,270)	(880,074)
Fund balance, July 1, 2012	6,216,408	6,216,408	3,339	6,219,747
Fund balance, June 30, 2013	617,679	5,344,604	(4,931)	5,339,673

Special Assessment Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Special assessments	0	0	40,881	40,881
Miscellaneous	29,100	21,142	(3,554)	17,588
Total revenues	29,100	21,142	37,327	58,469
Expenditures				
Debt service	760,000	0	0	0
Capital outlay	67,064	0	0	0
Total expenditures	827,064	0	0	0
Excess (deficiency) of revenues over expenditures	(797,964)	21,142	37,327	58,469
Other financing sources (uses)				
Principal payments received	20,000	40,881	(40,881)	0
Proceeds of debt issuance	1,087,972	0	0	0
Transfers out	(20,000)	0	0	0
Total other financing sources (uses)	1,087,972	40,881	(40,881)	0
Net change in fund balance	290,008	62,023	(3,554)	58,469
Fund balance, July 1, 2012	1,291,660	1,291,660	837	1,292,497
Fund balance, June 30, 2013	1,581,668	1,353,683	(2,717)	1,350,966

Systems Development Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

		Actual		
	<u>Budget</u>	<u>Budget</u>	<u>Adjustment</u>	<u>GAAP</u>
		<u>basis</u>		<u>basis</u>
<u>Revenues</u>				
Rental income	100,000	111,791	0	111,791
Charges for services	1,870,847	4,495,031	0	4,495,031
Miscellaneous	40,080	120,690	(15,867)	104,823
Total revenues	2,010,927	4,727,512	(15,867)	4,711,645
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	30,000	30,000
Planning and development	86,864	45,705	0	45,705
Public works	283,907	211,679	0	211,679
Capital outlay	4,843,170	1,052,740	0	1,052,740
Total expenditures	5,213,941	1,310,124	30,000	1,340,124
Excess (deficiency) of revenues over expenditures	(3,203,014)	3,417,388	(45,867)	3,371,521
<u>Other financing sources (uses)</u>				
Transfers out	(30,000)	(30,000)	30,000	0
Total other financing sources (uses)	(30,000)	(30,000)	30,000	0
Net change in fund balance	(3,233,014)	3,387,388	(15,867)	3,371,521
Fund balance, July 1, 2012	8,897,668	8,897,668	3,317	8,900,985
Fund balance, June 30, 2013	5,664,654	12,285,056	(12,550)	12,272,506

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

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	3,060,000	2,908,491	0	2,908,491
Intergovernmental	3,812,067	2,701,301	0	2,701,301
Rental income	40,000	40,347	0	40,347
Charges for services	5,000	136,748	0	136,748
Miscellaneous	0	22,131	(7,895)	14,236
Total revenues	6,917,067	5,809,018	(7,895)	5,801,123
<u>Expenditures</u>				
Debt service	40,000	6,011	0	6,011
Capital outlay	24,627,117	13,528,720	0	13,528,720
Total expenditures	24,667,117	13,534,731	0	13,534,731
Excess (deficiency) of revenues over expenditures	(17,750,050)	(7,725,713)	(7,895)	(7,733,608)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	14,209,644	8,420,000	0	8,420,000
Transfers in	30,000	30,000	0	30,000
Transfers out	(1,132,000)	(1,132,000)	0	(1,132,000)
Total other financing sources (uses)	13,107,644	7,318,000	0	7,318,000
Net change in fund balance	(4,642,406)	(407,713)	(7,895)	(415,608)
Fund balance, July 1, 2012	6,431,342	6,431,342	2,851	6,434,193
Fund balance, June 30, 2013	1,788,936	6,023,629	(5,044)	6,018,585

Urban Renewal Agency Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Miscellaneous	2,000	3,701	(1,127)	2,574
Total revenues	2,000	3,701	(1,127)	2,574
<u>Expenditures</u>				
Capital outlay	575,360	34,388	0	34,388
Total expenditures	575,360	34,388	0	34,388
Excess (deficiency) of revenues over expenditures	(573,360)	(30,687)	(1,127)	(31,814)
<u>Other financing sources (uses)</u>				
Transfers out	(134,593)	0	0	0
Total other financing sources (uses)	(134,593)	0	0	0
Net change in fund balance	(707,953)	(30,687)	(1,127)	(31,814)
Fund balance, July 1, 2012	721,011	721,011	860,434	1,581,445
Fund balance, June 30, 2013	13,058	690,324	859,307	1,549,631

Urban Renewal Agency Riverfront Capital Projects Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Miscellaneous	1,231,503	1,234,118	(217,947)	1,016,171
Total revenues	1,231,503	1,234,118	(217,947)	1,016,171
<u>Expenditures</u>				
Capital outlay	671,500	247,088	0	247,088
Total expenditures	671,500	247,088	0	247,088
Excess (deficiency) of revenues over expenditures	560,003	987,030	(217,947)	769,083
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	560,003	987,030	(217,947)	769,083
Fund balance, July 1, 2012	164,355	164,355	1,867,294	2,031,649
Prior period adjustment (Note 5I)	0	0	(660,000)	(660,000)
Fund balance, July 1, 2012, as restated	164,355	164,355	1,207,294	1,371,649
Fund balance, June 30, 2013	724,358	1,151,385	989,347	2,140,732

ENTERPRISE FUNDS

All of the City's enterprise funds meet the criteria for major fund reporting and are reported in Exhibits 6, 7, and 8 of the basic financial statements.

Schedules of revenues, expenses, and changes in fund net assets - budget and actual are presented here for each individual enterprise fund.

Major Enterprise Funds:

Ambulance Transport Fund - To account for the operations of emergency medical services provided to the public. Revenues are provided by user charges.

Municipal Airport Fund - To account for the operations of the municipal airport. Principal sources of revenues are rental of terminal space to airlines and other service providers, landing fees, and parking fees. The fund receives Airport Improvement Program monies from the Federal Aviation Administration for capital improvements. The fund also imposes passenger facility charges on passengers utilizing the airport, the proceeds of which are restricted for use in financing eligible projects, as determined by regulation.

Parking Services Fund - To account for operations of City-owned parking facilities. Revenue sources include parking fees and fines, meter receipts, and rentals. The revenue is used to operate and maintain the parking facilities.

Stormwater Utility Fund - To account for the operation, construction, and maintenance of the stormwater drainage system and the wetland resource protection and enhancement program. Primary revenues are stormwater user fees and the sale of wetland mitigation credits.

Wastewater Utility Fund - To account for the operation, construction, and maintenance of the wastewater collection and treatment system. Primary revenues are wastewater user fees.

Ambulance Transport Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Charges for services	6,532,950	6,391,697	0	6,391,697
Miscellaneous	60,600	119,200	(2,013)	117,187
Total revenues	6,593,550	6,510,897	(2,013)	6,508,884
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	472,000	472,000
Fire and emergency medical services	6,636,845	6,140,945	(109,501)	6,031,444
Depreciation	0	0	39,544	39,544
Loss on sale of capital asset	0	0	14,508	14,508
Total expenses	6,636,845	6,140,945	416,551	6,557,496
Excess (deficiency) of revenues over expenses	(43,295)	369,952	(418,564)	(48,612)
<u>Other financing sources (uses)</u>				
Transfers out	(833,988)	(833,988)	472,000	(361,988)
Total other financing sources (uses)	(833,988)	(833,988)	472,000	(361,988)
Change in net position	(877,283)	(464,036)	53,436	(410,600)
Total net position, July 1, 2012	2,170,219	2,170,219	542,779	2,712,998
Total net position, June 30, 2013	1,292,936	1,706,183	596,215	2,302,398

Municipal Airport Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	8,178,916	2,698,106	(2,698,106)	0
Rental income	3,460,844	3,383,680	0	3,383,680
Charges for services	4,771,335	5,016,758	0	5,016,758
Fines and forfeits	8,000	6,387	0	6,387
Miscellaneous	52,656	149,828	(49,278)	100,550
Total revenues	16,471,751	11,254,759	(2,747,384)	8,507,375
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	468,000	468,000
Fire and emergency medical services	785,613	783,010	(2,140)	780,870
Police	460,433	460,433	(1,490)	458,943
Public works	5,905,994	5,905,571	1,304	5,906,875
Capital outlay	15,843,334	2,242,119	(2,242,119)	0
Depreciation	0	0	4,822,537	4,822,537
Total expenses	22,995,374	9,391,133	3,046,092	12,437,225
Excess (deficiency) of revenues over expenses	(6,523,623)	1,863,626	(5,793,476)	(3,929,850)
<u>Other financing sources (uses)</u>				
Principal payments received	71,590	71,915	(71,915)	0
Capital contributions	0	0	2,721,065	2,721,065
Transfers out	(468,000)	(468,000)	391,165	(76,835)
Total other financing sources (uses)	(396,410)	(396,085)	3,040,315	2,644,230
Change in net position	(6,920,033)	1,467,541	(2,753,161)	(1,285,620)
Total net position, July 1, 2012	16,778,074	16,778,074	77,690,231	94,468,305
Total net position, June 30, 2013	9,858,041	18,245,615	74,937,070	93,182,685

Parking Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP basis
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Rental income	485,000	481,493	72,329	553,822
Charges for services	4,340,925	3,678,964	0	3,678,964
Fines and forfeits	898,000	681,996	0	681,996
Miscellaneous	0	239,710	302	240,012
Total revenues	5,723,925	5,082,163	72,631	5,154,794
<u>Expenses</u>				
Current - departmental:				
Central services	328,403	290,710	263,228	553,938
Planning and development	3,097,338	3,083,569	3,724	3,087,293
Public works	43,000	39,019	(1,640)	37,379
Capital outlay	100,000	21,790	(21,790)	0
Depreciation	0	0	800,142	800,142
Total expenses	3,568,741	3,435,088	1,043,664	4,478,752
Excess (deficiency) of revenues over expenses	2,155,184	1,647,075	(971,033)	676,042
<u>Other financing sources (uses)</u>				
Transfers out	(2,205,253)	(1,775,253)	268,000	(1,507,253)
Total other financing sources (uses)	(2,205,253)	(1,775,253)	268,000	(1,507,253)
Change in net position	(50,069)	(128,178)	(703,033)	(831,211)
Total net position, July 1, 2012	310,063	310,063	17,761,310	18,071,373
Total net position, June 30, 2013	259,994	181,885	17,058,277	17,240,162

Stormwater Utility Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Licenses and permits	108,500	91,192	0	91,192
Intergovernmental	1,301,652	472,463	(383,648)	88,815
Rental income	0	33,365	0	33,365
Charges for services	14,445,700	14,763,734	(200)	14,763,534
Fines and forfeits	0	640	0	640
Miscellaneous	5,500	49,253	(9,919)	39,334
Total revenues	15,861,352	15,410,647	(393,767)	15,016,880
Expenses				
Current - departmental:				
Central services	0	0	970,000	970,000
Public works	13,689,236	11,595,455	83,478	11,678,933
Capital outlay	7,301,518	3,363,513	(3,363,513)	0
Depreciation	0	0	1,555,476	1,555,476
Loss on sale of capital asset	0	0	2,003	2,003
Intergovernmental	15,000	200	(200)	0
Total expenses	21,005,754	14,959,168	(752,756)	14,206,412
Excess (deficiency) of revenues over expenses	(5,144,402)	451,479	358,989	810,468
Other financing sources (uses)				
Capital contributions	0	0	823,918	823,918
Transfers in	5,000	5,000	(5,000)	0
Transfers out	(975,000)	(975,000)	973,996	(1,004)
Total other financing sources (uses)	(970,000)	(970,000)	1,792,914	822,914
Change in net position	(6,114,402)	(518,521)	2,151,903	1,633,382
Total net position, July 1, 2012	7,606,618	7,606,618	52,832,650	60,439,268
Total net position, June 30, 2013	1,492,216	7,088,097	54,984,553	62,072,650

Wastewater Utility Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Rental income	0	22,816	0	22,816
Charges for services	46,951,767	43,749,917	(21,815,133)	21,934,784
Fines and forfeits	4,400	3,956	0	3,956
Miscellaneous	28,000	49,925	(6,047)	43,878
Total revenues	46,984,167	43,826,614	(21,821,180)	22,005,434
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	1,492,000	1,492,000
Public works	21,607,414	18,556,426	(110,156)	18,446,270
Capital outlay	4,558,028	2,433,252	(2,347,849)	85,403
Depreciation	0	0	3,802,723	3,802,723
Intergovernmental	22,717,000	21,815,133	(21,815,133)	0
Total expenses	48,882,442	42,804,811	(18,978,415)	23,826,396
Excess (deficiency) of revenues over expenses	(1,898,275)	1,021,803	(2,842,765)	(1,820,962)
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	179,179	179,179
Transfers in	0	0	3,011	3,011
Transfers out	(1,492,000)	(1,492,000)	1,489,993	(2,007)
Total other financing sources (uses)	(1,492,000)	(1,492,000)	1,672,183	180,183
Change in net position	(3,390,275)	(470,197)	(1,170,582)	(1,640,779)
Total net position, July 1, 2012	4,596,629	4,596,629	92,999,897	97,596,526
Total net position, June 30, 2013	1,206,354	4,126,432	91,829,315	95,955,747

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INTERNAL SERVICE FUNDS

Combining statements for all internal service funds are reported here. The combined totals are reported alongside the individual enterprise funds in Exhibits 6, 7, and 8 of the basic financial statements.

