



City of Eugene, Oregon
Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018
Jon Ruiz, City Manager

COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF EUGENE, OREGON
FISCAL YEAR ENDED JUNE 30, 2018



REPORT PREPARED BY THE CITY
FINANCE DIVISION

INTRODUCTORY SECTION

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November 30, 2018

Citizens of Eugene
The Honorable Lucy Vinis, 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, 2018.

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 requires estimates and judgments by management.

I 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 my knowledge, the enclosed data is 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, 2018 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 unmodified opinion that the City's basic financial statements for the fiscal year ended June 30, 2018, are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's 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) Uniform Guidance. 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 the administration of federal awards. The results of the independent audit for the fiscal year ended June 30, 2018 indicated no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The independent auditor's reports related specifically to the Single Audit and OMB Uniform Guidance 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 auditor's 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 of July 1, 2017, 167,780 people resided within Eugene's municipal boundaries, making it Oregon's second largest city. City boundaries encompassed 44.3 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 nearly 1.0% 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. As allowed by state statutes, the City levies a property tax on real and personal property located within its boundaries.

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. The City Council also serves as the Urban Renewal Agency Board. 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 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 ensures that the budget is prepared according to the Oregon Local Budget Law. Citizens provide input to advocate for 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 City Manager serves as the Budget Officer. 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 City Council adopts the budget.

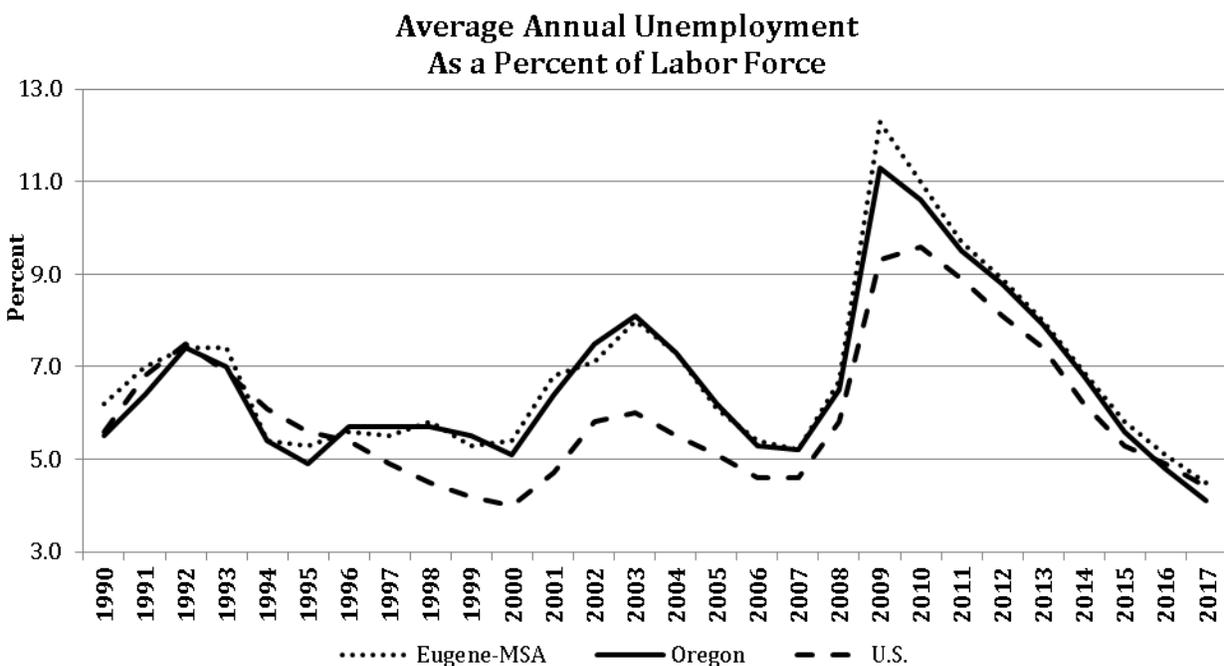
The legally adopted budget is at the fund and department level for operating expenditures, with separate appropriations established for capital projects, debt service, interfund transfers, and special payments. Budgetary controls are administered internally at a more restrictive level. Budget-to-actual 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 five air carriers: Alaska Airlines, Allegiant, American Airlines, Delta, and United Airlines. Commercial air service links Eugene directly to Denver, Las Vegas, Los Angeles, Oakland, Phoenix, Portland, Salt Lake City, San Francisco, San Jose and Seattle.

Eugene is the largest city in Lane County and the second largest city in Oregon, representing 45.3% of the county's and 4.1% 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 6.7% in 2008 to a high of 12.3% in 2009, primarily due to job losses in the metropolitan area in recreational vehicle manufacturing, wood products and high-tech manufacturing. Eugene's 2017 unemployment rate dropped to 4.5% but remained 0.4% higher than the state as a whole and 0.1% above 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-migration has bolstered the area's population growth over the past decade. The University of Oregon, available health care and abundant outdoor recreation amenities make Eugene a favorable place to live. California has been the largest source of new residents to the area due to Eugene's proximity, natural and cultural amenities, and relatively lower cost of living. Eugene's population growth slowed somewhat in the years following the last recession as the local economy contracted and the labor market weakened. However, population growth has rebounded in the last two years, increasing by rates above the ten-year average.

County, state, and federal government agencies are centered in Eugene, as well as the University of Oregon (UO) and Lane Community College. Between 2008 and 2017, employment in the educational and health services sectors increased by 19.2%. In the 2017-18 academic year, 22,980 students were enrolled at UO. During fiscal year 2017, the University generated \$114.9 million in sponsored research activity and \$8.9 million in licensing revenue, putting UO among top performers nationally for research institutions. Innovation and discoveries at UO also translate into private sector growth. In 2016, UO research helped generate \$44.5 million in company income and 243 startup jobs. The University is also a major contributor to Oregon's economy, generating economic activity estimated at more than \$2.3 billion.

Eugene's economy continues to grow with projects related to the University of Oregon, an expansion in construction activity, the city's burgeoning tech sector and redevelopment of the City's Riverfront Urban Renewal District. With an initial \$500.0 million funding commitment, the UO launched the \$1.0 billion Phil and Penny Knight Campus for Accelerating Scientific Impact. Nike co-founder, Phil Knight, has committed to giving the school \$50.0 million a year for the next decade for the project. The new campus will be designed to foster collaboration between the next generation of scientists, industry and scientific entrepreneurs to improve the quality of life for Oregonians, the nation and the world. The state legislature also approved \$20.0 million in bonds to help fund the project. The UO has also begun a major remodel of its iconic track and field stadium in preparation for hosting the 2021 World Championships. The remodel is being financed through private donations and will expand the stadium's seating capacity from 10,500 to 30,000.

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 significant funds for the next six fiscal years. These forecasts are designed to inform policy makers about the long-term impacts of pending budget decisions and other potential financial dynamics for City operations. The City also utilizes three additional important planning documents: the *Capital Improvement Program*, the *Unfunded Needs Assessment* and the *Debt Capacity Analysis*.

The largest fund is the General Fund, which is the general operating fund for the City. In preparation for the FY19 budget, the General Fund forecast was updated to provide policy makers with the financial outlook for the fund. After closing a nearly \$30.0 million gap in the General Fund budget in the years following the last recession and reducing the annual operating budget growth rate from 6.2% in FY03 through FY09 to 3.6% from FY12 through FY18, the City has achieved greater fiscal stability. Revenues are projected to grow by 3.4% on an annual basis from FY19 through FY24, while expenses are projected to grow by 3.2% over the same time period. With continued fiscal stability in the prior two years, the FY19 Adopted Budget provides funding for current services, as well as additional services to meet the needs of the community. The FY19 Adopted Budget includes additional funding for the criminal and community justice system initiatives, downtown and urban parks improvements, park safety and security, railroad quiet zones and more. FY19 General Fund budget changes total \$3.9 million, with one-time or limited duration changes representing \$3.3 million of the total. Non-general fund budget changes total \$29.9 million. Although the City has achieved greater fiscal stability and is able to make targeted service enhancements, the post-recession budget environment continues to be uncertain, and the six-year forecast shows a stable budget through FY21, with an anticipated gap beginning in FY22 that is largely attributable to increases in retirement rates.

In March 2017, the City Council approved the FY18-23 *Capital Improvement Program* (CIP). The 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 is approved every other year and serves as the basis for the capital budget for the next two fiscal years. The FY18-23 CIP totals \$162.3 million in projects with funding secured or identified from a variety of sources. The capital budget for FY19 totals \$53.0 million.

Transportation is the largest CIP category with \$53.9 million in anticipated spending over the six year planning period, of which \$32.2 million is dedicated towards pavement preservation and road maintenance. Projected spending for public buildings and facilities totals \$32.4 million and will primarily be invested in preservation and capital maintenance of existing City facilities. Capital spending for Parks and Open Space projects, including the Park Blocks downtown open space improvement, Priority 1 neighborhood parks, park acquisition and site renovations, is estimated to be \$23.3 million. Anticipated spending for the City's wastewater system, mostly to preserve and rehabilitate existing infrastructure, totals \$18.7 million. Airport capital improvements, including the terminal building roof replacement, Taxiway Alpha rehabilitation, and airfield geometry corrections, are estimated to be \$18.4 million. Finally, spending for the City's stormwater program, drywell decommissioning, stream corridor acquisition, bank stabilization and stream restoration, and system upgrades and capacity enhancements is estimated to be \$15.6 million.

In April 2018, the Budget Committee was provided with the Unfunded Needs Assessment (UNA) as part of the FY19 budget process. In May 2018, the UNA was revised to reflect changes to the April 2018 UNA due to the passage of the Parks and Recreation Bond (Measure 20-289) and the Operations and Maintenance Levy (Measure 20-288) at the May 15, 2018 election. The UNA is a compilation of significant unfunded financial challenges that the City of Eugene faces in providing current services and anticipated service needs as the community grows and the organization evolves. It is compiled by asking City staff throughout the organization to describe what they see as service needs in their areas. The purpose of the UNA is to provide policy makers, City staff and citizens with a better understanding of the full range of unfunded needs throughout all of the service areas at a particular point in time. The results are designed to help inform the City's Executive Team, the Budget Committee and the City Council as they are making financial decisions. It is also designed to provide information about the organization's priorities for financial discussions and how those priorities will advance important City plans, policies and goals.

The UNA identified 138 items with approximately \$53.4 million in unfunded ongoing costs and \$307.0 million in limited duration or one-time costs. Limited duration or one-time costs are more concentrated in the Library, Recreation and Cultural Services Department (LRCS) and Public Works. The largest unfunded projects in LRCS are for new or renovated community centers and pools, while large items in Public Works revolve around transportation system needs and maintenance and repair of wastewater service laterals. Many of the limited duration items would also have ongoing fiscal impacts on the operating budget that would also need to be considered in order for the City's budget to be sustainable.

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 Capacity Analysis*. 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 community's ability and willingness 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 Capacity Analysis* 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 value was 0.25% at the end of FY18.

City Council Vision, Goals and Outcomes

The City Council adopts goals that provide major policy direction for budget allocations and service delivery. The City Council adopted the following vision, goals and outcomes in spring 2010.

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 and Outcomes

Safe Community

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

- Decreased property crime
- Greater sense of safety (especially downtown)
- Visible and accessible police presence
- Better police/community relations

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.

- Increased downtown development
- Strategic job creation/decreased unemployment
- Support for small and local businesses
- Decision-making that weighs economic, social equity and environmental (triple bottom line) effects

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.

- Accessible to all incomes
- Preserve strength in arts and outdoors
- Invest in arts and culture as an economic engine

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.

- Transparent and interactive community
- Public engagement that involves the community broadly
- Stronger partnership between government entities

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.

- A long-term sustainable budget
- New or expanded revenue sources
- Accessible and transparent financial information

Major New Initiatives

The City strives to make progress on all of the City Council goals, as circumstances and funding allow. A number of the major new initiatives reflect several of those goals.