Schedules of revenues, expenses, and changes in fund net assets - budget and actual are also presented here for each individual internal service fund.

Nonmajor Internal Service Funds:

Facilities Services Fund - To account for facility maintenance services on City buildings. Facility maintenance rates and rental rates are charged on the basis of square footage and are set to recover the full cost of services provided.

Fleet Services Fund - To account for the purchase of vehicles and equipment and the maintenance thereon. Fleet user charges cover vehicle and equipment maintenance expenses as well as the replacement of vehicles and equipment sold or removed from use.

Information Systems and Services Fund - To account for data processing and reproduction, equipment acquisition and maintenance, postage, telephone, and printing/graphic services provided to other City funds. The fund also accounts for the implementation and maintenance of public safety information systems and central business software applications. User charges cover the cost of operations and supplies.

Professional Services Fund - To account for engineering services performed by public works personnel for other City funds. Revenues are provided by charges for these services.

Risk and Benefits Fund - To account for costs of the City's self-insurance program. The City is self-insured for workers' compensation, unemployment compensation, general liability, and employee medical and dental insurance. An actuarial valuation is the basis for recording the claims liability. User charges are based on actual experience or an estimate, depending on the nature of the insurance. This fund also accounts for the accumulation of resources for and payment of the City's pension bonds and other post employment benefits.

Combining Statement of Net Position

All Internal Service Funds

June 30, 2013

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
Assets						
Current assets						
Equity in pooled cash and investments	12,976,629	16,410,352	6,193,627	4,811,905	24,745,067	65,137,580
Receivables:						
Accounts	0	5,256	28	30,978	2,744	39,006
Allowance for uncollectibles	0	0	0	(556)	0	(556)
Due from other governments	3,024	149	84,919	3,191	60,624	151,907
Inventories	0	483,360	0	0	0	483,360
Prepays and deposits	0	0	57,651	0	26,000	83,651
Total current assets	12,979,653	16,899,117	6,336,225	4,845,518	24,834,435	65,894,948
Noncurrent assets						
Pension assets	0	0	0	0	54,564,376	54,564,376
Capital assets:						
Land	0	455,834	0	0	0	455,834
Improvements other than buildings	0	51,913	0	0	0	51,913
Buildings and equipment	4,113,288	44,017,299	2,222,627	274,216	7,995	50,635,425
Construction in progress	366,372	0	0	0	0	366,372
Accumulated depreciation	(1,465,776)	(26,206,965)	(1,844,515)	(196,188)	(2,399)	(29,715,843)
Total noncurrent assets	3,013,884	18,318,081	378,112	78,028	54,569,972	76,358,077
Total assets	15,993,537	35,217,198	6,714,337	4,923,546	79,404,407	142,253,025
Liabilities						
Current liabilities						
Accounts payable	167,609	248,638	398,675	17,257	72,656	904,835
Wages payable	177,111	111,350	113,836	189,306	111,191	702,794
Compensated absences payable	226,735	149,030	116,680	208,109	74,168	774,722
Due to other governments	152,972	380	28,952	201	88	182,593
Claims payable	0	0	0	0	12,239,623	12,239,623
Deposits	880	0	0	0	100,891	101,771
Interest payable	4,105	0	0	0	276,198	280,303
Unearned revenue	46,077	0	0	0	0	46,077
Certificates of participation payable	155,000	0	0	0	0	155,000
Bonds payable	0	0	0	0	949,798	949,798
Total current liabilities	930,489	509,398	658,143	414,873	13,824,613	16,337,516
Noncurrent liabilities						
Compensated absences payable	0	11,739	0	4,863	35,662	52,264
Certificates of participation payable	735,000	0	0	0	0	735,000
Bonds payable (net of unamortized discount/premium)	0	0	0	0	61,692,513	61,692,513
Net OPEB obligation	1,978	991	680	1,509	3,710,504	3,715,662
Total noncurrent liabilities	736,978	12,730	680	6,372	65,438,679	66,195,439
Total liabilities	1,667,467	522,128	658,823	421,245	79,263,292	82,532,955
Net position						
Net investment in capital assets	2,123,884	18,318,081	378,112	78,028	5,596	20,903,701
Unrestricted	12,202,186	16,376,989	5,677,402	4,424,273	135,519	38,816,369
Total net position	14,326,070	34,695,070	6,055,514	4,502,301	141,115	59,720,070

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

All Internal Service Funds

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
<u>Operating revenues</u>						
Rental income	695,928	24,208	0	0	0	720,136
Charges for services	8,189,797	8,685,203	6,598,683	5,629,386	33,472,818	62,575,887
Miscellaneous	299	124,356	84,105	175	56,156	265,091
Total operating revenues	8,886,024	8,833,767	6,682,788	5,629,561	33,528,974	63,561,114
<u>Operating expenses</u>						
Personnel services	4,085,823	2,444,037	2,034,111	3,955,393	3,073,213	15,592,577
Contractual services	701,749	466,442	1,301,144	36,299	1,567,582	4,073,216
Materials and supplies	470,378	2,265,319	1,546,504	98,673	92,949	4,473,823
Maintenance	718,185	457,077	259,353	238,513	62,706	1,735,834
Utilities	2,145,493	67,089	597,744	25,909	11,053	2,847,288
Rent	20,500	0	177,234	128,934	141,541	468,209
Taxes	11,440	0	0	0	0	11,440
Insurance	60,696	380,537	24,506	37,352	1,884,366	2,387,457
Claims	0	0	0	0	24,244,872	24,244,872
Central business functions	327,000	362,000	217,000	471,000	162,000	1,539,000
Depreciation	103,740	2,926,117	138,672	16,041	533	3,185,103
Total operating expenses	8,645,004	9,368,618	6,296,268	5,008,114	31,240,815	60,558,819
Operating income (loss)	241,020	(534,851)	386,520	621,447	2,288,159	3,002,295
<u>Nonoperating revenues (expenses)</u>						
Interest revenue	46,690	59,398	19,559	15,815	91,897	233,359
Interest expense	(56,502)	0	0	0	(4,427,986)	(4,484,488)
Loss on sale of capital asset	0	0	(4,208)	0	0	(4,208)
Amortization of issuance costs	(4,175)	0	0	0	(434,049)	(438,224)
Intergovernmental	0	0	0	0	199,419	199,419
Total nonoperating revenues (expenses)	(13,987)	59,398	15,351	15,815	(4,570,719)	(4,494,142)
Income (loss) before capital contributions and transfers	227,033	(475,453)	401,871	637,262	(2,282,560)	(1,491,847)
Capital contributions	0	377,411	148,471	0	0	525,882
Transfers in	1,000,000	1,436,824	938,140	0	0	3,374,964
Transfers out	(803,129)	0	0	0	0	(803,129)
Change in net position	423,904	1,338,782	1,488,482	637,262	(2,282,560)	1,605,870
Total net position, July 1, 2012	13,902,166	33,356,288	4,567,032	3,865,039	2,423,675	58,114,200
Total net position, June 30, 2013	14,326,070	34,695,070	6,055,514	4,502,301	141,115	59,720,070

Combining Statement of Cash Flows

All Internal Service Funds

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
<u>Cash flows from operating activities</u>						
Cash received from customers	1,324,235	315,910	3,428,690	165,112	8,836,050	14,069,997
Cash received from interfund services provided	7,778,142	8,521,851	2,775,724	5,471,101	24,674,551	49,221,369
Cash paid to suppliers for goods and services	(3,550,876)	(2,971,092)	(3,215,745)	(276,768)	(27,121,493)	(37,135,974)
Cash paid to employees for services	(3,374,088)	(2,023,027)	(1,771,094)	(3,363,803)	(988,030)	(11,520,042)
Cash paid for interfund services used	(1,248,139)	(1,146,259)	(850,239)	(881,564)	(293,987)	(4,420,188)
Cash paid for central business functions	(327,000)	(362,000)	(217,000)	(471,000)	(162,000)	(1,539,000)
Net cash provided by (used for) operating activities	602,274	2,335,383	150,336	643,078	4,945,091	8,676,162
<u>Cash flows from noncapital financing activities</u>						
Transfers in	1,000,000	1,313,000	932,000	0	0	3,245,000
Transfers out	(803,129)	0	0	0	0	(803,129)
Principal payments on pension bonds	0	0	0	0	(1,930,000)	(1,930,000)
Interest payments on pension bonds	0	0	0	0	(3,314,373)	(3,314,373)
Subsidy from federal grant	0	0	0	0	199,419	199,419
Net cash provided by (used for) noncapital financing activities	196,871	1,313,000	932,000	0	(5,044,954)	(2,603,083)
<u>Cash flows from capital and related financing activities</u>						
Principal payments on notes, bonds, and certificates	(145,000)	0	0	0	0	(145,000)
Interest payments on notes, bonds, and certificates	(57,160)	0	0	0	0	(57,160)
Proceeds from sale of capital assets	0	137,192	0	0	0	137,192
Acquisition and construction of capital assets	(277,760)	(4,143,225)	(84,314)	(39,793)	0	(4,545,092)
Net cash provided by (used for) capital and related financing activities	(479,920)	(4,006,033)	(84,314)	(39,793)	0	(4,610,060)
<u>Cash flows from investing activities</u>						
Interest revenue	46,690	59,398	19,559	15,815	91,897	233,359
Net cash provided by (used for) investing activities	46,690	59,398	19,559	15,815	91,897	233,359
Net increase (decrease) in cash	365,915	(298,252)	1,017,581	619,100	(7,966)	1,696,378
Cash, July 1, 2012	12,610,714	16,708,604	5,176,046	4,192,805	24,753,033	63,441,202
Cash, June 30, 2013	12,976,629	16,410,352	6,193,627	4,811,905	24,745,067	65,137,580

continued

	<u>Facilities Services</u>	<u>Fleet Services</u>	<u>Information Systems and Services</u>	<u>Professional Services</u>	<u>Risk and Benefits</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	241,020	(534,851)	386,520	621,447	2,288,159	3,002,295
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u>						
Depreciation	103,740	2,926,117	138,672	16,041	533	3,185,103
Amortization of pension assets	0	0	0	0	1,860,723	1,860,723
(Increase) Decrease in accounts receivable	0	0	595	5,416	0	6,011
(Increase) Decrease in loans and notes receivable	300,000	0	0	0	0	300,000
Increase (Decrease) in allowance for uncollectibles	(6,000)	0	0	(94)	0	(6,094)
(Increase) Decrease in due from other governments	(3,024)	3,994	(81,740)	1,329	23,581	(55,860)
(Increase) Decrease in prepaids and deposits	0	0	(12,561)	0	360,435	347,874
(Increase) Decrease in inventories	0	(94,773)	0	0	0	(94,773)
Increase (Decrease) in accounts payable	78,802	42,250	137,225	10,640	19,642	288,559
Increase (Decrease) in wages payable	(7,445)	12,134	19,778	(3,621)	21,872	42,718
Increase (Decrease) in compensated absences payable	(13,079)	(10,581)	(55,749)	14,823	(9,517)	(74,103)
Increase (Decrease) in net OPEB obligation	(37,596)	(9,287)	(11,022)	(23,104)	10,068	(70,941)
Increase (Decrease) in claims payable	0	0	0	0	411,461	411,461
Increase (Decrease) in deposits	(500)	0	0	0	(41,954)	(42,454)
Increase (Decrease) in due to other governments	20,479	380	25,846	201	88	46,994
Increase (Decrease) in unearned revenue	(74,123)	0	(397,228)	0	0	(471,351)
Net cash provided by (used for) operating activities	602,274	2,335,383	150,336	643,078	4,945,091	8,676,162

Facilities Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Rental income	650,000	616,478	79,450	695,928
Charges for services	8,296,009	8,189,797	0	8,189,797
Miscellaneous	9,000	67,546	(20,557)	46,989
Total revenues	8,955,009	8,873,821	58,893	8,932,714
<u>Expenses</u>				
Current - departmental:				
Central services	8,576,782	8,066,122	227,936	8,294,058
Planning and development	266,647	246,306	900	247,206
Debt service	202,160	202,160	(145,658)	56,502
Capital outlay	683,332	283,400	(283,400)	0
Depreciation	0	0	103,740	103,740
Amortization	0	0	4,175	4,175
Total expenses	9,728,921	8,797,988	(92,307)	8,705,681
Excess (deficiency) of revenues over expenses	(773,912)	75,833	151,200	227,033
<u>Other financing sources (uses)</u>				
Principal payments received	0	300,000	(300,000)	0
Transfers in	1,000,000	1,000,000	0	1,000,000
Transfers out	(1,077,000)	(1,077,000)	273,871	(803,129)
Total other financing sources (uses)	(77,000)	223,000	(26,129)	196,871
Change in net position	(850,912)	298,833	125,071	423,904
Total net position, July 1, 2012	12,192,457	12,192,457	1,709,709	13,902,166
Total net position, June 30, 2013	11,341,545	12,491,290	1,834,780	14,326,070

Fleet Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Rental income	30,000	24,208	0	24,208
Charges for services	8,866,180	8,685,203	0	8,685,203
Miscellaneous	279,000	346,838	(163,084)	183,754
Total revenues	9,175,180	9,056,249	(163,084)	8,893,165
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	362,000	362,000
Public works	15,047,351	10,338,366	(4,257,865)	6,080,501
Capital outlay	796	0	0	0
Depreciation	0	0	2,926,117	2,926,117
Total expenses	15,048,147	10,338,366	(969,748)	9,368,618
Excess (deficiency) of revenues over expenses	(5,872,967)	(1,282,117)	806,664	(475,453)
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	377,411	377,411
Transfers in	1,313,000	1,313,000	123,824	1,436,824
Transfers out	(362,000)	(362,000)	362,000	0
Total other financing sources (uses)	951,000	951,000	863,235	1,814,235
Change in net position	(4,921,967)	(331,117)	1,669,899	1,338,782
Total net position, July 1, 2012	16,406,193	16,406,193	16,950,095	33,356,288
Total net position, June 30, 2013	11,484,226	16,075,076	18,619,994	34,695,070

Information Systems and Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Charges for services	6,202,764	6,201,455	397,228	6,598,683
Miscellaneous	10,900	111,988	(8,324)	103,664
Total revenues	6,213,664	6,313,443	388,904	6,702,347
<u>Expenses</u>				
Current - departmental:				
Central services	7,464,305	6,104,242	53,354	6,157,596
Depreciation	0	0	138,672	138,672
Loss on sale of capital asset	0	0	4,208	4,208
Total expenses	7,464,305	6,104,242	196,234	6,300,476
Excess (deficiency) of revenues over expenses	(1,250,641)	209,201	192,670	401,871
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	148,471	148,471
Transfers in	932,000	932,000	6,140	938,140
Transfers out	(217,000)	(217,000)	217,000	0
Total other financing sources (uses)	715,000	715,000	371,611	1,086,611
Change in net position	(535,641)	924,201	564,281	1,488,482
Total net position, July 1, 2012	4,819,389	4,819,389	(252,357)	4,567,032
Total net position, June 30, 2013	4,283,748	5,743,590	311,924	6,055,514

Professional Services Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Licenses and permits	500	0	0	0
Charges for services	5,233,439	5,629,386	0	5,629,386
Miscellaneous	0	22,679	(6,689)	15,990
Total revenues	5,233,939	5,652,065	(6,689)	5,645,376
Expenses				
Current - departmental:				
Central services	0	0	471,000	471,000
Public works	5,406,496	4,569,147	(48,074)	4,521,073
Depreciation	0	0	16,041	16,041
Total expenses	5,406,496	4,569,147	438,967	5,008,114
Excess (deficiency) of revenues over expenses	(172,557)	1,082,918	(445,656)	637,262
Other financing sources (uses)				
Transfers out	(471,000)	(471,000)	471,000	0
Total other financing sources (uses)	(471,000)	(471,000)	471,000	0
Change in net position	(643,557)	611,918	25,344	637,262
Total net position, July 1, 2012	4,032,044	4,032,044	(167,005)	3,865,039
Total net position, June 30, 2013	3,388,487	4,643,962	(141,661)	4,502,301

Risk and Benefits Fund*Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual*

For the fiscal year ended June 30, 2013

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	226,799	289,509	(90,090)	199,419
Charges for services	33,655,557	33,472,818	0	33,472,818
Miscellaneous	245,660	2,068,217	(1,920,166)	148,051
Total revenues	34,128,016	35,830,544	(2,010,256)	33,820,288
<u>Expenses</u>				
Current - departmental:				
Central services	30,169,600	30,842,625	397,655	31,240,280
Debt service	5,244,500	5,244,373	(816,387)	4,427,986
Depreciation	0	0	533	533
Amortization	0	0	434,049	434,049
Total expenses	35,414,100	36,086,998	15,850	36,102,848
Excess (deficiency) of revenues over expenses	(1,286,084)	(256,454)	(2,026,106)	(2,282,560)
<u>Other financing sources (uses)</u>				
Transfers out	(162,000)	(162,000)	162,000	0
Total other financing sources (uses)	(162,000)	(162,000)	162,000	0
Change in net position	(1,448,084)	(418,454)	(1,864,106)	(2,282,560)
Total net position, July 1, 2012	9,022,932	9,022,932	(6,599,257)	2,423,675
Total net position, June 30, 2013	7,574,848	8,604,478	(8,463,363)	141,115

OTHER SUPPLEMENTARY SCHEDULES

Schedule of Property Tax Transactions

For the fiscal year ended June 30, 2013

(amounts in dollars)

<u>Fiscal year</u>	<u>Uncollected balances July 1, 2012</u>	<u>Current year's levy</u>	<u>Adjustments, interest, and discounts</u>	<u>Collections</u>	<u>Uncollected balances June 30, 2013</u>
1965-06	650,638	0	1,361	(16,038)	635,961
2007	67,043	0	(3,329)	(10,686)	53,028
2008	99,325	0	387	(24,358)	75,354
2009	237,800	0	23,302	(133,485)	127,617
2010	1,285,898	0	75,431	(656,896)	704,433
2011	1,872,228	0	43,537	(701,839)	1,213,926
2012	3,086,904	0	(96,540)	(1,186,693)	1,803,671
2013	0	101,892,411	(2,830,768)	(95,995,981)	3,065,662
Totals	7,299,836	101,892,411	(2,786,619)	(98,725,976)	7,679,652

Summary by fund type

General Fund				(82,541,174)	6,464,033
Special Revenue Funds				(935,604)	69,313
Debt Service Funds				(15,249,198)	1,146,306
Totals				(98,725,976)	7,679,652

Schedule of Bonded Debt Transactions

For the fiscal year ended June 30, 2013

(amounts in dollars)

	Issued interest rates	Issue date	Maturity date	Amount issued/ authorized	Outstanding June 30, 2012		Fiscal Year 2012-2013			Outstanding June 30, 2013	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured
Governmental Activities											
<u>General obligation bonds</u>											
Parks and Open Spaces Bonds, Series 2004	2.500 to	5/1/04	6/1/23	6,305,000	0	3,630,000	0	330,000	330,000	0	3,300,000
Interest	4.650%			2,610,314	0	952,545	0	154,275	154,275	0	798,270
General Obligation Refunding Bonds, Series 2006	3.500 to	3/9/06	3/1/19	24,990,000	0	14,820,000	0	2,450,000	2,450,000	0	12,370,000
Interest	4.125%			7,556,255	0	2,127,733	0	598,013	598,013	0	1,529,720
Premium				244,744	0	64,340	0	18,743	18,743	0	45,597
General Obligation Refunding Bonds, Series 2011	2.000 to	12/1/11	6/1/22	10,975,000	0	10,460,000	0	1,210,000	1,210,000	0	9,250,000
Interest	3.000%			1,418,138	0	1,284,200	0	257,575	257,575	0	1,026,625
Premium				489,606	0	456,117	0	96,593	96,593	0	359,525
G.O. Bond and Revolving Credit Facility (POS)	0.750%	5/13/07	6/1/14	3,000,000	0	0	1,075,000	1,075,000	1,075,000	0	0
Interest				0	0	0	0	0	0	0	0
G.O. Bond and Revolving Credit Facility (Street)	1.160 to	1/27/09	6/1/14	4,000,000	0	0	8,420,000	7,520,000	7,520,000	0	900,000
Interest	1.380%			0	0	0	12,073	11,373	11,373	0	700
Subtotal general obligation bonds				61,589,057	0	33,794,935	9,507,073	13,721,571	13,721,571	0	29,580,437
<u>Certificates of participation</u>											
Santa Clara Fire Station Obligation, Series 2003	2.000 to	10/15/03	1/1/14	2,090,000	0	430,000	0	215,000	215,000	0	215,000
Interest	4.000%			399,205	0	25,263	0	16,663	16,663	0	8,600
Atrium Obligations Series 1998A (tax-exempt)	3.700 to	6/1/98	6/1/18	1,200,000	0	495,000	0	70,000	70,000	0	425,000
Interest	4.900%			676,913	0	87,780	0	23,680	23,680	0	64,100
Atrium Obligations Series 1998B (taxable)	6.125 to	6/1/98	6/1/18	1,200,000	0	540,000	0	75,000	75,000	0	465,000
Interest	6.200%			939,108	0	124,000	0	33,480	33,480	0	90,520
Subtotal certificates of participation				6,505,226	0	1,702,043	0	433,823	433,823	0	1,268,220
<u>Limited tax bonds</u>											
Limited Tax Pension Bonds, Series 2002	2.000 to	3/15/02	6/1/28	84,335,000	0	69,205,000	0	1,930,000	1,930,000	0	67,275,000
Interest	7.410%			103,402,626	0	54,974,920	0	4,344,915	4,344,915	0	50,630,005
Discount				(16,541,344)	0	(13,587,440)	0	(1,040,927)	(1,040,927)	0	(12,546,513)
Limited Tax Improvement Bonds, Series 2006	5.100%	6/13/06	6/1/16	1,036,427	0	235,417	0	88,962	88,962	0	146,455
Interest				526,818	0	33,811	0	11,404	11,404	0	22,407
Limited Tax Improvement Bonds, Series 2011	7.050%	6/28/11	12/1/26	580,000	0	486,451	0	117,233	117,233	0	369,218
Interest				633,795	0	385,043	0	33,638	33,638	0	351,405
Subtotal limited tax bonds				173,973,322	0	111,733,202	0	5,485,225	5,485,225	0	106,247,977