Passage of Bond Measures

In November 2017, for the third time in nine years, City of Eugene voters approved a \$51.2 million bond, Ballot Measure 20-275, dedicated to street preservation and bicycle and pedestrian projects. The bond proceeds will be used to complete 91 road repairs projects on 78 streets throughout the city, which is key to maintaining the transportation infrastructure for years to come. The bond measure includes an annual review of the street construction projects by an outside auditor and a citizen-led group to ensure that the money is spent in accordance with the promises made in the ballot measure.

On May 15, 2018, City of Eugene voters approved Ballot Measure 20-289 to issue general obligation (G.O.) bonds for \$39.35 million for parks and recreation capital projects. The bond proceeds will be used to fund several project categories, including: park renovation, trail and habitat, lighting, restroom and irrigation, shared projects with school districts, pool, community center and sports field, and new park development projects.

The City's use of the bond proceeds will be reviewed by an outside auditor to ensure the proceeds are used in accordance with the requirements of the ballot measure, with an annual report on spending made available to the public and reviewed by a Citizen Advisory Board.

Parks and Recreation Operations and Maintenance Levy

On May 15, 2018, City of Eugene voters approved a five year local option levy, Ballot Measure 20-288, to support parks and recreation operations and maintenance. Levy proceeds will be accounted for in a separate fund with an annual report on spending to be made available to the public and reviewed by a Citizen Advisory Board. The levy will raise \$3,150,000 each year for five years for a total of \$15,750,000. Levy funds will be directed to the following types of services:

Public Safety Presence in Parks to include the addition of two year-round Eugene police officers dedicated to patrolling parks, two year-round and two seasonal Park Ambassadors, expansion of the Illegal Camp Response Team to provide daily clean-up operations, and an increase response for graffiti removal from monthly to weekly.

General Park Maintenance such as reopening closed restrooms with daily custodial services during summer months, increased mowing to occur every 7 to 10 days, the addition of seasonal weekend and after-hours maintenance in high-use parks, and preventative maintenance of irrigation, lighting and park furnishings, including preventative tree maintenance in developed parks.

Habitat and Natural Area Maintenance includes increasing trail maintenance to three miles per year and seasonal trash service to several times per week at high use trail heads, adds preventative maintenance of roads, parking areas, fences, signs and portable restrooms, and the continuation of vegetation management to reduce fuel loads, manage weeds and the addition of native plants.

General Maintenance and Operation Services for future projects will be phased in over five years. A public process will identify which items to complete and the order in which they are implemented. Future projects include new park development at Striker Field Park, Santa Clara Community Park, Ferndale Park, West Bank Park, Riverfront Park (at former Eugene Water & Electric Board property), Mattie Reynolds Park, expansion of the Ridgeline Trail into the Suzanne Arlie Park, Echo Hollow and Sheldon Pool renovations, Campbell Community Center renovation, and four new turf fields as phase one of a new sports complex.

Community Safety

Achieving the goal of Safe Community requires proactive collaboration among multiple stakeholders, including the Eugene Police Department (EPD), Eugene Municipal Court, City Prosecutor's Office, Lane County Circuit Court, Lane County and City of Springfield jails, and social service providers. In response to a number of challenges faced by the system, such as increased case backlog, lengthy case disposition times, high rates of property and behavioral crime recidivism, and insufficient alternatives to jail sanctions, an interdepartmental Community Justice Team was formed in 2015 comprised of City staff from EPD, Central Services Department, City Prosecutor's Office and the Municipal Court. Over the past several years, the Community Justice Team has taken a number of steps to achieve objectives and address system challenges, such as:

The Community Court Pilot Program will receive an additional year of funding in FY19. Community Court aims to improve public safety and reduce misdemeanor activity in the downtown core to improve safety and quality of life through a combination of supervised community service and direct connections to social service providers for program participants.

Analysis of Options for community outreach and engagement pertaining to Community Justice System challenges, including long-term system enhancement options.

One-Time Funding of \$400,000 is included in the FY19 adopted budget to maintain current staffing levels for the City Prosecutor and pay for jail beds as well as an additional \$500,000 of one-time funding included for Community Justice Initiatives, along with support for the 911 Communications Center. The first supplemental budget for FY19 in December will add an additional \$8.6 million for community safety.

Development of the Downtown Riverfront

The City is building on momentum in the downtown with a large riverfront redevelopment project that has been years in the making. During April 2018, the Riverfront Urban Renewal Agency purchased approximately 16 acres of Downtown Riverfront property from Eugene Water & Electric Board for \$5.75 million, marking a key milestone in the efforts to redevelop the property. Redevelopment of this site has been a part of the community's vision for many decades, reinforced through numerous public engagement opportunities, and adopted as policy and land use code in 2013. The transformation of the site is a critical piece in connecting downtown to the river and creating an active place for the entire community. The Agency is committed to delivering a high quality, legacy project that connects downtown to the river, catalyzes economic growth, and reflects the community's vision. The redevelopment will be a key destination as Eugene takes its place on the world stage as host of the 2021 World Championships. With a new park, an improved riverfront path, and an inviting link to downtown, the site will draw people from near and far to the center of Eugene and provide a long-lasting legacy for the community.

Phase II of the Corporate Renovation Project

The Corporate Renovation Project (CRP) is replacing the software used for Finance, Budget, Human Resources, Payroll, Benefits and Risk Services. With new, integrated software, and by employing industry best practices, the City is significantly improving its efficiency and effectiveness in key business areas such as accounting, purchasing, payroll, budgeting, reporting, human resources, timekeeping, and benefits administration. The City contracted with Highstreet IT Solutions for implementation consulting services. The City and Highstreet are committed to project goals which include:

- Get the most from the City's investment;
- Avoid costly software customizations and redundant systems;
- Improve operation effectiveness; and
- Contribute to building a strong and resilient 202X workforce.

Early in FY18, the City successfully completed the first phase of the project, implementing financials and operational budgeting. Phase II of the CRP is focused on Human Resources, Payroll, Time & Labor, Position Budgeting and Benefits Administration. This phase began soon after Phase I ended. Both phases have met target milestones, accomplishing the initial goals set by project leadership. The key to success has been sustained participation from several interdepartmental teams organized around business process bundles. These teams worked hard throughout FY18 to implement redesigned business processes in order to maximize the City's investment in the software. In addition to realizing the benefits of new, integrated software, the City has been able to decommission several costly home grown applications. The project went live with Financials and Budget on schedule in Fall of 2017. The Human Resources/Benefits modules are on target to meet the scheduled go live date in January 2019.

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, 2017. This was the 42nd 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 FY18. 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 35 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,



Twylla Miller
Finance Director



Government Finance Officers Association

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

Presented to

**City of Eugene
Oregon**

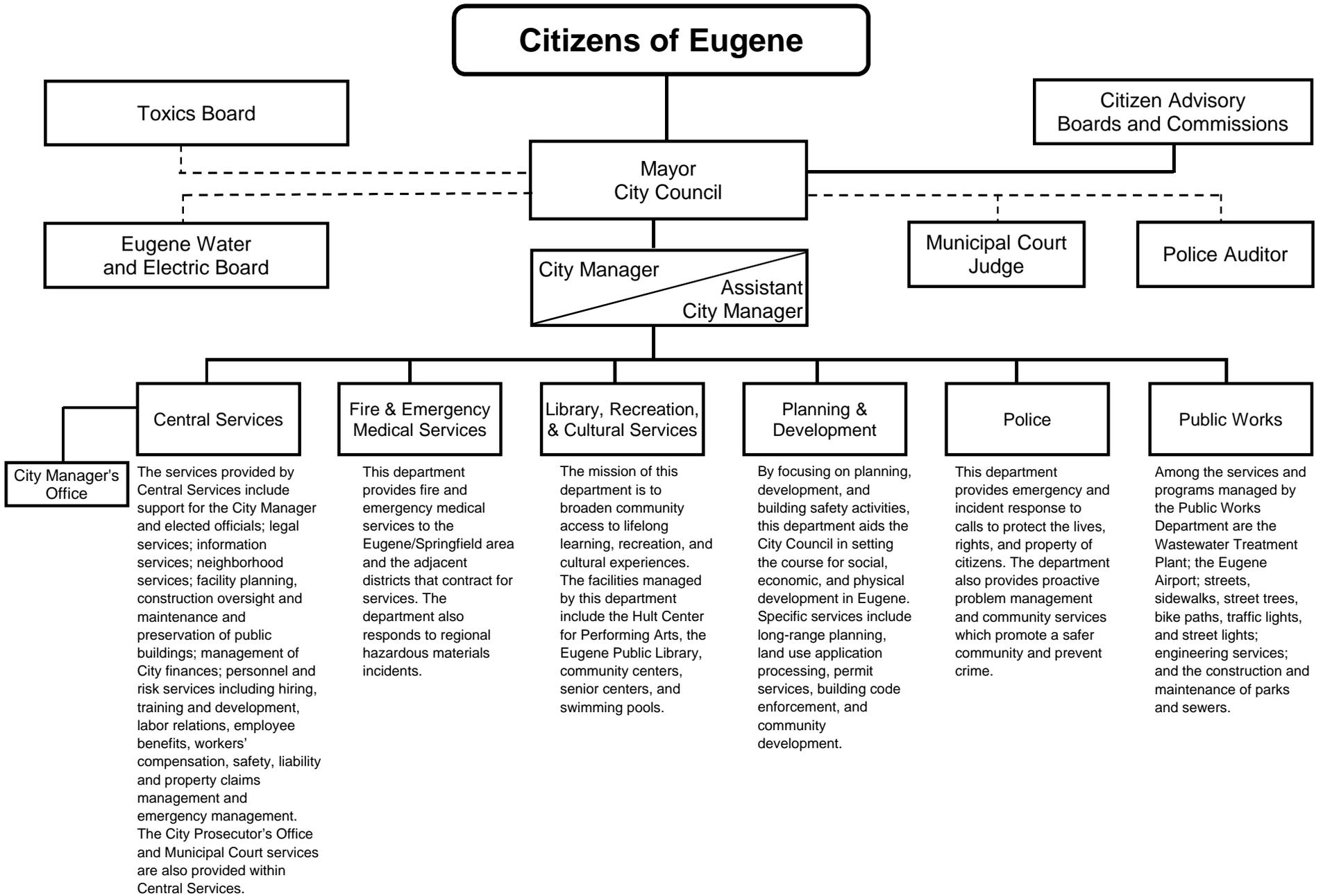
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

City of Eugene Organizational Chart



CITY OF EUGENE, OREGON

Mayor and City Council as of June 30, 2018

	<u>Name</u>	<u>Term Expires</u>
Mayor:	Lucy Vinis	January 2021
Councilors:	Emily Semple (Ward 1)	January 2021
	Betty Taylor (Ward 2)	January 2021
	Alan Zelenka (Ward 3)	January 2019
	Jennifer Yeh (Ward 4)	January 2019
	Mike Clark (Ward 5)	January 2019
	Greg Evans (Ward 6)	January 2019
	Claire Syrett (Ward 7)	January 2021
	Chris Pryor (Ward 8)	January 2021

Principal Officials

Jon R. Ruiz, City Manager

Kristie Hammitt, Assistant City Manager

Kathryn Brotherton, City Attorney

Sue Cutsogeorge, Central Services Executive Director

Joe Zaludek, Fire and Emergency Medical Services Chief

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

Denny Braud, Planning and Development Executive Director

Chris Skinner, Chief of Police

Sarah Medary, Public Works Executive Director

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

INDEPENDENT AUDITOR'S REPORT

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 the City of Eugene, Oregon ("the City") as of and for the year ended June 30, 2018, 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.

Auditors' 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 from 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, 2018, 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.

Emphasis of Matter

As discussed in Note (5) (L) to the financial statements, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, effective July 1, 2017. The beginning of year net position has been adjusted for this change. Our opinion is not modified with respect to this matter.

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 25), the schedules of revenues, expenditures and changes in fund balances – budget and actual of the General Fund and the Community Development Fund (pages 89 through 90) (the "budgetary schedules"), the schedule of the City's Proportionate Share of the Net Pension Asset/(Liability) (page 91), the schedule of the City's Proportionate Share of the Net OPEB RHIA Asset (Liability) (page 92), the Schedule of Changes in the City's Total OPEB RHLI Asset (Liability) (page 92) and the budget to GAAP reconciliation (page 93), 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 the City's Proportionate Share of the Net Pension Asset (Liability), the schedule of the City's Proportionate Share of the Net OPEB RHIA Asset (Liability), and the Schedule of Changes in the City's Total OPEB RHLI Asset (Liability) 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above on pages 89 - 90 and the budget to GAAP reconciliation on page 93 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules and budget to GAAP reconciliation 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and budget to GAAP reconciliation are fairly stated, in all material respects, in relation 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 95 through 140); other supplementary schedules (page 142 through 143) and statistical tables section (pages 145 through 164) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards (pages 178 through 180) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The other supplementary information, other supplementary schedules, 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.

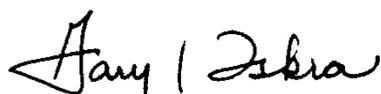
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, 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.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards of Audits for Oregon Municipal Corporations*, we have issued our report dated November 30, 2018 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report on pages 167 to 168 is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

ISLER CPA



By Gary Iskra, CPA, a member

Eugene, Oregon
November 30, 2018

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Management's Discussion and Analysis

The management of the City of Eugene, Oregon (City) presents this narrative overview to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2018. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

Financial Highlights

- The City's total assets and deferred outflows of resources at June 30, 2018 decreased \$15.5 million from \$1.14 billion to \$1.13 billion. The decrease was largely due to a \$38.8 million decrease in deferred outflows related to pensions offset by an increase of \$23.3 million in capital and other assets.
- The City's total liabilities and deferred inflows of resources at June 30, 2018 decreased \$10.0 million from \$331.4 million to \$321.4 million. The decrease was attributable to decreases in noncurrent liabilities of \$18.7 million in net pension liability and a decrease of \$5.9 million in bonds payable offset by an increase of \$14.7 million in net OPEB liability.
- The net position of the City (assets and deferred outflows of resources less liabilities and deferred inflows of resources) at June 30, 2018 decreased \$5.4 million from \$811.4 million to \$806.0 million. The City's unrestricted portion of net position is a negative \$15.3 million.
- At June 30, 2018, the General Fund's fund balance was \$65.0 million, an increase of \$4.6 million from the previous year. Of the General Fund's fund balance \$11.4 million is unassigned.
- In FY18, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement requires that the value of the City's liability related to Other Post-Employment Benefits (OPEB) be recorded in the financial statements. In past years the OPEB unfunded liability was simply reported as Required Supplementary Information. The effect of this implementation is shown as an adjustment to beginning net position in the amount of \$15.0 million. The accounting change does not have any impact on the City's budget or funding for OPEB.

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 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 deferred outflows of resources and liabilities and deferred inflows of resources, 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 demonstrate transparency and ensure 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 22 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 18 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-13, 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 position. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 schedule of 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$806.0 million at the close of the fiscal year ending June 30, 2018, a decrease of \$5.4 million. The following table summarizing the City's net position has not been restated for the implementation of GASB 75.

City of Eugene's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital assets	\$ 467,044,926	457,483,763	257,404,328	257,080,370	724,449,254	714,564,133
Other assets	289,485,956	282,796,024	45,008,339	38,300,927	334,494,295	321,096,951
Total assets	<u>756,530,882</u>	<u>740,279,787</u>	<u>302,412,667</u>	<u>295,381,297</u>	<u>1,058,943,549</u>	<u>1,035,661,084</u>
Deferred outflows	55,427,463	86,526,540	12,990,210	20,655,895	68,417,673	107,182,435
Total deferred outflows	<u>55,427,463</u>	<u>86,526,540</u>	<u>12,990,210</u>	<u>20,655,895</u>	<u>68,417,673</u>	<u>107,182,435</u>
Noncurrent liabilities	216,473,534	225,795,812	47,442,364	48,409,568	263,915,898	274,205,380
Other liabilities	48,339,622	47,051,762	6,858,024	7,157,022	55,197,646	54,208,784
Total liabilities	<u>264,813,156</u>	<u>272,847,574</u>	<u>54,300,388</u>	<u>55,566,590</u>	<u>319,113,544</u>	<u>328,414,164</u>
Deferred inflows	1,831,684	2,415,059	431,451	576,532	2,263,135	2,991,591
Total deferred inflows	<u>1,831,684</u>	<u>2,415,059</u>	<u>431,451</u>	<u>576,532</u>	<u>2,263,135</u>	<u>2,991,591</u>
Net position:						
Net investment in capital assets	452,067,031	440,261,060	257,404,328	257,080,368	709,471,359	697,341,428
Restricted	103,745,724	91,711,699	8,057,352	4,936,194	111,803,076	96,647,893
Unrestricted	(10,499,250)	19,570,935	(4,790,642)	(2,122,492)	(15,289,892)	17,448,443
Total net position	<u>\$ 545,313,505</u>	<u>551,543,694</u>	<u>260,671,038</u>	<u>259,894,070</u>	<u>805,984,543</u>	<u>811,437,764</u>

The largest portion of the City's net position, \$709.5 million, is its investment in capital assets. The City's investment in capital assets is reported net of related debt. 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 \$111.8 million which represents resources that are subject to external restrictions as to how they may be used. This category increased \$15.2 million in the fiscal year ending June 30, 2018. The City's unrestricted portion of net position is a negative \$15.3 million.

City of Eugene's Changes in Net Position

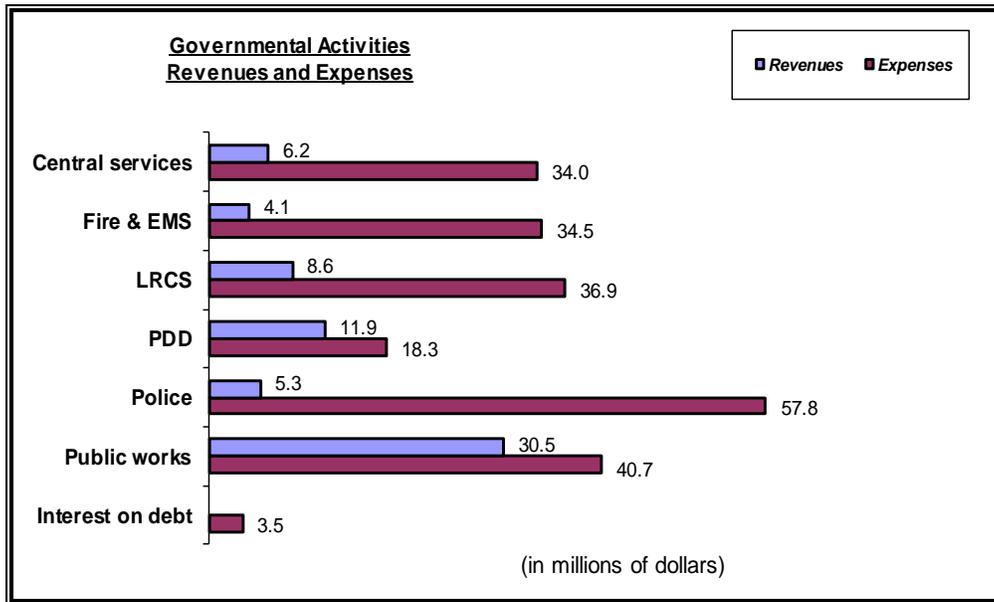
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Fees, fines, and charges for services	\$ 42,481,811	42,310,146	74,834,245	69,339,639	117,316,056	111,649,785
Operating grants and contributions	15,724,068	15,461,691	452,897	914,402	16,176,965	16,376,093
Capital grants and contributions	8,461,914	30,467,560	11,059,636	12,747,075	19,521,550	43,214,635
General revenues:						
Taxes	126,155,262	123,061,023	0	0	126,155,262	123,061,023
Grants and contributions not restricted						
to specific programs	5,733,521	4,568,586	0	0	5,733,521	4,568,586
Contributions in lieu of taxes	13,227,794	13,170,497	0	0	13,227,794	13,170,497
Franchise fees on telecom						
providers revenues	11,286,127	12,423,650	0	0	11,286,127	12,423,650
Unrestricted investment earnings	3,334,383	1,195,391	253,145	144,731	3,587,528	1,340,122
Total revenues	<u>226,404,880</u>	<u>242,658,544</u>	<u>86,599,923</u>	<u>83,145,847</u>	<u>313,004,803</u>	<u>325,804,391</u>
Direct expenses:						
Central services	33,984,575	31,987,572	0	0	33,984,575	31,987,572
Fire and emergency medical services	34,507,024	32,570,300	0	0	34,507,024	32,570,300
Library, recreation, and cultural services	36,907,151	33,352,575	0	0	36,907,151	33,352,575
Planning and development	18,337,122	18,622,219	0	0	18,337,122	18,622,219
Police	57,810,827	57,362,278	0	0	57,810,827	57,362,278
Public works	40,674,094	38,130,173	0	0	40,674,094	38,130,173
Interest on long-term debt	3,456,197	3,860,425	0	0	3,456,197	3,860,425
Ambulance transport	0	0	10,395,356	9,321,739	10,395,356	9,321,739
Municipal airport	0	0	15,868,106	15,401,495	15,868,106	15,401,495
Parking services	0	0	6,725,438	5,659,861	6,725,438	5,659,861
Stormwater utility	0	0	17,420,308	16,966,379	17,420,308	16,966,379
Wastewater utility	0	0	26,813,149	26,182,452	26,813,149	26,182,452
Total direct expenses	<u>225,676,990</u>	<u>215,885,542</u>	<u>77,222,357</u>	<u>73,531,926</u>	<u>302,899,347</u>	<u>289,417,468</u>
Indirect expense allocation*	(4,199,000)	(4,099,000)	4,199,000	4,099,000	0	0
Total expenses	<u>221,477,990</u>	<u>211,786,542</u>	<u>81,421,357</u>	<u>77,630,926</u>	<u>302,899,347</u>	<u>289,417,468</u>
Change in net position before transfers	4,926,890	30,872,002	5,178,566	5,514,921	10,105,456	36,386,923
Transfers	528,264	1,555,246	(528,264)	(1,555,246)	0	0
Change in net position after transfers	<u>5,455,154</u>	<u>32,427,248</u>	<u>4,650,302</u>	<u>3,959,675</u>	<u>10,105,456</u>	<u>36,386,923</u>
Net position July 1	551,543,694	519,116,446	259,894,070	255,934,395	811,437,764	775,050,841
Change in accounting principle	(11,685,343)	0	(3,338,397)	0	(15,023,740)	0
Prior period adjustment	0	0	(534,937)	0	(534,937)	0
Net position July 1, as restated	<u>539,858,351</u>	<u>519,116,446</u>	<u>256,020,736</u>	<u>255,934,395</u>	<u>795,879,087</u>	<u>775,050,841</u>
Net position June 30	<u>\$ 545,313,505</u>	<u>551,543,694</u>	<u>260,671,038</u>	<u>259,894,070</u>	<u>805,984,543</u>	<u>811,437,764</u>