	Issued interest rates	Issue date	Maturity date	Amount issued/ authorized	Outstanding June 30, 2012		Fiscal Year 2012-2013			Outstanding June 30, 2013	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured
Governmental Activities, continued											
<u>Tax increment bonds</u>											
URA Tax Increment Bonds, Series 2011	5.200%	5/25/11	6/1/20	7,900,000	0	7,183,000	0	754,000	754,000	0	6,429,000
Interest				2,185,439	0	1,767,792	0	373,516	373,516	0	1,394,276
Subtotal tax increment bonds				10,085,439	0	8,950,792	0	1,127,516	1,127,516	0	7,823,276
Total bonded debt - governmental activities				252,153,044	0	156,180,972	9,507,073	20,768,135	20,768,135	0	144,919,910
<u>Bonded debt - governmental activities</u>											
Principal				131,804,433	0	94,417,885	9,495,000	14,909,604	14,909,604	0	89,003,282
Interest				120,348,611	0	61,763,087	12,073	5,858,532	5,858,532	0	55,916,628
Total bonded debt - governmental activities				252,153,044	0	156,180,972	9,507,073	20,768,136	20,768,136	0	144,919,910
<u>Total bonded debt</u>											
Principal				131,804,433	0	94,417,885	9,495,000	14,909,604	14,909,604	0	89,003,282
Interest				120,348,611	0	61,763,087	12,073	5,858,532	5,858,532	0	55,916,628
Total bonded debt				252,153,044	0	156,180,972	9,507,073	20,768,136	20,768,136	0	144,919,910

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STATISTICAL SECTION

This part of the City of Eugene's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends (Schedules I-1 to I-4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Schedules I-5 to I-8)

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.

Debt Capacity (Schedules I-9 to I-13)

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Schedules I-14 - I-15)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (Schedules I-16 to I-18)

These schedules contain information about the City's operation and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Net Position by Component

Last ten fiscal years - unaudited

(amounts in dollars)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Governmental activities</u>										
Net investment in capital assets	248,499,182	281,066,898	289,352,542	317,131,090	337,614,504	345,073,199	368,493,364	371,712,593	384,208,529	388,294,288
Restricted for:										
Capital projects	45,501,931	30,800,274	27,019,544	24,818,163	18,685,919	17,115,701	16,733,124	24,756,656	18,408,750	25,451,933
Debt service	10,550,052	10,752,994	2,302,664	1,698,134	1,479,458	815,360	2,126,503	2,971,915	2,666,763	2,405,391
Community development	10,186,049	10,249,932	10,544,238	11,072,272	12,345,467	15,559,285	16,817,966	20,259,962	23,219,052	23,435,739
Urban renewal	n/a	n/a	n/a	13,044,734	14,159,758	15,275,722	14,789,792	3,346,926	6,337,101	8,033,194
Other purposes	10,590,948	11,745,848	21,595,774	9,721,619	6,387,334	5,195,976	5,722,120	6,413,577	8,760,189	10,443,928
Unrestricted	79,175,913	90,192,949	98,906,385	93,170,976	92,606,219	86,891,871	81,804,405	92,174,866	91,155,599	85,756,720
Total governmental activities net position	404,504,075	434,808,895	449,721,147	470,656,988	483,278,659	485,927,114	506,487,274	521,636,495	534,755,983	543,821,193
<u>Business-type activities</u>										
Net investment in capital assets	190,406,623	207,872,367	215,793,591	223,163,869	229,495,712	232,335,631	239,045,916	241,534,490	243,029,332	240,442,993
Restricted for:										
Capital projects	4,221,577	4,615,382	5,004,684	4,919,041	7,819,508	7,222,609	8,435,242	11,625,345	12,568,710	14,149,495
Debt service	1,852,349	1,519,435	1,178,972	1,661,826	1,536,386	2,150,987	725,324	7,211	0	0
Other purposes	7,361,798	5,428,288	0	0	0	0	0	0	0	0
Unrestricted	10,425,367	13,885,527	25,988,723	29,141,077	25,321,148	20,076,992	23,942,080	24,982,466	26,709,243	25,999,492
Total business-type activities net position	214,267,714	233,320,999	247,965,970	258,885,813	264,172,754	261,786,219	272,148,562	278,149,512	282,307,285	280,591,980
<u>Total government</u>										
Net investment in capital assets	438,905,805	488,939,265	505,146,133	540,294,959	567,110,216	577,408,830	607,539,280	613,247,083	627,237,861	628,737,281
Restricted for:										
Capital projects	49,723,508	35,415,656	32,024,228	29,737,204	26,505,427	24,338,310	25,168,366	36,382,001	30,977,460	39,601,428
Debt service	12,402,401	12,272,429	3,481,636	3,359,960	3,015,844	2,966,347	2,853,827	2,979,126	2,666,763	2,405,391
Community development	10,186,049	10,249,932	10,544,238	11,072,272	12,345,467	15,559,285	16,817,966	20,259,962	23,219,052	23,435,739
Urban renewal	n/a	n/a	n/a	13,044,734	14,159,758	15,275,722	14,789,792	3,346,926	6,337,101	8,033,194
Other purposes	17,952,746	17,174,136	21,595,774	9,721,619	6,387,334	5,195,976	5,722,120	6,413,577	8,760,189	10,443,928
Unrestricted	89,601,280	104,078,476	124,895,108	122,312,053	117,927,367	106,968,863	105,746,485	117,157,332	117,864,842	111,756,212
Total government net position	618,771,789	668,129,894	697,687,117	729,542,801	747,451,413	747,713,333	778,637,836	799,786,007	817,063,268	824,413,173

Notes

- a) This schedule was modified with the implementation of GASB 63, effective FY13.
- b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.
- c) Beginning in FY07, restricted net position of the Urban Renewal Agency has been removed from other purposes restricted net position and reported separately.

Data source

City of Eugene Finance Division

Changes in Net Position

Last ten fiscal years - unaudited
(amounts in dollars)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Central services	14,151,814	14,401,565	16,160,914	14,074,704	8,705,558	9,217,725	8,377,766	9,759,910	9,804,909	11,010,499
Fire and emergency medical services	19,033,516	19,920,243	23,732,902	25,625,315	27,597,155	27,345,006	26,737,259	27,260,063	28,641,938	29,471,662
Library, recreation, and cultural services	25,093,028	24,101,249	26,273,938	28,318,253	27,418,613	29,681,412	28,956,894	29,249,223	28,820,958	27,912,194
Planning and development	15,540,851	14,808,950	16,620,986	20,368,626	21,760,065	20,978,977	19,833,161	32,208,704	19,651,543	16,992,125
Police	35,062,405	37,303,852	42,460,895	44,649,822	46,876,021	48,533,017	44,801,367	47,645,365	52,725,185	54,150,123
Public works	22,898,974	23,748,309	25,056,399	26,796,673	29,077,493	29,139,235	28,550,511	29,775,680	30,285,866	31,360,921
Interest on long term debt	7,758,978	7,806,526	7,424,942	7,296,131	6,635,966	6,654,887	6,415,984	6,280,158	6,650,862	6,227,473
Total governmental activities expenses	<u>139,539,566</u>	<u>142,090,694</u>	<u>157,730,976</u>	<u>167,129,524</u>	<u>168,070,871</u>	<u>171,550,259</u>	<u>163,672,942</u>	<u>182,179,103</u>	<u>176,581,261</u>	<u>177,124,997</u>
Business-type activities:										
Ambulance transport	5,435,656	5,093,887	5,350,797	5,570,868	5,971,282	6,773,249	5,737,099	5,669,204	6,950,263	6,500,180
Municipal airport	7,538,797	7,735,411	8,576,421	9,506,496	9,910,114	10,261,598	10,404,018	11,031,434	11,969,227	12,333,384
Parking services	4,260,447	4,033,881	4,191,032	4,194,549	4,249,563	4,756,555	4,567,110	5,517,107	4,554,259	4,388,694
Stormwater utility	8,962,888	8,575,679	8,994,867	10,533,696	11,272,132	11,578,529	12,318,848	13,084,702	13,301,129	13,930,199
Wastewater utility	16,805,577	17,952,868	18,817,961	20,164,583	19,969,122	23,474,996	20,588,115	21,351,247	22,359,079	23,534,299
Total business-type activities expenses	<u>43,003,365</u>	<u>43,391,726</u>	<u>45,931,078</u>	<u>49,970,192</u>	<u>51,372,213</u>	<u>56,844,927</u>	<u>53,615,190</u>	<u>56,653,694</u>	<u>59,133,957</u>	<u>60,686,756</u>
Total government expenses	<u>182,542,931</u>	<u>185,482,420</u>	<u>203,662,054</u>	<u>217,099,716</u>	<u>219,443,084</u>	<u>228,395,186</u>	<u>217,288,132</u>	<u>238,832,797</u>	<u>235,715,218</u>	<u>237,811,753</u>
Program revenues										
Governmental activities:										
Fees, fines, and charges for services:										
Central services	5,954,400	5,310,802	6,309,636	5,541,010	5,522,788	5,966,891	6,611,740	7,865,208	7,414,102	8,435,743
Fire and emergency medical services	1,534,245	1,991,033	2,090,634	2,200,740	2,183,626	2,212,104	2,195,110	2,243,125	2,323,103	2,427,351
Library, recreation, and cultural services	5,391,726	5,261,932	5,502,360	5,523,221	6,043,182	5,713,783	5,522,563	6,175,973	5,636,053	5,481,909
Planning and development	8,138,664	8,848,564	9,554,684	9,130,553	8,822,469	11,193,007	8,379,827	15,265,547	12,067,636	9,106,904
Police	3,002,037	3,558,807	3,580,790	3,630,956	3,600,489	4,061,284	3,639,665	3,886,160	4,975,304	5,295,508
Public works	4,712,472	8,499,745	8,698,693	7,693,206	6,701,152	4,111,995	4,025,012	7,159,740	7,518,399	7,525,400
Operating grants and contributions	14,834,303	14,263,348	13,920,917	17,572,724	18,105,379	12,404,857	13,996,242	17,235,076	15,253,888	14,212,700
Capital grants and contributions	6,808,625	12,234,191	7,306,494	14,581,532	7,820,036	10,628,446	8,668,969	8,623,632	2,933,678	4,054,905
Total governmental activities program revenues	<u>50,376,472</u>	<u>59,968,422</u>	<u>56,964,208</u>	<u>65,873,942</u>	<u>58,799,121</u>	<u>56,292,367</u>	<u>53,039,128</u>	<u>68,454,461</u>	<u>58,122,163</u>	<u>56,540,420</u>
Business-type activities:										
Fees, fines, and charges for services:										
Ambulance transport	5,738,689	5,867,073	6,166,896	6,208,007	6,198,183	6,077,414	6,846,164	7,305,057	6,858,744	6,503,433
Municipal airport	6,182,864	6,848,387	7,049,709	7,146,352	7,930,588	6,982,760	7,454,423	7,955,702	8,068,953	8,463,832
Parking services	4,563,968	4,206,172	4,743,260	4,509,409	4,686,222	4,320,201	4,463,624	5,058,011	5,333,965	5,155,533
Stormwater utility	8,657,982	9,333,197	9,469,763	10,988,542	11,903,193	11,849,471	12,631,672	12,752,165	14,620,589	14,905,914
Wastewater utility	14,860,136	16,602,546	17,292,034	17,408,380	17,844,420	20,542,153	19,220,462	20,116,031	21,317,603	21,991,866
Operating grants and contributions	32,677	45,384	1,091,915	1,025,293	1,005,229	0	147,102	295,559	50,920	88,815
Capital grants and contributions	9,477,941	19,779,046	10,550,162	11,140,197	9,286,521	3,977,229	14,113,734	5,927,862	7,232,486	3,724,162
Total business-type activities program revenues	<u>49,514,257</u>	<u>62,681,805</u>	<u>56,363,739</u>	<u>58,426,180</u>	<u>58,854,356</u>	<u>53,749,228</u>	<u>64,877,181</u>	<u>59,410,387</u>	<u>63,483,260</u>	<u>60,833,555</u>
Total government program revenues	<u>99,890,729</u>	<u>122,650,227</u>	<u>113,327,947</u>	<u>124,300,122</u>	<u>117,653,477</u>	<u>110,041,595</u>	<u>117,916,309</u>	<u>127,864,848</u>	<u>121,605,423</u>	<u>117,373,975</u>

continued

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense) revenue										
Governmental activities	(89,163,094)	(82,122,272)	(100,766,768)	(101,255,582)	(109,271,750)	(115,257,892)	(110,633,814)	(113,724,642)	(118,459,098)	(120,584,577)
Business-type activities	6,510,892	19,290,079	10,432,661	8,455,988	7,482,143	(3,095,699)	11,261,991	2,756,693	4,349,303	146,799
Total government net (expense) revenue	<u>(82,652,202)</u>	<u>(62,832,193)</u>	<u>(90,334,107)</u>	<u>(92,799,594)</u>	<u>(101,789,607)</u>	<u>(118,353,591)</u>	<u>(99,371,823)</u>	<u>(110,967,949)</u>	<u>(114,109,795)</u>	<u>(120,437,778)</u>
General revenues and transfers										
Governmental activities:										
Property taxes	79,929,151	84,467,067	87,114,975	88,531,791	83,958,978	86,465,150	99,297,845	97,962,592	97,837,712	99,321,973
Transient room tax	1,298,846	1,362,210	1,488,469	1,668,940	1,772,968	1,678,566	1,518,030	1,658,169	1,686,458	1,747,280
Local motor vehicle fuel tax	2,007,509	2,558,093	3,533,582	3,359,536	3,083,605	2,976,107	3,138,296	3,118,882	3,045,192	2,908,491
Contributions in lieu of taxes	9,560,961	10,361,749	11,251,713	11,913,379	11,446,537	13,263,982	12,342,958	13,762,181	13,469,821	11,762,150
Franchise fees on telecom providers revenues	19,664,506	8,106,087	8,100,845	8,389,156	8,870,285	9,029,349	8,653,036	10,954,417	10,393,736	8,467,984
Grants and contributions not restricted to specific programs	2,485,605	2,572,312	2,848,225	2,926,084	3,308,742	752,602	3,230,928	3,291,002	3,573,073	3,778,264
Unrestricted investment earnings	1,139,941	2,377,897	4,920,649	6,697,857	6,221,900	3,720,245	1,823,094	1,170,778	1,219,164	543,569
Transfers	(2,401,927)	621,677	(3,579,438)	(1,295,320)	3,230,406	20,346	1,191,787	(3,046,158)	353,430	1,946,076
Total governmental activities general revenues and transfers	<u>113,684,592</u>	<u>112,427,092</u>	<u>115,679,020</u>	<u>122,191,423</u>	<u>121,893,421</u>	<u>117,906,347</u>	<u>131,195,974</u>	<u>128,871,863</u>	<u>131,578,586</u>	<u>130,475,787</u>
Business-type activities:										
Unrestricted investment earnings	212,651	384,883	632,872	1,168,535	1,035,204	729,510	292,139	198,099	161,900	83,972
Transfers	2,401,927	(621,677)	3,579,438	1,295,320	(3,230,406)	(20,346)	(1,191,787)	3,046,158	(353,430)	(1,946,076)
Total business-type activities general revenues and transfers	<u>2,614,578</u>	<u>(236,794)</u>	<u>4,212,310</u>	<u>2,463,855</u>	<u>(2,195,202)</u>	<u>709,164</u>	<u>(899,648)</u>	<u>3,244,257</u>	<u>(191,530)</u>	<u>(1,862,104)</u>
Total government general revenues and transfers	<u>116,299,170</u>	<u>112,190,298</u>	<u>119,891,330</u>	<u>124,655,278</u>	<u>119,698,219</u>	<u>118,615,511</u>	<u>130,296,326</u>	<u>132,116,120</u>	<u>131,387,056</u>	<u>128,613,683</u>
Change in net position:										
Governmental activities	24,521,498	30,304,820	14,912,252	20,935,841	12,621,671	2,648,455	20,562,160	15,147,221	13,119,488	9,891,210
Business-type activities	9,125,470	19,053,285	14,644,971	10,919,843	5,286,941	(2,386,535)	10,362,343	6,000,950	4,157,773	(1,715,305)
Total government change in net position	<u>33,646,968</u>	<u>49,358,105</u>	<u>29,557,223</u>	<u>31,855,684</u>	<u>17,908,612</u>	<u>261,920</u>	<u>30,924,503</u>	<u>21,148,171</u>	<u>17,277,261</u>	<u>8,175,905</u>

Notes

- a) This schedule was modified with the implementation of GASB 63, effective FY13.
b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.

Data source

City of Eugene Finance Division

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Fund Balances - Governmental Funds

Last ten fiscal years - unaudited

(amounts in dollars)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:										
Reserved	674,233	357,615	507,739	371,847	441,011	405,650	0	0	0	0
Unreserved	35,413,181	31,444,329	32,777,927	30,788,707	30,005,614	32,109,937	0	0	0	0
Nonspendable	0	0	0	0	0	0	736,386	1,066,473	1,399,020	762,321
Restricted	0	0	0	0	0	0	833,887	914,813	1,041,185	1,058,040
Assigned	0	0	0	0	0	0	32,211,828	38,269,910	37,320,281	34,768,090
Unassigned	0	0	0	0	0	0	6,122,604	5,792,870	3,330,380	2,961,405
Total General Fund	<u>36,087,414</u>	<u>31,801,944</u>	<u>33,285,666</u>	<u>31,160,554</u>	<u>30,446,625</u>	<u>32,515,587</u>	<u>39,904,705</u>	<u>46,044,066</u>	<u>43,090,866</u>	<u>39,549,856</u>
All other governmental funds:										
Reserved	9,209,577	4,875,099	4,442,288	4,149,246	3,998,804	3,331,083	0	0	0	0
Unreserved, reported in:										
Special revenue funds	29,039,622	24,012,646	29,513,286	30,761,057	25,938,461	27,990,706	0	0	0	0
Debt service funds	0	5,465,927	6,644,093	7,023,344	6,394,515	5,790,008	0	0	0	0
Capital projects funds	33,845,140	26,541,738	25,442,697	23,715,035	19,975,502	14,603,402	0	0	0	0
Nonspendable	0	0	0	0	0	0	3,197,689	2,636,383	3,836,064	2,915,176
Restricted	0	0	0	0	0	0	34,464,276	31,260,095	35,767,355	42,856,626
Committed	0	0	0	0	0	0	7,793,449	11,257,256	12,413,934	12,315,054
Assigned	0	0	0	0	0	0	10,766,087	11,618,763	5,506,138	3,668,775
Unassigned	0	0	0	0	0	0	(108,342)	0	0	0
Total all other governmental funds	<u>72,094,339</u>	<u>60,895,410</u>	<u>66,042,364</u>	<u>65,648,682</u>	<u>56,307,282</u>	<u>51,715,199</u>	<u>56,113,159</u>	<u>56,772,497</u>	<u>57,523,491</u>	<u>61,755,631</u>

Notes

a) This schedule was modified with the implementation of GASB54, effective FY10.

b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.

Data source

City of Eugene Finance Division

Changes in Fund Balances - Governmental Funds

Last ten fiscal years - unaudited

(amounts in dollars)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Taxes	92,945,384	98,764,452	103,790,123	105,364,632	99,870,624	103,745,938	115,363,742	116,480,716	114,430,239	115,143,898
Licenses and permits	23,550,147	12,734,940	12,844,614	12,421,905	12,649,419	12,124,148	12,016,951	16,247,802	14,621,168	14,070,573
Intergovernmental	18,688,065	18,480,741	16,073,467	21,450,428	20,321,509	21,547,927	21,246,577	23,061,009	19,783,960	19,802,487
Rental income	206,887	310,577	310,413	278,748	314,334	377,621	355,002	383,266	432,660	470,709
Charges for services	17,995,959	20,033,539	21,130,857	20,195,253	19,603,598	17,277,036	16,546,585	18,161,552	23,333,482	20,781,787
Fines and forfeits	3,477,562	3,693,594	3,817,038	3,498,604	3,446,535	3,110,577	2,986,586	2,929,400	2,648,101	2,287,456
Special assessments	1,105,714	676,831	1,505,641	352,648	1,254,187	209,188	498,370	1,100,252	269,691	300,439
Repayment of revolving loans	1,900,483	1,352,576	1,030,982	1,075,399	1,391,553	1,725,978	1,316,158	1,419,907	1,577,023	1,359,759
Miscellaneous	4,546,803	4,288,516	6,402,046	7,499,141	6,395,831	4,812,046	3,754,441	4,081,989	2,643,789	3,990,028
Total revenues	164,417,004	160,335,766	166,905,181	172,136,758	165,247,590	164,930,459	174,084,412	183,865,893	179,740,113	178,207,136
Expenditures										
Central services	15,748,496	16,694,836	18,090,534	20,122,497	20,357,835	18,713,107	17,159,626	18,188,802	19,693,788	19,091,906
Fire and emergency medical services	17,284,554	18,049,197	20,365,572	21,982,727	23,449,090	22,667,961	22,977,955	23,507,369	24,666,748	25,551,463
Library, recreation, and cultural services	21,645,633	21,556,587	22,478,643	24,958,865	24,744,457	24,428,693	25,688,755	25,598,692	24,987,647	23,870,446
Planning and development	15,229,114	14,028,193	14,618,095	18,556,670	19,066,468	18,266,739	18,326,473	22,134,992	17,899,972	15,544,065
Police	32,690,864	35,169,815	38,261,119	41,962,140	42,862,037	41,877,715	39,781,729	42,544,795	46,724,924	48,112,485
Public works	13,221,151	13,960,750	14,293,416	14,292,723	15,140,126	16,387,652	15,857,207	15,162,759	15,891,864	16,785,203
Debt service:										
Principal	4,780,796	5,004,576	5,045,393	5,290,083	7,172,607	7,660,834	7,655,206	12,167,801	24,579,753	13,888,196
Interest	2,875,351	3,290,733	2,645,152	2,179,207	2,013,199	2,000,874	1,780,068	1,571,175	2,071,130	1,501,826
Arbitrage fee	3,310	11,150	19,281	8,132	1,813	6,900	15,070	0	0	0
Issuance costs	105,759	61	198,718	28,209	6,006	32,253	18,975	50,696	137,276	11,149
Capital outlay	26,961,865	22,951,069	17,639,671	20,346,939	28,962,548	24,501,530	31,526,686	23,382,608	28,481,716	21,368,508
Contribution of land held for resale	0	0	0	0	0	0	0	538,929	0	0
Intergovernmental	6,676,427	7,169,994	7,589,076	6,397,451	89,847	0	0	8,000,000	0	0
Total expenditures	157,223,320	157,886,961	161,244,670	176,125,643	183,866,033	176,544,258	180,787,750	192,848,618	205,134,818	185,725,247
Excess (deficiency) of										
revenues over expenditures	7,193,684	2,448,805	5,660,511	(3,988,885)	(18,618,443)	(11,613,799)	(6,703,338)	(8,982,725)	(25,394,705)	(7,518,111)