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

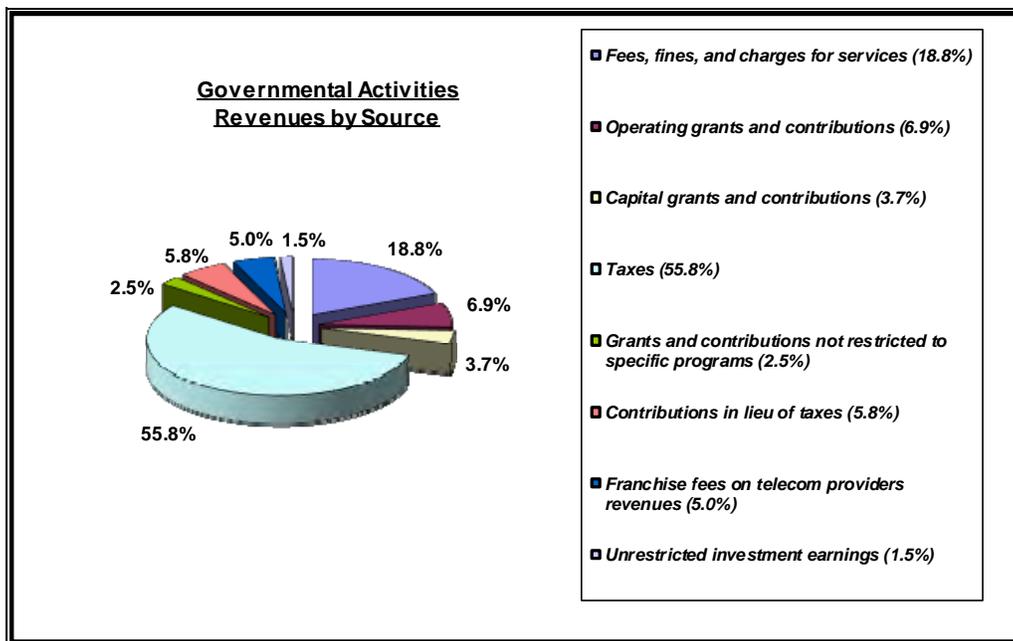
Governmental activities. The change in net position for governmental activities before transfers decreased by \$25.9 million. The decrease was driven by:

- Revenues decreased by \$16.3 million, primarily due to a decrease of \$22.0 million in capital contributions offset by increases in investment earnings and property taxes of \$2.1 million and \$3.1 million, respectively. In FY17, the City recognized \$24.0 million in contributions stemming from the completion of the West Eugene EMX project.
- Direct expenses increased by \$9.8 million in total. The increase was spread across all departments with Library, Recreation and Cultural Services and Public Works having the largest increases of \$3.6 million and \$2.5 million, respectively.

This next chart compares revenues and expenses for the individual governmental activities for the current year.



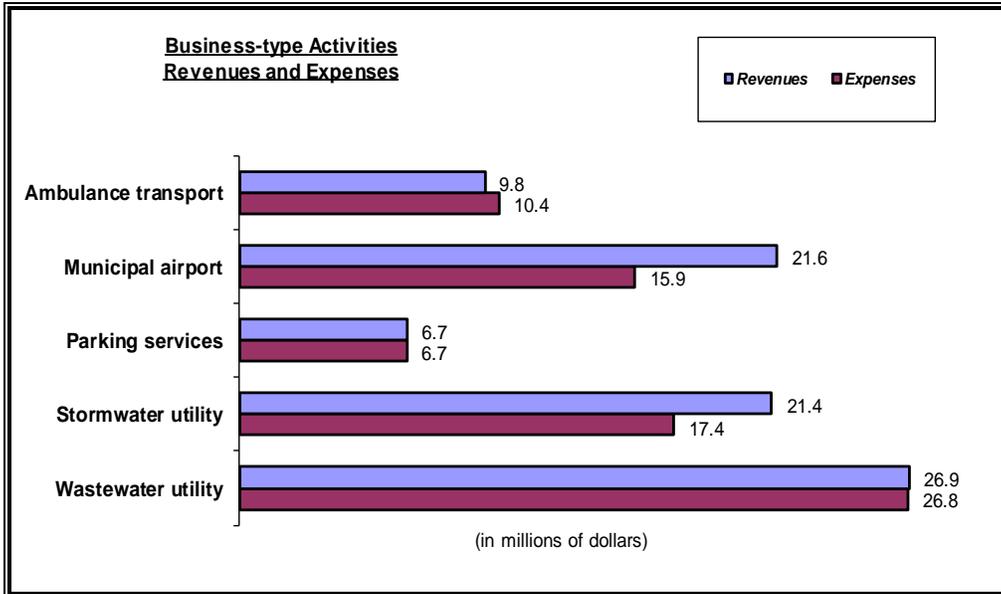
The next chart shows the percent of the total for each source of revenue supporting governmental activities. As the chart reflects, most governmental activities relied on taxes for support.



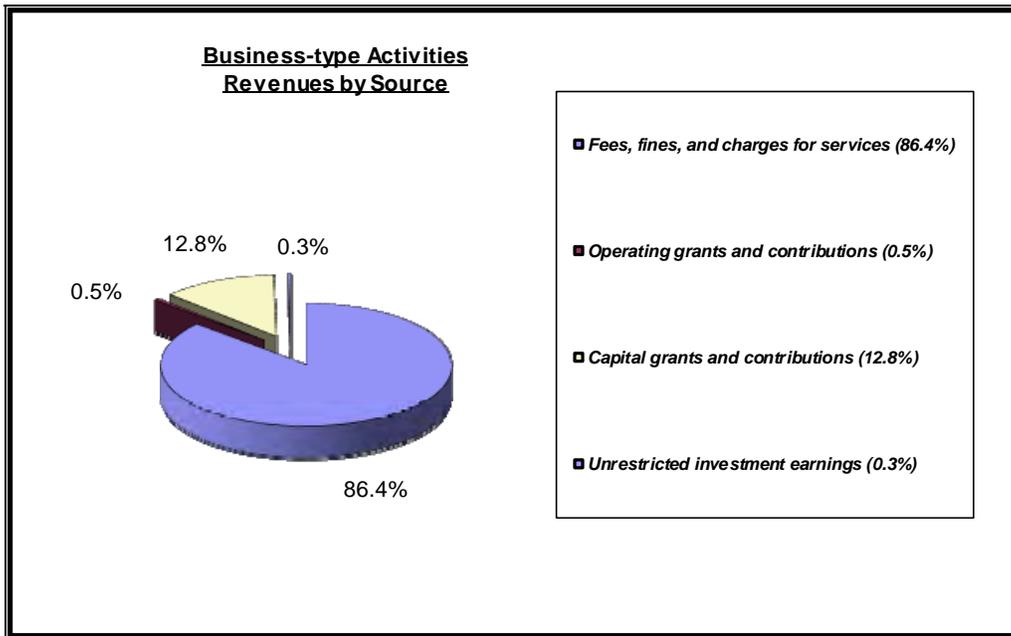
Business-type activities. The change in net position for business-type activities, before transfers, decreased \$0.3 million. The decrease was driven by:

- Program revenues increased by \$3.3 million, primarily due to a \$5.5 million increase in fees, fines, and charges for services offset by a decrease in capital grants and contributions of \$1.7 million.
- Direct expenses increased by \$3.7 million which was spread across all funds. The largest increases were \$1.1 million in the Ambulance Transport Fund which increased its personnel to staff Basic Life Support (BLS) units and \$1.0 million in the Parking Services Fund which incurred significant one-time costs to replace the Fund's parking meters.

The following chart compares 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.



The chart below shows that 86.4% 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 capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$724.4 million (net of accumulated depreciation). Capital assets include 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), tangibles, and infrastructure (such as roads and sidewalks).

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 77,293,927	74,317,488	17,168,640	17,168,640	94,462,567	91,486,128
Construction in progress	18,524,079	14,240,991	6,944,090	1,958,730	25,468,169	16,199,721
Buildings and equipment	134,215,642	136,821,873	58,243,003	58,267,349	192,458,645	195,089,222
Improvements other than buildings	42,278,221	41,389,094	38,727,235	42,561,878	81,005,456	83,950,972
Storm sewers and trunk sewers	0	0	136,321,360	137,123,773	136,321,360	137,123,773
Infrastructure	190,054,211	190,714,317	0	0	190,054,211	190,714,317
Intangible	4,678,846	0	0	0	4,678,846	0
	<u>\$ 467,044,926</u>	<u>457,483,763</u>	<u>257,404,328</u>	<u>257,080,370</u>	<u>724,449,254</u>	<u>714,564,133</u>

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 and deferred inflows of resources of \$321.4 million. Of this amount, \$62.4 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$8.7 million in general obligation bonds to be serviced by general property taxes, \$0.2 million in limited tax improvement bonds to be serviced by payments from property owners benefitting from the improvements, and \$53.0 million in limited tax pension bonds to be repaid from existing revenue sources, all backed by the full faith and credit of the City.

City of Eugene's Bonded Debt

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 8,695,000	12,185,000	0	0	8,695,000	12,185,000
Certificates of participation	0	200,000	0	0	0	200,000
Limited tax bonds	43,992,044	46,332,768	9,221,483	9,711,694	53,213,527	56,044,462
Tax increment bonds	0	298,000	0	0	0	298,000
Bond premium	540,009	782,158	0	0	540,009	782,158
	<u>\$ 53,227,053</u>	<u>59,797,926</u>	<u>9,221,483</u>	<u>9,711,694</u>	<u>62,448,536</u>	<u>69,509,620</u>

The City's bonded debt decreased \$7.1 million during the year as the result of 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 (June 2016).
- The Oregon Local Governments Limited Tax Pension Obligations, Series 2002, 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 July 2018, Moody's Investors Service upgraded the underlying rating on Oregon Local Governments Limited Tax Pension Obligations, Series 2002 to Aa3 from A2. In April 2011, 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 \$8.7 million in general obligation debt applicable to this limit is well below the \$801.0 million ceiling. The City's net direct general obligation bonded debt per capita is \$55.

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 demonstrate transparency and ensure 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 requirements for funding day-to-day operations. Significant issues regarding the governmental funds are listed below.

As of the end of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$176.1 million, an increase of \$12.9 million from the prior year. \$5.9 million of the fund balance is nonspendable because it consists of the following: 1) prepaid expenditures, 2) debt service, 3) inventories, and 4) assets held for resale. The remaining \$170.2 million of fund balance was classified as follows.

- \$76.7 million was restricted due to external limits on how the resources may be used.
- \$12.7 million was committed as a result of specific constraints placed on the use of the resources per City ordinance.
- \$69.4 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 uncompleted capital projects are the primary components.
- \$11.4 million was unassigned and is available to be used at the government's discretion, subject to fund limitations.

The fund balance of the City's General Fund increased \$4.5 million from \$60.4 million to \$64.9 million during the current fiscal year. The change was attributable to an increase in revenues of \$12.6 million offset by increases in department expenditures. The most significant changes were:

- Tax revenues increased \$8.4 million over the prior year which included a property tax settlement from Comcast of \$3.5 million, an increase of \$0.8 million in Marijuana tax and a higher collection rate than the prior year.
- Charges for services and Intergovernmental revenues increased by \$0.6 million and \$1.4 million, respectively.
- Departmental expenditures increased by \$9.6 million with the largest increases in the Fire and Emergency Medical Services (\$3.0 million) and Library, Recreation, and Cultural Services (\$3.7 million).

The fund balance in the Community Development Fund decreased \$0.1 million from \$4.2 million to \$4.1 million during the fiscal year.

The fund balance in the General Capital Projects Fund increased \$0.2 million from \$20.1 million to \$20.3 million during the fiscal year.

The fund balance in the Systems Development Capital Projects Fund increased \$3.8 million from \$27.6 million to \$31.4 million during the fiscal year. The increase was primarily due to the accumulation of resources for future park developments and transportation projects.

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:

Fund Name	Unrestricted Net Position	Percent of Total Net Position
Ambulance Transport	\$ (6.9) million	109.98%
Municipal Airport	(0.8) million	(0.83%)
Parking Services	0.6 million	4.02%
Stormwater Utility	4.1 million	5.79%
Wastewater Utility	(7.3) million	(9.42%)

Total business-type net position (excluding the consolidation of internal service fund activities) increased \$0.1 million in the fiscal year.

The following funds experienced a decrease in net position.

- The Ambulance Transport Fund's net position decreased \$1.2 million. In addition to the impact of recording the new OPEB liability, the fund also incurred a significant increase in personnel costs over the prior year primarily from adding a BLS unit.
- The Parking Services Fund's net position decreased \$1.3 million from recording the OPEB liability as well as a one-time cost in FY18 for replacing the City's parking meters.
- The Wastewater Utility Fund's net position decreased \$3.7 million. In addition to the impact of recording the OPEB liability, the fund also recorded a prior period adjustment for inventory.

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 FY18. As a result, the final fiscal year 2018 budget for the General Fund increased by \$8.1 million. The primary reasons for this increase were as follows:

- \$3.4 million for one-time funding requests
- \$1.6 million in contractual obligations to vendors
- \$2.3 million in program reappropriations

These changes were partially funded by increases of \$0.7 million in charges for services, reimbursement revenue from City of Springfield for logistics and battalion chief support of \$0.25 million and \$1.3 million in intergovernmental revenues (grant funding). The remaining funding of \$5.85 million is from unspent resources from the prior year.

The difference between the budget and actual FY18 results is recorded as an adjustment to budgeted FY19 Beginning Working Capital (BWC). The FY19 BWC adjustment is an increase of \$11.6 million. This means that the aggregated beginning resources for FY19 were under-estimated by that amount when the budget was prepared in early 2018.

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 were the major assumptions used in developing the FY19 budget:

- Property tax revenues were expected to increase 4.0%.
- Salaries for non-represented employees and employees covered under collective bargaining agreements were expected to increase 2.0% - 2.2%.
- Health benefit rates were increased by 0.8%.
- Retirement costs were expected to range from 25.7% to 29.7% of payroll, depending on which pension plan the employee participates in.
- Interest rates on investments were projected to be 1.5%.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2018

(amounts in dollars)

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
<u>Current assets</u>			
Equity in pooled cash and investments	246,225,981	30,380,082	276,606,063
Receivables (net of allowance)	29,159,662	7,919,602	37,079,264
Internal balances	(4,316,542)	4,316,542	0
Due from other governments	11,777,181	2,188,021	13,965,202
Inventories	1,732,071	41,068	1,773,139
Prepays and deposits	1,692,339	163,024	1,855,363
Assets held for resale	3,215,264	0	3,215,264
Total current assets	289,485,956	45,008,339	334,494,295
<u>Noncurrent assets</u>			
Capital assets:			
Land and construction in progress	95,818,006	24,112,730	119,930,736
Other capital assets (net of accumulated depreciation)	371,226,920	233,291,598	604,518,518
Total noncurrent assets	467,044,926	257,404,328	724,449,254
<u>Deferred outflows of resources</u>			
Related to pensions	53,220,904	12,373,136	65,594,040
Related to OPEB	2,206,559	617,074	2,823,633
Total deferred outflows of resources	55,427,463	12,990,210	68,417,673
Total assets and deferred outflows of resources	811,958,345	315,402,877	1,127,361,222
<u>Liabilities</u>			
<u>Current liabilities</u>			
Accounts payable	4,139,361	1,100,384	5,239,745
Wages payable	8,258,221	1,902,508	10,160,729
Compensated absences payable	9,843,333	2,127,325	11,970,658
Due to other governments	1,953,252	501,138	2,454,390
Notes and contracts payable	204,000	0	204,000
Claims payable	13,192,613	0	13,192,613
Deposits	2,181,215	759,947	2,941,162
Interest payable	299,110	48,234	347,344
Unearned revenue	4,583,799	233,313	4,817,112
Bonds payable	3,684,716	185,175	3,869,891
Total current liabilities	48,339,620	6,858,024	55,197,644
<u>Noncurrent liabilities</u>			
Compensated absences payable	134,924	29,009	163,933
Notes and contracts payable	5,280,000	0	5,280,000
Bonds payable (net of unamortized discount/premium)	49,542,337	9,036,308	58,578,645
Net pension liability	147,681,830	35,105,436	182,787,266
Net OPEB liability	13,834,445	3,271,611	17,106,056
Total noncurrent liabilities	216,473,536	47,442,364	263,915,900
<u>Deferred inflows of resources</u>			
Related to pensions	1,668,370	390,838	2,059,208
Related to OPEB	163,314	40,613	203,927
Total deferred inflows of resources	1,831,684	431,451	2,263,135
Total liabilities and deferred inflows of resources	266,644,840	54,731,839	321,376,679
<u>Net position</u>			
Net investment in capital assets	452,067,031	257,404,328	709,471,359
Restricted for:			
Capital projects	59,912,128	8,057,352	67,969,480
Debt service	1,952,510	0	1,952,510
Community development	12,470,309	0	12,470,309
Urban renewal	19,561,689	0	19,561,689
Other purposes	9,849,088	0	9,849,088
Unrestricted	(10,499,250)	(4,790,642)	(15,289,892)
Total net position	545,313,505	260,671,038	805,984,543

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

Statement of Activities

For the fiscal year ended June 30, 2018

(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	33,984,575	(24,607,752)	5,710,151	233,504	208,456	(3,224,712)	0	(3,224,712)
Fire and emergency medical services	34,507,024	4,949,277	3,663,974	479,050	0	(35,313,277)	0	(35,313,277)
Library, recreation, and cultural services	36,907,151	3,720,060	8,425,311	197,533	0	(32,004,367)	0	(32,004,367)
Planning and development	18,337,122	1,889,560	10,578,467	1,369,274	0	(8,278,941)	0	(8,278,941)
Police	57,810,827	8,129,133	3,296,257	2,015,817	0	(60,627,886)	0	(60,627,886)
Public works	40,674,094	1,720,722	10,807,651	11,428,890	8,253,458	(11,904,817)	0	(11,904,817)
Interest on long term debt	3,456,197	0	0	0	0	(3,456,197)	0	(3,456,197)
Total governmental activities	225,676,990	(4,199,000)	42,481,811	15,724,068	8,461,914	(154,810,197)	0	(154,810,197)
Business-type activities:								
Ambulance transport	10,395,356	584,000	9,785,096	50,000	0	0	(1,144,260)	(1,144,260)
Municipal airport	15,868,106	605,000	12,879,704	254,853	8,432,179	0	5,093,630	5,093,630
Parking services	6,725,438	249,000	6,738,931	0	0	0	(235,507)	(235,507)
Stormwater utility	17,420,308	1,111,000	19,860,151	128,853	1,366,515	0	2,824,211	2,824,211
Wastewater utility	26,813,149	1,650,000	25,570,363	19,191	1,260,942	0	(1,612,653)	(1,612,653)
Total business-type activities	77,222,357	4,199,000	74,834,245	452,897	11,059,636	0	4,925,421	4,925,421
Total activities	302,899,347	0	117,316,056	16,176,965	19,521,550	(154,810,197)	4,925,421	(149,884,776)
General revenues:								
Property taxes						119,058,842	0	119,058,842
Transient room tax						3,024,441	0	3,024,441
Local motor vehicle fuel tax						3,135,901	0	3,135,901
Local marijuana tax						936,078	0	936,078
Contributions in lieu of taxes						13,227,794	0	13,227,794
Franchise fees on telecom provider's revenues						11,286,127	0	11,286,127
Grants and contributions not restricted to specific programs						5,733,521	0	5,733,521
Unrestricted investment earnings						3,334,383	253,145	3,587,528
Transfers						528,264	(528,264)	0
Total general revenues and transfers						160,265,351	(275,119)	159,990,232
Change in net position						5,455,154	4,650,302	10,105,456
Net position, July 1, 2017						551,543,694	259,894,070	811,437,764
Change in accounting principle (Note 5L)						(11,685,343)	(3,338,397)	(15,023,740)
Prior period adjustment (Note 5M)						0	(534,937)	(534,937)
Net position, July 1, 2017, as restated						539,858,351	256,020,736	795,879,087
Net position, June 30, 2018						545,313,505	260,671,038	805,984,543

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

Balance Sheet

Governmental Funds

June 30, 2018

(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	67,363,979	4,492,802	20,559,067	31,545,036	50,607,164	174,568,048
Receivables:						
Interest	2,345,600	22,649	0	0	432,357	2,800,606
Taxes	3,957,480	0	0	0	702,691	4,660,171
Accounts	3,307,625	17,243	0	1,536,955	946,533	5,808,356
Assessments	0	0	0	0	277,299	277,299
Loans and notes	0	15,232,565	0	0	1,978,756	17,211,321
Allowance for uncollectibles	(86,477)	(17,243)	0	0	(147,448)	(251,168)
Due from other funds	1,160,702	0	0	0	0	1,160,702
Due from other governments	5,647,347	59,279	143,193	0	5,435,621	11,285,440
Inventories	0	0	0	0	985,626	985,626
Prepays and deposits	1,512,034	0	0	0	111,969	1,624,003
Assets held for resale	0	0	0	0	3,215,264	3,215,264
Total assets	85,208,290	19,807,295	20,702,260	33,081,991	64,545,832	223,345,668
Liabilities						
Accounts payable	660,355	13,437	409,956	155,352	2,003,324	3,242,424
Wages payable	6,432,846	35,736	0	7,631	822,288	7,298,501
Due to other governments	1,136,687	25,212	0	0	542,857	1,704,756
Deposits	954,384	0	0	0	1,134,873	2,089,257
Interfund loans payable	0	0	0	0	120,000	120,000
Unearned revenue	3,752,936	416,478	0	0	77,196	4,246,610
Total liabilities	12,937,208	490,863	409,956	162,983	4,700,538	18,701,548
Deferred inflows of resources						
Advances from other funds	0	0	0	0	1,080,000	1,080,000
Unavailable revenue	7,336,907	15,198,461	0	1,521,147	3,382,512	27,439,027
Total deferred inflows of resources	7,336,907	15,198,461	0	1,521,147	4,462,512	28,519,027
Fund balances						
Nonspendable	1,512,034	0	0	0	4,392,594	5,904,628
Restricted	921,003	4,117,971	1,937,626	31,397,861	38,290,581	76,665,042
Committed	0	0	0	0	12,699,607	12,699,607
Assigned	51,080,271	0	18,354,678	0	0	69,434,949
Unassigned	11,420,867	0	0	0	0	11,420,867
Total fund balances	64,934,175	4,117,971	20,292,304	31,397,861	55,382,782	176,125,093
Total liabilities, deferred inflows of resources, and fund balances	85,208,290	19,807,295	20,702,260	33,081,991	64,545,832	

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.

25,868,204

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.

437,601,528

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.

(58,441,566)

Net pension and OPEB liabilities as well as deferred inflows and outflows of resources related to pensions and OPEB are reported in the Statement of Net Position. These items represent a consumption of net position that applies to future periods.

(92,298,914)

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.