continued

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Other financing sources (uses)</u>										
Proceeds of debt issuance	8,395,000	0	1,036,427	0	5,200,000	4,345,000	500,000	17,765,000	8,540,000	9,495,000
Proceeds of note issuance	0	0	0	0	0	2,705,930	0	3,412,000	1,777,000	0
Proceeds of refunding bonds issuance	0	0	24,990,000	0	0	5,600,000	0	0	11,464,606	0
Premium on debt issuance	35,281	0	0	0	0	0	0	0	0	0
Premium on refunding bonds issuance	0	0	244,744	0	0	0	0	0	0	0
Refunded bonds redeemed	0	0	0	0	0	(5,593,800)	0	0	0	0
Payment to refunded bonds escrow agent	0	0	(25,033,071)	0	0	0	0	0	0	0
Transfers in	12,019,189	6,834,491	8,390,169	12,265,545	13,144,668	14,816,539	40,216,213	12,263,751	10,804,034	7,910,800
Transfers out	(13,032,364)	(24,767,695)	(9,197,033)	(10,795,454)	(11,206,554)	(12,782,991)	(22,225,797)	(17,659,327)	(10,253,301)	(8,536,559)
Gain on sale of assets	450,716	0	0	0	0	0	0	0	0	0
Total other financing sources (uses)	<u>7,867,822</u>	<u>(17,933,204)</u>	<u>431,236</u>	<u>1,470,091</u>	<u>7,138,114</u>	<u>9,090,678</u>	<u>18,490,416</u>	<u>15,781,424</u>	<u>22,332,339</u>	<u>8,869,241</u>
Net change in fund balances	<u>10,316,627</u>	<u>(12,272,693)</u>	<u>(3,557,649)</u>	<u>(2,518,794)</u>	<u>(11,480,329)</u>	<u>(2,523,121)</u>	<u>11,787,078</u>	<u>6,798,699</u>	<u>(3,062,366)</u>	<u>1,351,130</u>
Debt service as a percentage of noncapital expenditures	5.96%	6.16%	5.51%	4.82%	5.94%	6.38%	6.34%	8.16%	15.16%	9.37%

Data Source

City of Eugene Finance Division

Taxable Assessed Value and Actual Value of Property

Last ten fiscal years - unaudited

(amounts in dollars)

<u>Fiscal year</u>	<u>Real property</u>		<u>Personal property</u>		<u>Total</u>		<u>Direct tax rate</u>
	<u>Taxable assessed value</u>	<u>Real market value</u>	<u>Taxable assessed value</u>	<u>Real market value</u>	<u>Taxable assessed value</u>	<u>Real market value</u>	
2004	8,347,546,682	10,770,956,589	425,551,033	440,782,048	8,773,097,715	11,211,738,637	9.22
2005	8,800,344,106	12,031,452,796	439,720,423	459,188,978	9,240,064,529	12,490,641,774	9.28
2006	9,201,750,939	13,642,477,569	448,543,977	467,180,107	9,650,294,916	14,109,657,676	9.17
2007	9,645,975,072	19,412,136,439	459,050,386	517,488,878	10,105,025,458	19,929,625,317	9.05
2008	10,143,358,303	22,088,733,093	473,274,763	506,349,012	10,616,633,066	22,595,082,105	8.15
2009	10,501,729,496	22,922,483,398	492,684,613	525,746,558	10,994,414,109	23,448,229,956	7.98
2010	11,006,944,202	22,077,562,997	459,543,562	483,196,072	11,466,487,764	22,560,759,069	8.56
2011	11,179,600,899	20,845,219,878	433,560,719	444,689,566	11,613,161,618	21,289,909,444	8.58
2012	11,460,819,092	20,777,602,912	423,318,352	430,903,340	11,884,137,444	21,208,506,252	8.29
2013	11,726,917,294	20,026,046,722	417,128,883	423,958,299	12,144,046,177	20,450,005,021	8.27

Notes

- a) The Lane County Assessor changed methodology for calculating the real market value of property within the City in tax year 2006 (FY2007). This resulted in an upward adjustment of approximately \$2.7 billion to real market value. FY07 real market value increased 17.6% from FY06, after removing the effect of the revised methodology. Real market value figures prior to FY07 have not been adjusted for this revised methodology and therefore are not comparable to figures in FY07.
- b) Assessed value is reported net of exemptions and net of Urban Renewal excess (incremental) value, and is the value used to establish the tax levy for the fiscal year.
- c) Real property includes utilities and personal property includes manufactured structures.
- d) Total direct tax rate is per \$1,000 of assessed value.

Data source

Lane County Department of Assessment and Taxation

Direct and Overlapping Property Tax Rates

Last ten fiscal years - unaudited

(rate per \$1,000 of assessed value)

Fiscal year	Tax Rates							
	City direct rates			Overlapping rates				
	Operating	Debt service	Total direct rate	County	School districts	Community college	Total overlapping rate	Total
2004	8.80	0.42	9.22	1.40	7.37	0.87	9.64	18.86
2005	8.81	0.47	9.28	1.38	7.35	0.87	9.60	18.88
2006	8.72	0.45	9.17	1.38	7.76	0.87	10.01	19.18
2007	8.68	0.36	9.05	1.39	7.96	0.84	10.18	19.23
2008	7.60	0.55	8.15	1.38	7.70	0.82	9.90	18.05
2009	7.40	0.58	7.98	1.38	7.74	0.86	9.98	17.96
2010	7.38	1.18	8.56	1.38	7.76	0.84	9.98	18.54
2011	7.38	1.20	8.58	1.37	7.66	0.85	9.88	18.46
2012	7.15	1.14	8.29	1.37	7.65	0.87	9.89	18.18
2013	7.15	1.12	8.27	1.37	7.50	0.85	9.72	17.99

Notes

a) Tax rates are for a representative tax code area (4-00) within the City.

b) Overlapping rates are those of other local governments that apply to property owners within the City of Eugene who are located within the other local government's boundaries.

Data source

Lane County Department of Assessment and Taxation

Property Tax Levies and Collections

Last seven fiscal years - unaudited

(amounts in dollars)

<u>Fiscal year</u>	<u>Taxes levied for the fiscal year</u>		<u>Total adjusted levy</u>	<u>Collected within the fiscal year of the levy</u>			<u>Collections/ Adjustments in subsequent years</u>	<u>Total collections to date</u>		<u>Outstanding taxes</u>	
	<u>Amount</u>	<u>Adjustments</u>		<u>Percentage of gross levy</u>	<u>Percentage of adjusted levy</u>	<u>Amount</u>		<u>Percentage of adjusted levy</u>	<u>Amount</u>	<u>Percentage of adjusted levy</u>	
2007	91,054,148	(2,647,774)	88,406,374	86,354,896	94.8%	97.7%	1,998,450	88,353,346	99.9%	53,028	0.1%
2008	87,807,231	(3,047,791)	84,759,440	82,508,795	94.0%	97.3%	2,175,291	84,684,086	99.9%	75,354	0.1%
2009	88,929,425	(2,525,855)	86,403,570	83,787,874	94.2%	97.0%	2,488,079	86,275,953	99.9%	127,617	0.1%
2010	102,340,449	(3,052,244)	99,288,205	96,079,826	93.9%	96.8%	2,503,946	98,583,772	99.3%	704,433	0.7%
2011	101,032,799	(3,198,238)	97,834,561	95,139,974	94.2%	97.2%	1,480,661	96,620,635	98.8%	1,213,926	1.2%
2012	99,967,213	(2,358,226)	97,608,987	94,522,083	94.6%	96.8%	1,283,233	95,805,316	98.2%	1,803,671	1.8%
2013	101,892,411	(2,830,768)	99,061,643	95,995,981	94.2%	96.9%	0	95,995,981	96.9%	3,065,662	3.1%

Notes

a) The Lane County Department of Assessment and Taxation reports seven years of property tax collections.

Data source

Lane County Department of Assessment and Taxation

Ten Principal Property Taxpayers

Current year and eight years ago - unaudited

(amounts in dollars)

Taxpayer	FY 2013			FY2005		
	Total taxes paid	Total assessed value	Percentage of total assessed value	Total taxes paid	Total assessed value	Percentage of total assessed value
Comcast Corporation	1,947,384	108,224,100	0.89%	-	-	-
Valley River Center LLC	1,731,106	106,139,760	0.87%	1,489,940	79,443,480	0.86%
Verizon Communications	950,953	58,079,900	0.48%	-	-	-
Shepard Investment Group LLC	927,914	53,042,029	0.44%	-	-	-
McKay Investment Company	906,499	52,682,812	0.43%	356,515	19,865,760	0.21%
Real Property Investors LLC	676,635	42,152,726	0.35%	-	-	-
Chase Village LLC	637,497	35,428,331	0.29%	518,136	27,940,386	0.30%
Molecular Probes, Inc.	611,875	37,723,795	0.31%	-	-	-
Century Link (formerly QWEST)	606,648	37,855,400	0.31%	2,100,196	123,894,500	1.34%
Northwest Natural Gas Company	493,946	30,699,400	0.25%	636,189	37,069,200	0.40%
Hynix Semiconductor	-	-	-	6,910,227	570,780,961	6.18%
PeaceHealth	-	-	-	502,937	43,283,786	0.47%
Guard Publishing Company	-	-	-	501,237	29,131,712	0.32%
Metropolitan Life Insurance Company	-	-	-	348,000	18,764,404	0.20%
Kinder Morgan Energy Partner	-	-	-	331,974	17,960,050	0.19%
Subtotal	9,490,457	562,028,253	4.62%	13,695,351	968,134,239	10.47%
All other taxpayers		11,582,017,924	95.38%		8,271,930,290	89.53%
Total taxpayers		<u>12,144,046,177</u>	<u>100.00%</u>		<u>9,240,064,529</u>	<u>100.00%</u>

Notes

- Total assessed value does not include exemptions.
- Taxes paid information is not available prior to FY2005. Therefore, the City will use FY2005 which is the oldest available information for comparative purposes.
- Hynix Semiconductor is no longer in business.

Data source

Lane County Department of Assessment and Taxation
City of Eugene Finance Division

Ratio of Outstanding Debt by Type

Last ten fiscal years - unaudited

(amounts in dollars)

Fiscal year	Governmental activities						Business-type activities					Total government	Percentage of real market value	Debt per capita
	General obligation bonds	Certificates of participation	Special assessment bonds	Limited tax bonds	Tax increment bonds	Notes and contracts payable	General obligation bonds	Limited tax bonds	Revenue bonds	Notes and contracts payable				
2004	44,295,000	16,310,249	490,000	69,931,267	0	1,770,028	1,660,000	6,411,049	2,170,000	771,753	143,809,346	1.28%	999	
2005	42,055,000	14,250,000	135,000	70,580,409	0	1,470,074	1,245,000	6,229,485	1,670,000	471,216	138,106,184	1.11%	955	
2006	40,618,595	12,075,000	0	72,083,617	0	1,159,069	810,000	6,017,802	1,145,000	159,854	134,068,937	0.95%	917	
2007	39,445,633	9,785,000	0	64,710,964	0	841,554	415,000	5,770,982	590,000	0	121,559,133	0.61%	818	
2008	40,299,150	7,365,000	0	64,851,428	0	513,838	0	5,489,006	0	0	118,518,422	0.52%	771	
2009	40,315,402	4,840,000	0	64,892,939	0	2,880,318	0	5,166,851	0	0	118,095,510	0.50%	764	
2010	35,500,680	2,160,000	0	64,733,158	0	2,706,000	0	4,799,493	0	0	109,899,331	0.49%	700	
2011	32,930,437	1,820,000	0	64,910,734	7,900,000	6,118,000	0	0	0	0	113,679,171	0.53%	720	
2012	29,430,457	1,465,000	0	64,180,566	7,183,000	7,895,000	0	0	0	0	110,154,023	0.52%	702	
2013	26,225,122	1,105,000	0	63,157,983	6,429,000	7,767,000	0	0	0	0	104,684,105	0.51%	661	

Notes

- a) Details regarding the City's outstanding debt can be found in the notes to basic financial statements.
- b) All debt is shown net of unamortized premiums and discounts.
- c) Percentage of real market value was calculated using property value information from Schedule I-5.
- d) Debt per capita was calculated using population data from Schedule I-13.

Data source

Lane County Department of Assessment and Taxation
 City of Eugene Finance Division

Ratio of General Bonded Debt Outstanding

Last ten fiscal years - unaudited

(amounts in dollars)

Fiscal year	General bonded debt outstanding					Funds available for principle repayment	Net General Bonded Debt	Percentage of real market value	Per capita
	General obligation bonds	Certificates of participation	Limited tax bonds	Tax increment bonds	Total				
2004	45,955,000	16,310,249	76,342,316	0	138,607,565	(4,055,947)	134,551,618	1.20%	935
2005	43,300,000	14,250,000	76,809,894	0	134,359,894	(3,189,467)	131,170,427	1.05%	907
2006	41,428,595	12,075,000	78,101,419	0	131,605,014	(2,275,849)	129,329,165	0.92%	885
2007	39,860,633	9,785,000	70,481,946	0	120,127,579	(2,426,381)	117,701,198	0.59%	792
2008	40,299,150	7,365,000	70,340,434	0	118,004,584	(2,164,054)	115,840,530	0.51%	754
2009	40,315,402	4,840,000	70,059,790	0	115,215,192	(2,182,229)	113,032,963	0.48%	731
2010	35,500,680	2,160,000	69,532,651	0	107,193,331	(1,809,434)	105,383,897	0.47%	671
2011	32,930,437	1,820,000	64,910,734	7,900,000	107,561,171	(1,433,414)	106,127,757	0.50%	672
2012	29,430,457	1,465,000	64,180,566	7,183,000	102,259,023	(999,694)	101,259,329	0.48%	645
2013	26,225,122	1,105,000	63,157,983	6,429,000	96,917,105	(871,606)	96,045,499	0.47%	607

Notes

- a) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- b) All debt is shown net of unamortized premiums and discounts.
- c) Percentage of real market value was calculated using property value information from Schedule I-5.
- d) Debt per capita was calculated using population data from Schedule I-13.

Data source

City of Eugene Finance Division

Direct and Overlapping Governmental Activities Debt*As of June 30, 2013 - unaudited*

(amounts in dollars)

<u>Governmental unit</u>	<u>Debt outstanding</u>	<u>Percentage applicable to the City</u>	<u>City's share of overlapping debt</u>
City of Eugene (Direct debt)	104,684,105	100.00%	104,684,105
Lane Community College	126,482,661	45.24%	57,220,629
Lane County	103,467,558	45.98%	47,572,314
Lane Education Service District	7,480,000	46.03%	3,443,007
School District 4J	171,307,258	77.64%	133,000,900
School District 19	106,034,409	0.00%	424
School District 52	22,880,000	79.26%	18,135,626
River Road Park & Recreation District	340,000	0.09%	294
Total Direct and overlapping debt			<u><u>364,057,299</u></u>

Data source

Oregon State Treasury Debt Management Information System

City of Eugene Finance Division

Legal Debt Margin - General Obligation Bonded Debt

Last ten fiscal years - unaudited

(amounts in dollars)

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Real market value	11,211,738,637	12,490,641,774	14,109,657,676	19,929,625,317	22,595,082,105	23,448,229,956	22,560,759,069	21,289,909,444	21,208,506,252	20,450,005,021
Legal debt margin:										
Debt limit (3% of real market value)	336,352,159	374,719,253	423,289,730	597,888,760	677,852,463	703,446,899	676,822,772	638,697,283	636,255,188	613,500,151
Debt applicable to limit:										
General Obligation Bonds	45,955,000	43,300,000	41,195,000	39,660,000	40,130,000	40,176,200	35,389,414	32,844,164	28,910,000	25,820,000
Less: Amount reserved for repayment of general obligation debt	(645,278)	(570,377)	(688,206)	(276,840)	(136,909)	458,350	(619,761)	(961,919)	(552,614)	(395,162)
Total debt applicable to limit	<u>45,309,722</u>	<u>42,729,623</u>	<u>40,506,794</u>	<u>39,383,160</u>	<u>39,993,091</u>	<u>40,634,550</u>	<u>34,769,653</u>	<u>31,882,245</u>	<u>28,357,386</u>	<u>25,424,838</u>
Legal debt margin	<u>291,042,437</u>	<u>331,989,630</u>	<u>382,782,936</u>	<u>558,505,600</u>	<u>637,859,372</u>	<u>662,812,349</u>	<u>642,053,119</u>	<u>606,815,038</u>	<u>607,897,802</u>	<u>588,075,313</u>
Total debt applicable to the limit as a percentage of debt limit	<u>13%</u>	<u>11%</u>	<u>10%</u>	<u>7%</u>	<u>6%</u>	<u>6%</u>	<u>5%</u>	<u>5%</u>	<u>4%</u>	<u>4%</u>

Notes

- a) Oregon Revised Statutes 287A.050 provides a debt limit on general obligation bonds of 3% of the real market value of all taxable property within the City's boundaries.
- b) The legal debt margin is the difference between the debt limit and the City's net outstanding general obligation debt.
- c) In FY09, the General Obligation Debt Service Fund had a deficit balance due to borrowing \$485,000 from a short term revolving credit facility for transportation capital projects.

Data source

Lane County Department of Assessment and Taxation

City of Eugene Finance Division

Demographic and Economic Statistics*Last ten fiscal years - unaudited*

<u>Fiscal year</u>	<u>City of Eugene</u>		<u>Lane County</u>		
	<u>Population</u>	<u>Unemployment rate</u>	<u>Population</u>	<u>Personal income (thousands)</u>	<u>Per capita income</u>
2004	143,910	6.80%	329,400	9,213,725	27,788
2005	144,640	5.50%	333,350	9,981,276	29,841
2006	146,160	4.80%	336,085	10,483,145	30,825
2007	148,595	4.60%	339,740	11,269,508	32,877
2008	153,690	5.70%	343,140	11,679,994	33,522
2009	154,620	10.10%	345,880	11,783,941	33,562
2010	157,100	10.80%	347,690	11,709,176	33,277
2011	157,845	9.60%	348,550	12,214,306	34,561
2012	157,010	9.10%	353,155	12,205,390	34,561
2013	158,335	8.20%	354,200	12,241,506	34,561

Notes

- a) Personal income information is not available for the City.
- b) The 2012 and 2013 personal income for Lane County was not available and has been estimated by multiplying population by per capita income.
- c) The 2012 and 2013 per capita income was not available and has been estimated to be the same as 2011.
- d) Population is reported as of July 1 of each fiscal year.
- e) Unemployment rates presented are annualized for the calendar year through FY2008. The FY2013 unemployment rate is as of June, 2013 (the most recent information available).

Data source

Portland State University's Center for Population Research and Census
 Bureau of Economic Analysis, U.S. Department of Commerce
 Bureau of Labor Statistics, U.S. Department of Labor
 Lane County Financial Services

Ten Principal Employers*Current year and nine years ago - unaudited*

<u>Employer</u>	2013		2004	
	<u>Employees</u>	<u>Percentage of total employment</u>	<u>Employees</u>	<u>Percentage of total employment</u>
University of Oregon	4,847	3.05%	3,676	2.30%
PeaceHealth Medical Group	4,212	2.65%	4,125	2.58%
Lane County	2,000	1.26%	1,786	1.12%
Eugene School District 4J	1,900	1.20%	1,651	1.03%
US Government	1,625	1.02%	2,000	1.25%
Springfield School District	1,500	0.95%	1,500	-
City of Eugene	1,347	0.85%	1,465	0.92%
Lane Community College	1,151	0.73%	2,000	-
State of Oregon	1,100	0.69%	1,200	0.75%
Walmart	1,050	0.66%	-	-
Monaco Coach	-	-	2,200	1.38%
Total	20,732	13.06%	21,603	11.31%

Notes

- a) Information provided for the Eugene/Springfield Metropolitan Service Area.
b) Employee count and percent of employment is as of January 1st of each year.

Data source

Eugene Chamber of Commerce
Oregon Employment Department
Lane County Financial Services
City of Eugene Finance Division

City Government Employees by Function/Program*Last ten fiscal years - unaudited*

<u>Fiscal year</u>	<u>Function/Program</u>						<u>Total</u>
	<u>Central services</u>	<u>Fire and emergency medical services</u>	<u>Library, recreation, and cultural services</u>	<u>Planning and development</u>	<u>Police</u>	<u>Public works</u>	
2004	236	195	168	94	293	385	1,371
2005	227	200	193	91	289	390	1,390
2006	230	206	190	100	293	389	1,408
2007	239	204	195	113	303	403	1,457
2008	238	201	190	112	303	407	1,451
2009	230	203	190	111	296	410	1,440
2010	217	204	181	98	306	398	1,404
2011	210	200	180	94	300	396	1,380
2012	212	199	174	93	305	395	1,378
2013	201	197	166	93	299	391	1,347

Notes

a) Number of employees is provided per Full-Time Equivalent (FTE) for full-time and part-time regular employees that are in an ACTIVE status as of the last day of the fiscal year.

Data source

City of Eugene Finance Division

Operating Indicators by Function/Program

Last ten fiscal years - unaudited

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Central services:										
Number of claims managed	323	278	265	333	259	250	258	296	269	259
Number of purchase orders issued	24,338	23,007	21,372	20,975	21,983	17,434	15,513	15,936	15,544	15,625
Job applications processed	5,898	8,987	7,088	4,598	6,848	7,464	6,257	7,778	8,602	9,372
Building square footage maintained	1,868,354	1,886,998	1,926,848	1,917,643	1,918,643	2,014,217	2,014,217	1,932,261	1,919,698	2,034,058
Municipal Court cases processed	33,989	30,972	32,699	28,810	28,071	26,963	26,273	23,623	22,078	26,076
Fire and emergency medical services:										
Emergency responses	18,054	18,728	19,441	20,509	21,723	21,233	20,130	21,539	21,186	21,111
Fire inspections	2,502	2,208	1,800	812	973	839	943	1,576	2,393	2,270
Library, recreation, and cultural services:										
Number of library patron visits	989,013	1,125,648	1,194,972	1,267,109	1,527,239	1,542,183	1,469,860	1,380,951	1,386,601	1,213,547
Volume of library collection borrowed	1,803,648	2,160,355	2,469,913	2,582,101	2,791,737	2,909,908	2,928,143	2,859,748	2,826,998	2,801,669
Hult Center attendees	156,973	166,332	175,851	190,648	217,322	185,873	174,275	187,388	144,102	143,578
Recreation services	627,537	605,834	657,689	665,222	655,883	675,598	795,407	773,162	625,520	622,194
Planning and development:										
Construction permits issued	10,525	11,587	12,347	10,980	10,471	8,634	9,653	9,812	10,260	9,934
Land use applications reviewed	386	361	446	423	404	240	168	139	208	205
Parking permits issued	24,717	26,053	26,058	21,618	20,067	23,660	21,000	16,200	16,800	13,750
Parking citations issued	79,410	72,216	75,801	71,883	68,153	59,009	62,605	56,379	57,885	44,615
Police:										
Calls for service	113,367	110,103	116,596	106,972	104,552	107,836	102,426	103,219	109,097	123,099
Eugene crime index	6,519	6,370	7,078	6,039	5,581	6,864	6,009	4,857	5,282	5,337
U.S. median city crime index	5,466	5,422	4,911	2,785	2,698	2,640	2,520	2,419	3,769	3,845
Public works:										
Number of municipal airport passengers	644,215	719,298	711,822	724,662	773,213	659,641	724,855	789,620	806,541	840,048
Gallons of wastewater treated (in billions)	13.5	11.4	14.1	13.9	13.9	10.8	13.1	14.7	13.6	11.4

Notes

- The number of claims managed is based on the number of general and automobile liability cases and the number of workers' compensation claims managed during the year.
- Recreation services include participants in the City's recreational programs and patron visits to the City's recreational facilities.
- Parking permit contract with Symantec Corporation expired at the end of FY06.
- The Eugene crime index is based on the number of offenses, reported on a calendar year basis (per 100,000 population).
- The U.S. median city crime index is based on the FBI's crime indices for median size U.S. cities with population size between 100,000 to 250,000 (per 100,000 population).
- The development of surface lots and the availability of free downtown parking option in 2010 has decreased the demand for parking permits.