56,459,160

Net position of governmental activities

545,313,505

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, 2018

(amounts in dollars)

	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	120,040,793	0	0	0	24,137,227	144,178,020
Licenses and permits	8,842,116	0	0	0	9,989,215	18,831,331
Intergovernmental	6,915,660	1,206,790	208,456	0	16,708,807	25,039,713
Rental income	548,935	0	8,884	107,661	245,644	911,124
Charges for services	14,572,716	8,050	0	6,262,671	4,470,630	25,314,067
Fines and forfeits	1,993,900	0	0	0	20,666	2,014,566
Special assessments	0	0	0	0	24,127	24,127
Repayment of revolving loans	0	1,339,675	0	0	246,324	1,585,999
Miscellaneous	1,990,168	848,400	227,324	353,020	1,382,009	4,800,921
Total revenues	154,904,288	3,402,915	444,664	6,723,352	57,224,649	222,699,868
Expenditures						
Current - departmental:						
Central services	16,761,026	93,000	0	44,000	4,389,026	21,287,052
Fire and emergency medical services	31,850,727	0	0	0	291,303	32,142,030
Library, recreation, and cultural services	31,895,268	0	0	0	2,276,809	34,172,077
Planning and development	6,268,831	2,980,244	0	119,171	7,985,640	17,353,886
Police	52,575,991	0	0	0	1,654,517	54,230,508
Public works	6,434,648	0	0	434,431	12,399,595	19,268,674
Debt service:						
Principal	0	193,000	0	0	13,516,127	13,709,127
Interest	0	171,649	0	0	450,995	622,644
Capital outlay	0	0	4,774,162	2,374,786	19,053,033	26,201,981
Loss on sale of capital asset	0	0	465,278	0	0	465,278
Special payments	28,045	0	0	0	0	28,045
Total expenditures	145,814,536	3,437,893	5,239,440	2,972,388	62,017,045	219,481,302
Excess (deficiency) of revenues over expenditures	9,089,752	(34,978)	(4,794,776)	3,750,964	(4,792,396)	3,218,566
Other financing sources (uses)						
Proceeds of debt issuance	0	0	389,000	0	9,330,000	9,719,000
Transfers in	2,042,830	0	4,969,759	0	2,177,716	9,190,305
Transfers out	(6,571,055)	0	(358,723)	0	(2,327,716)	(9,257,494)
Total other financing sources (uses)	(4,528,225)	0	5,000,036	0	9,180,000	9,651,811
Net change in fund balances	4,561,527	(34,978)	205,260	3,750,964	4,387,604	12,870,377
Fund balances, July 1, 2017	60,372,648	4,152,949	20,087,044	27,646,897	50,995,178	163,254,716
Fund balances, June 30, 2018	64,934,175	4,117,971	20,292,304	31,397,861	55,382,782	176,125,093

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, 2018

(amounts in dollars)

Net change in fund balances - total governmental funds	12,870,377
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.	(5,534,290)
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.	4,371,409
Governmental funds do not report expenditures for unpaid compensated absences, net pension and OPEB liabilities, 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.	(11,410,305)
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.	(822,952)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as other financing sources. 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.	3,990,127
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.	(276,393)
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.	2,267,181
Change in net position of governmental activities	5,455,154

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

Statement of Fund Net Position

Proprietary Funds

June 30, 2018

(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
Assets							
Current assets							
Equity in pooled cash and investments	0	11,917,485	2,203,916	10,812,312	5,446,369	30,380,082	71,657,933
Receivables:							
Accounts	2,509,632	1,555,886	354,404	2,524,347	1,656,916	8,601,185	234,397
Allowance for uncollectibles	(396,812)	(140,043)	(139,026)	(10,682)	(6,024)	(692,587)	(10,499)
Due from other governments	170,122	751,565	35,629	130,207	1,100,498	2,188,021	491,741
Interfund loans receivable	0	0	0	0	0	0	120,000
Inventories	0	0	41,068	0	0	41,068	746,445
Prepays and deposits	0	19,524	0	143,500	0	163,024	68,336
Total current assets	2,282,942	14,104,417	2,495,991	13,599,684	8,197,759	40,680,793	73,308,353
Noncurrent assets							
Loans and notes receivable	0	0	0	0	11,004	11,004	0
Advances to other funds	0	0	0	0	0	0	1,080,000
Capital assets:							
Land	0	6,502,960	2,096,235	7,146,208	1,423,237	17,168,640	455,834
Improvements other than buildings	379,107	105,531,816	1,005,967	5,039,381	2,739,605	114,695,876	51,913
Trunk sewers	0	354,650	0	1,815,755	167,281,558	169,451,963	0
Storm sewers	0	738,060	0	78,724,632	2,421,480	81,884,172	0
Buildings and equipment	1,276,606	64,899,213	29,323,116	1,530,256	1,689,260	98,718,451	60,595,335
Intangibles	0	0	0	0	0	0	5,078,023
Construction in progress	0	5,020,315	142,612	463,982	1,317,181	6,944,090	2,418,823
Accumulated depreciation	(1,032,625)	(92,325,972)	(18,838,430)	(27,235,156)	(92,026,681)	(231,458,864)	(39,156,530)
Total noncurrent assets	623,088	90,721,042	13,729,500	67,485,058	84,856,644	257,415,332	30,523,398
Deferred outflows of resources							
Related to pensions	2,991,418	2,037,450	445,990	2,706,062	4,192,216	12,373,136	5,309,599
Related to OPEB	105,734	92,724	33,642	155,502	229,472	617,074	307,152
Total deferred outflows of resources	3,097,152	2,130,174	479,632	2,861,564	4,421,688	12,990,210	5,616,751
Total assets and deferred outflows of resources	6,003,182	106,955,633	16,705,123	83,946,306	97,476,091	311,086,335	109,448,502

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	1,962	145,939	183,617	306,016	462,850	1,100,384	896,937
Wages payable	422,187	311,417	79,623	419,344	669,937	1,902,508	959,720
Compensated absences payable	299,674	431,813	79,040	533,022	783,776	2,127,325	951,533
Due to other governments	43,847	87,353	2,562	34,392	332,984	501,138	248,496
Claims payable	0	0	0	0	0	0	13,192,613
Deposits	0	25,269	14,712	522	719,444	759,947	91,958
Due to other funds	1,160,702	0	0	0	0	1,160,702	0
Interest payable	9,023	8,134	2,041	11,529	17,507	48,234	48,080
Unearned revenue	6,981	105,170	75,097	46,065	0	233,313	337,189
Bonds payable	34,594	31,256	7,856	44,274	67,195	185,175	190,740
Total current liabilities	1,978,970	1,146,351	444,548	1,395,164	3,053,693	8,018,726	16,917,266
<u>Noncurrent liabilities</u>							
Compensated absences payable	0	0	25,099	3,910	0	29,009	48,652
Bonds payable (net of unamortized discount/premium)	1,688,144	1,525,266	383,352	2,160,516	3,279,030	9,036,308	9,307,851
Net pension liability	7,938,695	5,767,136	1,344,165	7,822,247	12,233,193	35,105,436	15,346,366
Net OPEB liability	543,200	482,041	186,892	839,659	1,219,819	3,271,611	5,704,767
Total noncurrent liabilities	10,170,039	7,774,443	1,939,508	10,826,332	16,732,042	47,442,364	30,407,636
<u>Deferred inflows of resources</u>							
Related to pensions	92,384	64,306	14,391	86,034	133,723	390,838	168,800
Related to OPEB	7,937	6,641	1,734	9,378	14,923	40,613	18,396
Total deferred inflows of resources	100,321	70,947	16,125	95,412	148,646	431,451	187,196
Total liabilities and deferred inflows of resources	12,249,330	8,991,741	2,400,181	12,316,908	19,934,381	55,892,541	47,512,098
<u>Net position</u>							
Net investment in capital assets	623,088	90,721,042	13,729,500	67,485,058	84,845,640	257,404,328	29,443,398
Restricted for capital projects	0	8,057,352	0	0	0	8,057,352	0
Unrestricted	(6,869,236)	(814,502)	575,442	4,144,340	(7,303,930)	(10,267,886)	32,493,006
Total net position	(6,246,148)	97,963,892	14,304,942	71,629,398	77,541,710	255,193,794	61,936,404
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						5,477,244	
Net position of business-type activities						260,671,038	

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, 2018

(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>Operating revenues</u>							
Licenses and permits	0	39,791	0	209,817	96,577	346,185	0
Rental income	0	1,086,480	534,565	65,988	9,804	1,696,837	641,684
Charges for services	9,689,108	11,704,432	4,923,824	19,532,394	25,427,222	71,276,980	68,428,471
Fines and forfeits	0	5,267	1,201,943	0	3,300	1,210,510	0
Miscellaneous	95,987	43,734	78,599	51,952	33,460	303,732	240,097
Total operating revenues	9,785,095	12,879,704	6,738,931	19,860,151	25,570,363	74,834,244	69,310,252
<u>Operating expenses</u>							
Personnel services	6,701,340	5,088,492	1,430,181	7,553,200	11,439,801	32,213,014	14,792,273
Contractual services	322,141	981,155	1,354,695	1,695,967	1,312,495	5,666,453	4,905,815
Materials and supplies	818,473	1,576,600	936,253	864,789	3,099,334	7,295,449	4,785,576
Maintenance	797,821	741,341	1,799,007	1,892,020	1,805,792	7,035,981	2,204,310
Utilities	10,683	568,623	138,462	1,052,482	1,872,649	3,642,899	2,469,016
Rent	378	85	30,557	90,093	61,778	182,891	444,069
Taxes	0	0	0	0	6,582	6,582	0
Insurance	21,822	167,006	143,814	60,943	134,528	528,113	2,951,886
Claims	0	0	0	0	0	0	25,556,246
Central business functions	584,000	605,000	249,000	1,111,000	1,650,000	4,199,000	2,147,000
Depreciation	124,721	5,453,115	627,448	2,248,023	4,105,680	12,558,987	3,965,038
Pension expense	1,599,681	1,313,513	342,393	1,844,782	2,955,780	8,056,149	3,648,118
Total operating expenses	10,981,060	16,494,930	7,051,810	18,413,299	28,444,419	81,385,518	67,869,347
Operating income (loss)	(1,195,965)	(3,615,226)	(312,879)	1,446,852	(2,874,056)	(6,551,274)	1,440,905
<u>Nonoperating revenues (expenses)</u>							
Interest revenue	1,210	90,088	21,410	89,194	51,244	253,146	797,300
Interest expense	(124,167)	(111,625)	(27,932)	(162,399)	(244,194)	(670,317)	(699,013)
Gain (loss) on sale of capital assets	0	0	0	0	0	0	234,913
Intergovernmental	50,000	254,853	0	201,762	19,191	525,806	255,709
Total nonoperating revenues (expenses)	(72,957)	233,316	(6,522)	128,557	(173,759)	108,635	588,909
Income (loss) before capital contributions and transfers	(1,268,922)	(3,381,910)	(319,401)	1,575,409	(3,047,815)	(6,442,639)	2,029,814
Capital contributions	0	8,432,179	0	1,308,658	1,261,081	11,001,918	261,201
Transfers in	1,000,000	0	0	4,840	0	1,004,840	1,647,775
Transfers out	(395,757)	(162,277)	(838,350)	(12,071)	(139,840)	(1,548,295)	(1,037,131)
Change in net position	(664,679)	4,887,992	(1,157,751)	2,876,836	(1,926,574)	4,015,824	2,901,659
Total net position, July 1, 2017	(5,023,084)	93,570,036	15,651,389	69,605,775	81,247,188		62,308,697
Change in accounting principle (Note 5L)	(558,385)	(494,136)	(188,696)	(853,213)	(1,243,967)		(3,273,952)
Prior period adjustment (Note 5M)	0	0	0	0	(534,937)		0
Total net position, July 1, 2017, as restated	(5,581,469)	93,075,900	15,462,693	68,752,562	79,468,284		59,034,745
Total net position, June 30, 2018	(6,246,148)	97,963,892	14,304,942	71,629,398	77,541,710		61,936,404