Data source

Individual City Departments

Capital Asset Statistics by Function/Program*Last ten fiscal years - unaudited*

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Fire and emergency medical services:</u>										
Ambulances	9	10	10	11	11	10	10	10	10	10
Fire stations	10	11	11	11	11	11	11	11	11	11
Fire apparatus	24	23	24	23	29	29	29	29	29	29
<u>Library, recreation, and cultural services:</u>										
Amphitheatre	1	1	1	1	1	1	1	1	1	1
Performing arts center	1	1	1	1	1	1	1	1	1	1
Community centers	8	8	8	8	8	8	8	8	8	8
9-hole golf course	1	1	1	1	1	1	1	1	1	1
Indoor/outdoor pool	3	3	3	3	3	3	3	3	3	3
<u>Police:</u>										
Patrol vehicles	51	51	63	63	65	42	42	43	43	43
<u>Public works:</u>										
Jogging and hiking trails (miles)	27	27	29	29	29	28	28	28	28	38
On/off street biking trails (miles)	122	122	126	130	132	153	157	157	159	161
Park acreage	2,902	2,902	2,902	3,150	3,670	3,671	3,671	3,987	4,283	4,506
Streets maintained (miles)	510	511	516	526	538	533	533	533	533	533
Alleys (miles)	43	43	42	42	42	42	42	42	43	43
Sidewalks (miles)	621	622	633	654	673	700	738	772	772	791
Drainage Lines (miles)	525	518	527	567	567	567	601	601	601	601
Sanitary sewers (miles)	770	774	781	797	807	813	815	811	812	821

Data source

Individual City Departments

AUDIT COMMENTS AND GOVERNMENT
AUDITING STANDARDS SECTIONS

AUDIT COMMENTS

AUDIT COMMENTS

(Comments and Disclosures Required by State Regulators)

Oregon Administrative Rules 162-10-000 through 162-10-320, of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth following.

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INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS



To the Honorable Mayor, Members of the
City Council and the City Manager
City of Eugene, Oregon



We have audited the basic financial statements of City of Eugene, Oregon as of and for the year ended June 30, 2013, and have issued our report thereon dated December 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- 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 City of Eugene 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 as follows:

1. Overexpenditures of appropriations are described in Note (3) (B) to the financial statements, *Stewardship, Compliance, and Accountability*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered City of Eugene's internal control over financial reporting (internal control) 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 City of Eugene's internal control. Accordingly, we do not express an opinion on the effectiveness of the City internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information and use of the Honorable Mayor, members of the City Council, the City Manager, management for the City of Eugene and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than those specified parties.

ISLER CPA

A handwritten signature in black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

By: Gary Iskra, CPA, a member of the firm

Eugene, Oregon
December 13, 2013

GOVERNMENT AUDITING STANDARDS

Government Auditing Standards Report

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



To the Honorable Mayor and Members of the City Council
City of Eugene, Oregon



We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Eugene, Oregon (“the City”) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Isler CPA

A handwritten signature in black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

By Gary Iskra, CPA, a member of the firm

Eugene, Oregon
December 13, 2013

OMB Circular A-133 (Single Audit) Report

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133



To the Honorable Mayor and Members of the City Council
City of Eugene, Oregon



Report on Compliance for Each Major Federal Program

We have audited the City of Eugene's ("the City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program

in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Isler CPA

A handwritten signature in black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

By Gary Iskra, CPA, a member of the firm

Eugene, Oregon
December 13, 2013

CITY OF EUGENE, OREGON
Schedule of Findings and Questioned Costs
June 30, 2013

Section I - Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Eugene.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Eugene were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for the City of Eugene expresses an unqualified opinion on the major federal programs.
6. No audit findings relative to the major federal award programs for the City of Eugene are reported.
7. The programs tested as a major programs were:

 (ARRA) Habitat Conservation, CFDA #11.463

 HOME Investment Partnerships Program, CFDA #14.239

 JAG Program Cluster:
 Edward Byrne Memorial Justice Assistance Grant Program, CFDA #16.738
 (ARRA) Edward Byrne Memorial Justice Assistance Grant (JAG), CFDA #16.804

 Emergency Management Performance Grants, CFDA #97.042

 Assistance to Firefighters Grant, CFDA #97.044
8. The threshold for distinguishing between Type A and B programs was \$300,000.
9. The City of Eugene qualified as a low-risk auditee.

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Audit Findings

None

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2013

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
U.S. Department of Commerce			
Direct program:			
(ARRA) Habitat Conservation	11.463	NA09NMF4630300	\$ 294,643
Grants passed through State of Oregon:			
(ARRA) State Broadband Data and Development Grant Program	11.558	C2012108	5,000
Total U.S. Department of Commerce			299,643
U.S. Department of Housing and Urban Development			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-41-0001	1,488,970
HOME Investment Partnerships Program	14.239	M-12-DC-41-0200	475,537
Grants passed through Lane Council of Governments:			
Sustainable Communities Regional Planning Grant Program	14.703	n/a	173,676
Total U.S. Department of Housing and Urban Development			2,138,183
U.S. Department of the Interior			
Direct program:			
Fish, Wildlife and Plant Conservation Resource Management	15.231	L10AC20366	17,253
Fish, Wildlife and Plant Conservation Resource Management	15.231	2012-05410	60,723
Grants passed through State of Oregon:			
Historic Preservation Fund Grants-in-Aid	15.904	OR-11-04	7,611
Grants passed through Institute for Applied Ecology:			
Fish, Wildlife and Plant Conservation Resource Management	15.231	L09AC16049-0035-ORD0	18,105
Total U.S. Department of the Interior			103,692
U.S. Department of Justice			
Direct program:			
Bulletproof Vest Partnership Program	16.607	n/a	7,535
(ARRA) Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX-0042	65,659
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2011-CD-BX-0088	18,957
Grants passed through Lane County, Oregon:			
Congressionally Recommended Awards	16.753	2010-DD-BX-0621	48,563
Grants passed through Police Activities League:			
Juvenile Mentoring Program	16.726	2011-JU-FX-0015	9,594
JAG Program Cluster			
Grants passed through Lane County, Oregon:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1076	80,850
(ARRA) Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2009-SB-B9-1402	24,354
Total JAG Program Cluster			105,204
Total U.S. Department of Justice			255,512

continued

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2013

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Direct program:			
Airport Improvement Program	20.106	3-41-0018-047	76,972
Airport Improvement Program	20.106	3-41-0018-048	516,457
Grants passed through State of Oregon:			
National Motor Carrier Safety	20.218	28365	26,573
National Motor Carrier Safety	20.218	29181	21,203
Highway Planning and Construction	20.205	24651	302,320
Highway Planning and Construction	20.205	26858	431,416
Highway Planning and Construction	20.205	28158	483,530
Highway Planning and Construction	20.205	28102	886,392
Highway Planning and Construction	20.205	28362	24,265
Highway Planning and Construction	20.205	28620	10,300
Grants passed through Lane Council of Governments:			
Highway Planning and Construction	20.205	n/a	36,126
Grants passed through Lane Transit District:			
Highway Planning and Construction	20.205	2012-48	35,165
Highway Safety Cluster:			
Grants passed through Oregon Association Chiefs of Police:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.601	2011-2012	6,920
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.601	2012-2013	23,000
State and Community Highway Safety	20.602	2011-2012	5,470
State and Community Highway Safety	20.602	2012-2013	11,965
Total Highway Safety Cluster			47,355
Total U.S. Department of Transportation			2,898,074
<u>National Endowment for the Arts</u>			
Grants passed through State of Oregon:			
Grants to States	45.310	11-02-1P	6,967
Grants passed through Arts Midwest:			
Promotion of the Arts Grants to Organizations and Individuals	45.024	19653	7,459
Total National Endowment for the Arts			14,426
<u>U.S. Environmental Protection Agency</u>			
Direct program:			
(ARRA) Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00J66601	71,852
Grants passed through Lane Council of Governments:			
Regional Wetland Program Development Grants	66.461	EPA-R10-WPDG2010	4,054
Total U.S. Environmental Protection Agency			75,906
<u>U.S. Department of Energy</u>			
Direct program:			
Bonneville Power Administration Agreement	81.000	KEW-4	19,972
Grants passed through State of Oregon:			
ODFW Agreement	81.000	009-13	4,859
Total U.S. Department of Energy			24,831

continued

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2013

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
Grants passed through Eugene School District 4J:			
Twenty-First Century Community Learning Centers	84.287	16923	43,532
Total U.S. Department of Education			43,532
<u>U.S. Department of Homeland Security</u>			
Direct program:			
Assistance to Firefighters Grant	97.044	EMW-2011-FO-06352	863,800
Assistance to Firefighters Grant	97.044	EMW-2012-FO-003317	84,416
Grants passed through State of Oregon:			
Emergency Management Performance Grants	97.042	12-512	184,451
Citizens-Community Resilience Innovation Challenge	97.053	10-103	9,744
Citizens-Community Resilience Innovation Challenge	97.053	11-106	7,128
Citizens-Community Resilience Innovation Challenge	97.053	12-106	3,437
State Homeland Security Program (SHSP)	97.073	10-242	6,497
State Homeland Security Program (SHSP)	97.073	10-243	6,107
State Homeland Security Program (SHSP)	97.073	10-305	2,396
State Homeland Security Program (SHSP)	97.073	11-236	2,223
State Homeland Security Program (SHSP)	97.073	11-237	85,885
Total U.S. Department of Homeland Security			1,256,084
Total Federal Financial Assistance			\$ 7,109,883

CITY OF EUGENE, OREGON

Notes to Schedule of Expenditures of Federal Awards

June 30, 2013

(1) Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to the City of Eugene's basic financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the City of Eugene, Oregon, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds' revenues or expenditures of the City of Eugene, Oregon.

(2) Significant Accounting Policies

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Federal Financial Assistance

Pursuant to the Single Audit Act of 1984 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act of 1984 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the City of Eugene, Oregon are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in Note 1(A) to the City of Eugene, Oregon's Basic Financial Statements. Additionally, the Schedule includes all federal programs administered by the City of Eugene, Oregon for the year ended June 30, 2013.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

(3) Sub-recipients

During the fiscal year ended June 30, 2013, the City disbursed federal funding to various program recipients from the following federal programs:

CFDA#	Federal Program name	Expenditures
14.239	HOME Investment Partnerships Program	\$234,258 to sub-recipient

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