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

634,478

Change in net position of business-type activities

4,650,302

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

Statement of Cash Flows*Proprietary Funds*

For the fiscal year ended June 30, 2018

(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>Cash flows from operating activities</u>							
Cash received from customers	8,647,104	12,319,267	6,877,578	19,933,165	35,873,502	83,650,616	9,851,681
Cash received from interfund services provided	0	0	0	0	0	0	60,655,818
Cash received from MWMC for operating reimbursements	0	0	0	0	14,554,411	14,554,411	0
Cash paid to MWMC for sewer user and septic hauler fees collected	0	0	0	0	(24,748,195)	(24,748,195)	0
Cash paid to suppliers for goods and services	(116,679)	(3,371,049)	(2,665,969)	(3,651,143)	(5,985,013)	(15,789,853)	(40,487,704)
Cash paid to employees for services	(6,377,078)	(4,814,112)	(1,241,051)	(6,905,102)	(10,640,359)	(29,977,702)	(13,427,487)
Cash paid for interfund services used	(1,891,700)	(1,608,334)	(1,947,178)	(3,929,255)	(4,581,376)	(13,957,843)	(5,271,426)
Cash paid for central business functions	(584,000)	(605,000)	(249,000)	(1,111,000)	(1,650,000)	(4,199,000)	(2,147,000)
Net cash provided by (used for) operating activities	(322,353)	1,920,772	774,380	4,336,665	2,822,970	9,532,434	9,173,882
<u>Cash flows from noncapital financing activities</u>							
Transfers in	1,000,000	0	0	0	0	1,000,000	1,466,755
Transfers out	(395,757)	0	(838,350)	0	(135,000)	(1,369,107)	(1,030,459)
Principal payments on pension bonds	(34,206)	(128,365)	(32,280)	(181,217)	(275,358)	(651,426)	(883,968)
Interest payments on pension bonds	(182,832)	(67,856)	(17,063)	(95,793)	(145,558)	(509,102)	(409,578)
Subsidy from grant	50,000	254,853	0	201,762	19,191	525,806	255,709
Net cash provided by (used for) noncapital financing activities	437,205	58,632	(887,693)	(75,248)	(536,725)	(1,003,829)	(601,541)
<u>Cash flows from capital and related financing activities</u>							
Advances to other funds	0	0	0	0	0	0	(1,200,000)
Contributions from other funds and governments	0	8,432,179	0	14,544	0	8,446,723	0
Proceeds from sale of capital assets	0	0	0	0	0	0	240,431
Acquisition and construction of capital assets	(116,062)	(7,240,649)	(218,711)	(1,383,179)	(1,543,497)	(10,502,098)	(9,409,330)
Net cash provided by (used for) capital and related financing activities	(116,062)	1,191,530	(218,711)	(1,368,635)	(1,543,497)	(2,055,375)	(10,368,899)
<u>Cash flows from investing activities</u>							
Interest revenue	1,210	90,088	21,410	89,194	51,244	253,146	797,300
Repayment of loans and notes receivable	0	0	0	241,239	22,013	263,252	0
Net cash provided by (used for) investing activities	1,210	90,088	21,410	330,433	73,257	516,398	797,300
Net increase (decrease) in cash	0	3,261,022	(310,614)	3,223,215	816,005	6,989,628	(999,258)
Cash, July 1, 2017	0	8,656,463	2,514,530	7,589,097	4,630,364	23,390,454	72,657,191
Cash, June 30, 2018	0	11,917,485	2,203,916	10,812,312	5,446,369	30,380,082	71,657,933

continued

	Business-type Activities Enterprise Funds					Governmental Activities	Total Internal Service Funds
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Totals	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	(1,195,965)	(3,615,226)	(312,879)	1,446,852	(2,874,056)	(6,551,274)	1,440,905
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u>							
Depreciation	124,721	5,453,115	627,448	2,248,023	4,105,680	12,558,987	3,965,038
(Increase) Decrease in accounts receivable	(789,185)	(480,640)	(17,427)	(325,960)	(156,650)	(1,769,862)	12,047
Increase (Decrease) in allowance for uncollectibles	107,214	6,230	10,651	2,184	606	126,885	1,537
(Increase) Decrease in due from other governments	(98,785)	(140,819)	133,596	375,631	343,946	613,569	(151,556)
(Increase) Decrease in prepaids and deposits	27,135	23,720	45,789	(132,032)	12,994	(22,394)	1,802,701
(Increase) Decrease in inventories	0	0	423	123,741	0	124,164	(158,368)
(Increase) Decrease in deferred outflows related to pensions	1,618,690	1,354,400	353,669	1,912,582	3,043,418	8,282,759	3,751,465
(Increase) Decrease in deferred outflows related to OPEB	(105,734)	(92,724)	(33,642)	(155,502)	(229,472)	(617,074)	(307,152)
Increase (Decrease) in deferred inflows related to pensions	(36,290)	(30,365)	(7,929)	(42,878)	(68,232)	(185,694)	(84,105)
Increase (Decrease) in deferred inflows related to OPEB	7,937	6,641	1,734	9,378	14,923	40,613	18,396
Increase (Decrease) in net pension liability	(729,764)	(610,613)	(159,446)	(862,261)	(1,372,084)	(3,734,168)	(1,691,296)
Increase (Decrease) in accounts payable	(57,646)	(25,083)	95,461	(274,460)	87,485	(174,243)	26,942
Increase (Decrease) in wages payable	58,542	41,283	10,103	14,452	41,965	166,345	84,069
Increase (Decrease) in compensated absences payable	29,207	(26,465)	14,581	(13,886)	(40,492)	(37,055)	66,562
Increase (Decrease) in net OPEB liability	(15,185)	(12,095)	(1,804)	(13,554)	(24,148)	(66,786)	(26,278)
Increase (Decrease) in claims payable	0	0	0	0	0	0	315,621
Increase (Decrease) in deposits	0	0	(1,300)	0	0	(1,300)	(7,539)
Increase (Decrease) in due to other funds	1,046,143	0	0	0	0	1,046,143	0
Increase (Decrease) in due to other governments	43,847	14,621	2,225	3,196	(62,913)	976	(3,541)
Increase (Decrease) in unearned revenue	(357,235)	54,792	13,127	21,159	0	(268,157)	118,434
Net cash provided by (used for) operating activities	(322,353)	1,920,772	774,380	4,336,665	2,822,970	9,532,434	9,173,882

Noncash capital and related financing activities

During the year, \$162,277 of capital assets purchased by the Municipal Airport Fund were transferred to the Fleet Services Fund.

During the year, the Stormwater Utility Fund capitalized \$1,279,062 in assets contributed from customers and \$15,052 and \$4,840 of capital assets purchased by governmental funds and proprietary funds, respectively. In addition, \$12,071 of capital assets purchased by the fund were transferred to the Fleet Services Fund.

During the year, the Wastewater Utility Fund capitalized \$1,260,942 in assets contributed from customers and \$140 from governmental funds. In addition, \$4,840 of capital assets purchased by the fund were transferred to the Stormwater Utility Fund.

During the year, \$167,670 and \$6,672 of capital assets purchased by governmental funds and proprietary funds respectively, were transferred to the Information Systems and Services Fund.

During the year, \$93,531 and \$174,348 of capital assets purchased by governmental funds and proprietary funds respectively, were transferred to the Fleet Services Fund. In addition, \$6,120 of capital assets purchased by the fund were transferred to the Information Systems and Services Fund.

During the year, \$552 of capital assets purchased by the Risk and Benefits Fund were transferred to the Information Systems and 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, 2018

(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 No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits (OPEB).

The City has implemented GASB Statement No. 85 *Omnibus 2017*, which addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB).

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 City management is responsible for the Agency's operations, 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, which can be viewed on the City's website at www.eugene-or.gov. Separate financial statements for the Agency can be obtained from the Finance Division of the City of Eugene or viewed on the City's website.

(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, deferred outflows of resources, 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

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 government-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, depreciation, and pension expense. 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 position 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, 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 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 economic resources and upon the determination of net position.

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 and to supplement the General Fund through interfund transfers.

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 Local Option Levy
- 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
- Urban Renewal Agency Riverfront Program Revenue

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. Specifically relating to roads, improvements sufficient to meet the City's engineering design standards for increased structural capacity are capitalized. Infrastructure reported in business-type activities includes a regional airfield, parking lots, and

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(J) Capital Assets, continued

stormwater and wastewater collection systems. 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 acquisition value. 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
Intangibles	5 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, 2018, 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/Outflows of Resources

In addition to assets, the government-wide Statement of Net Position and the proprietary funds Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has two items that qualify for reporting in this category. It is the deferred amounts relating to OPEB and pensions. These amounts are deferred and recognized as an outflow of resources in the period when the City's recognizes pension expense/expenditures.

In addition to liabilities, the government-wide Statement of Net Position, the proprietary funds Statement of Net Position, and the governmental funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue from property taxes and other receivables is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred amounts related to OPEB and pensions. These amounts are deferred and recognized as an inflow of resources in the period when the City recognizes OPEB and pension income, and is reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position, if applicable.

(O) Pensions

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

(P) Other Post-Employment Benefits (OPEB)

The City has two separate OPEB plans. For reporting purposes the net OPEB asset (liability) and the deferred inflows and outflows related to OPEB for both plans have been combined on the statement of net position.

OPEB – Retiree Health and Life Insurance Plan (RHLI)

The fiduciary net position of the City's Healthcare Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB asset (liability), deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from City's Health Plan fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(P) Other Post-Employment Benefits (OPEB), continued

OPEB – Retirement Health Insurance Account (RHIA)

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

(Q) 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 City'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 policies that address the designation of "reserves" are included in the City's financial management goals and policies adopted by the Council. 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. Unassigned fund balance is primarily comprised of the difference between budget and actual results for the current fiscal year. This classification is also used to report any negative fund balance amounts in other governmental funds. Unassigned fund balance is typically appropriated or placed into a reserve by the City Council on the first supplemental budget of the following year.

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.

Fund balances by classification for the year ended June 30, 2018 were as follows:

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(Q) Fund Balance, continued

<u>Fund balances</u>	<u>General</u>	<u>Community Development</u>	<u>General Capital Projects</u>	<u>Systems</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
				<u>Development Capital Projects</u>	<u>Other Governmental Funds</u>		
Nonspendable:							
Inventories	\$ 0	0	0	0		985,626	985,626
Prepays and deposits	1,512,034	0	0	0		111,969	1,624,003
Assets held for resale	0	0	0	0		3,215,264	3,215,264
Permanent balance	0	0	0	0		80,000	80,000
Restricted:							
Capital projects	0	0	1,937,626	31,397,861		8,551,051	41,886,538
Community development	0	4,117,971	0	0		0	4,117,971
Rental housing program	0	0	0	0		395,574	395,574
Cultural services	921,003	0	0	0		6,888,087	7,809,090
Debt service	0	0	0	0		890,943	890,943
Road maintenance	0	0	0	0		4,231,255	4,231,255
Public safety communications	0	0	0	0		2,373,963	2,373,963
Solid waste and recycling	0	0	0	0		740,007	740,007
Urban renewal	0	0	0	0		14,219,701	14,219,701
Committed:							
Construction permits	0	0	0	0		5,127,104	5,127,104
Special assessments	0	0	0	0		2,455,587	2,455,587
Telecommunications	0	0	0	0		5,116,651	5,116,651
Assigned:							
Unappropriated							
ending fund balance	25,990,000	0	0	0		0	25,990,000
Capital projects	0	0	18,354,678	0		0	18,354,678
Cultural services	1,392,549	0	0	0		0	1,392,549
Encumbrances	1,940,790	0	0	0		0	1,940,790
Reserve for next year's spending	227,017	0	0	0		0	227,017
Reserve for revenue shortfall	20,529,818	0	0	0		0	20,529,818
Other reserves	1,000,097	0	0	0		0	1,000,097
Unassigned	11,420,867	0	0	0		0	11,420,867
Total fund balances	\$ 64,934,175	4,117,971	20,292,304	31,397,861		55,382,782	176,125,093

(R) 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 other 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.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(2) Reconciliation of Government-wide and Governmental 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 \$25,868,204 difference are as follows:

Receivables:		
Interest	\$	2,777,956
Taxes		4,258,055
Systems development charges		1,521,147
Municipal court		1,435,942
Assessments		279,105
Loans and notes		17,166,820
		<u>27,439,025</u>
Subtotal		27,439,025
Allowance for uncollectibles		(1,570,821)
		<u>(1,570,821)</u>
Net adjustment	\$	<u>25,868,204</u>

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value. The details of this \$437,601,528 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	\$	95,818,006
Other capital assets (net of accumulated depreciation)		371,226,920
		<u>467,044,926</u>
Capital assets (net of accumulated depreciation) reported in internal service funds included in the Statement of Net Position - governmental activities column		(29,443,398)
		<u>(29,443,398)</u>
Net adjustment	\$	<u>437,601,528</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 \$58,441,566 difference are as follows:

Bonds payable	\$	(43,728,462)
Notes and contracts payable		(5,484,000)
Accrued interest payable		(251,030)
Compensated absences		(8,978,074)
		<u>(58,441,566)</u>
Net adjustment	\$	<u>(58,441,566)</u>

Net pension and OPEB liabilities as well as deferred inflows and outflows of resources related to pensions and OPEB are reported in the Statement of Net Position. These items represent a consumption of net position that applies to future periods. The details of the \$92,298,914 difference are as follows:

Deferred inflows related to pensions	\$	(1,499,570)
Deferred inflows related to OPEB		(144,918)
Deferred outflows related to pensions		47,911,307
Deferred outflows related to OPEB		1,899,407
Net pension liability		(132,335,464)
Net OPEB liability		(8,129,676)
		<u>(140,458,146)</u>
Net adjustment	\$	<u>(92,298,914)</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

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

(B) Explanation of Differences Between the Government-wide Statement of Activities and the 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 \$5,534,290 difference are as follows:

Change in unavailable revenue from the following sources:	
Property taxes receivable	\$ (4,794,963)
Special assessments receivable	(815,567)
System development charges receivable	(126,350)
Municipal court receivables	204,174
Subtotal	<u>(5,532,706)</u>
Change in the allowance for uncollectibles	(1,584)
Net adjustment	<u><u>\$ (5,534,290)</u></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 \$4,371,409 difference are as follows:

Donations of capital assets	\$ 4,624,082
Sale of capital assets	<u>(252,673)</u>
Net adjustment	<u><u>\$ 4,371,409</u></u>

Governmental funds do not report expenditures for unpaid compensated absences, net pension and OPEB liabilities, 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 \$11,410,305 difference are as follows:

Compensated absences	\$ (95,628)
Net OPEB obligation	136,797
Net pension asset (liability)	(9,236,617)
Accrued interest	<u>(2,214,857)</u>
Net adjustment	<u><u>\$ (11,410,305)</u></u>

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 \$822,952 difference are as follows:

Capital outlay	\$ 21,500,860
Depreciation expense	<u>(22,323,812)</u>
Net adjustment	<u><u>\$ (822,952)</u></u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

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

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

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 \$3,990,127 difference are as follows:

Debt issued:	
Issuance of general obligation bonds	\$ <u>(9,719,000)</u>
Principal payments:	
General obligation debt	\$ 13,209,000
Limited tax bonds	9,127
Tax increment bonds	298,000
Notes payable	193,000
Subtotal	<u>13,709,127</u>
Net adjustment	<u>\$ 3,990,127</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>(276,393)</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, and special payments.

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 \$22,001,315.

(B) Deficit Net Position

The Ambulance Transport Enterprise Fund and the Professional Services Internal Service Fund have a deficit net position of \$6,246,148 and \$3,974,250, respectively. The deficit net position is the result of the recognition of each fund's proportionate share of the City's net pension and OPEB liabilities.

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(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, 2018:

Cash on hand	\$	40,693
Cash with fiscal agent		201,897
Deposits with banks		18,306,727
Investments		<u>258,056,746</u>
	\$	<u>276,606,063</u>

Deposits

At June 30, 2018, the City's deposits with various financial institutions were \$18,306,727, which included 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 Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating depositories, better protecting public funds, though not guaranteeing that all funds are 100% protected. A depository is required to pledge collateral securities with a total market value equal to at least 10% of their last reported uninsured public fund deposits. The Office of State Treasurer (OST) has identified the following exceptions to the collateral calculation and any exception requires 100% collateralization.

- A depository may not accept public fund deposits from one depositor in excess of their net worth. If the depository 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 depository's net worth while working to eliminate that excess.
- A depository 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 depository may only hold in excess of 30% of all aggregate public funds reported by all depositories holding Oregon public funds if the excess is collateralized at 100%.

The OST, at the advice of the Director of Consumer and Business Services, may also, at any time, require depositories to pledge additional collateral up to 110% of the value of the uninsured public fund deposits. In the event of a depository failure, the entire pool of collateral pledged by all qualified Oregon public funds 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 depository failure, the government's deposits may not be returned to it. At June 30, 2018, the City had deposits of \$750,000 insured by the FDIC, and \$22,339,399 collateralized under the PFCP.

At June 30, 2018, the City had \$201,897 in deposits (cash with fiscal agent) held by escrow companies that were uninsured and uncollateralized.

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

As of June 30, 2018, the City held the following investments:

<u>Investment type</u>	<u>Carrying value</u>	<u>% of investment portfolio</u>	<u>Weighted average maturity in years</u>
Corporate indebtedness	\$ 27,786,937	10.8%	0.654
Local government investment pool	22,842,581	8.8%	0.003
Municipal bonds	14,604,361	5.7%	0.967
U.S. agency securities	172,092,758	66.7%	0.949
U.S. treasury securities	20,730,109	8.0%	0.628
Total	<u>\$ 258,056,746</u>	<u>100.0%</u>	

Interest Rate Risk

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

<u>Investment type</u>	<u>Maximum length to maturity</u>
Bankers' acceptances	6 months
Corporate indebtedness	18 months
Local government investment pool	1 day
State and local government obligations	3 years
U.S. agency securities	3 years
U.S. treasury securities	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 \$48,333,000, which increases periodically 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.

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.

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

As of June 30, 2018, the City's investments were rated as follows:

<u>Investment type</u>	<u>Total</u>	<u>Highest Rating From</u>			
		<u>Moody's Investors Service or Standard & Poor's Corporation</u>			
		<u>Aaa/AAA</u>	<u>Aa/AA</u>	<u>A</u>	<u>Not rated</u>
Corporate indebtedness	\$ 27,786,938	6,973,322	20,813,616	0	0
Local government					
investment pool	22,842,581	0	0	0	22,842,581
Municipal bonds	14,604,360	1,563,988	12,884,090	156,282	0
U.S. agency securities	172,092,758	142,227,445	1,967,623	0	27,897,690
U.S. treasury securities	<u>20,730,109</u>	<u>20,730,109</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ <u>258,056,746</u>	<u>171,494,864</u>	<u>35,665,329</u>	<u>156,282</u>	<u>50,740,271</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, 2018, 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, 2018 included: Corporate Notes (42.9%), U.S. Treasury and Agency Securities (25.2%), Asset Backed Securities (13.8%), Municipal Bonds (3.0%), Non-US Government Debt (5.9%), Commercial Paper (4.4%), Certificates of Deposits (3.6%), Commingled Investment Pool (1.1%), and cash (0.1%). The credit risk associated with the investments was: AAA rating (17.3%), AA rating (24.3%), A rating (35.8%), BBB rating (0.1%), and not rated (22.5%).

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 25.0% for any one issuer. No more than 25.0% 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 35.0% of the portfolio and investments in any one issuer may not exceed 5.0% of the investment portfolio. Investments are limited to 5.0% per depository name and may not exceed more than 25.0% of the investment portfolio. The combined limit for each depository in certificates of deposits, bankers' acceptances, and corporate indebtedness is 10.0%.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

As of June 30, 2018, the City's investments in U.S. Treasury Securities are classified as Level 1 and investments in Corporate Indebtedness, Municipal Bonds, and U.S. Agency Securities are classified as Level 2. The Local Government Investment Pool is not in the leveling hierarchy.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(B) Receivables

As of June 30, 2018, the City had two outstanding loans receivable from a private developer under the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee program totaling \$5,484,000. The private developer payments are used to repay the HUD loan, for which the City is contingently liable. Further information on the City's obligation under these two loans is available in the Notes Payable section of Note 4H Noncurrent Liabilities. 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, 2018, 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	\$ 2,345,600	3,957,480	3,307,625	0	0	9,610,705	(86,477)	9,524,228
Community Development	22,649	0	17,243	0	15,232,565	15,272,457	(17,243)	15,255,214
Systems Development Capital	0	0	1,536,955	0	0	1,536,955	0	1,536,955
Ambulance Transport	0	0	2,509,632	0	0	2,509,632	(396,812)	2,112,820
Municipal Airport	0	0	1,555,886	0	0	1,555,886	(140,043)	1,415,843
Parking Services	0	0	354,404	0	0	354,404	(139,026)	215,378
Stormwater Utility	0	0	2,524,347	0	0	2,524,347	(10,682)	2,513,665
Wastewater Utility	0	0	1,656,916	0	11,004	1,667,920	(6,024)	1,661,896
Internal service funds	0	0	234,397	0	0	234,397	(10,499)	223,898
Other governmental funds	432,357	702,691	946,533	277,299	1,978,756	4,337,636	(147,448)	4,190,188
	<u>\$ 2,800,606</u>	<u>4,660,171</u>	<u>14,643,938</u>	<u>277,299</u>	<u>17,222,325</u>	<u>39,604,339</u>	<u>(954,254)</u>	<u>38,650,085</u>
Government-wide adjustment for uncollectibles								<u>(1,570,821)</u>
Receivables (net of allowance) - Government-wide Statement of Net Position								<u>37,079,264</u>

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>Ambulance Transport</u>	<u>Stormwater Utility</u>	<u>Internal service funds</u>	<u>Other governmental funds</u>	<u>Total transfers out</u>
General	\$ 0	4,069,300	1,000,000	0	1,466,755	35,000	6,571,055
General Capital Projects	358,723	0	0	0	0	0	358,723
Ambulance Transport	395,757	0	0	0	0	0	395,757
Municipal Airport	0	0	0	0	162,277	0	162,277
Parking Services	838,350	0	0	0	0	0	838,350
Stormwater Utility	0	0	0	0	12,071	0	12,071
Wastewater Utility	0	135,000	0	4,840	0	0	139,840
Internal service funds	0	630,459	0	0	6,672	400,000	1,037,131
Other governmental funds	<u>450,000</u>	<u>135,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,742,716</u>	<u>2,327,716</u>
Total transfers in	<u>\$ 2,042,830</u>	<u>4,969,759</u>	<u>1,000,000</u>	<u>4,840</u>	<u>1,647,775</u>	<u>2,177,716</u>	<u>11,842,920</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 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 \$0.8 million transferred from the Parking Services Fund to the General Fund to support general operations, \$1.5 million transferred from the General Fund to the Fleet Services Fund for future replacement of equipment, \$4.1 million transferred from the General Fund to the General Capital Projects Fund for general capital projects, and \$1.0 million transferred from the General Fund to the Ambulance Transport Fund to support Emergency Medical Services.

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, 2018, are presented below:

<u>Fund description</u>	<u>State</u>	<u>Federal</u>	<u>County</u>	<u>Eugene Water and Electric Board</u>	<u>MWMC</u>	<u>Other</u>	<u>Total</u>
General	\$ 845,686	88,626	3,184,661	937,089	0	591,285	5,647,347
Community Development	0	57,996	0	0	0	1,283	59,279
General Capital Projects	143,193	0	0	0	0	0	143,193
Ambulance Transport	77,765	0	0	0	0	92,357	170,122
Municipal Airport	0	751,565	0	0	0	0	751,565
Parking Services	35,629	0	0	0	0	0	35,629
Stormwater Utility	6,827	91,138	31,750	0	0	492	130,207
Wastewater Utility	656	0	0	0	1,047,040	52,802	1,100,498
Internal service funds	107,450	0	58,056	0	0	326,235	491,741
Other governmental funds	<u>4,055,695</u>	<u>206,358</u>	<u>614,196</u>	<u>13,775</u>	<u>0</u>	<u>545,597</u>	<u>5,435,621</u>
Total due from other governments - Government-wide Statement of Net Position	<u>\$ 5,272,901</u>	<u>1,195,683</u>	<u>3,888,663</u>	<u>950,864</u>	<u>1,047,040</u>	<u>1,610,051</u>	<u>13,965,202</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, 2018 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	\$ 74,317,488	2,976,439	0	77,293,927
Construction in progress	14,240,991	10,994,830	(6,711,742)	18,524,079
Total capital assets, not being depreciated	<u>88,558,479</u>	<u>13,971,269</u>	<u>(6,711,742)</u>	<u>95,818,006</u>
Capital assets, being depreciated:				
Buildings and equipment	247,237,172	6,052,616	(1,612,227)	251,677,561
Improvements other than buildings	97,035,195	4,917,622	(18,512)	101,934,305
Infrastructure	387,073,378	12,572,864	(2,659)	399,643,583
Intangible	0	5,078,023	0	5,078,023
Total capital assets being depreciated	<u>731,345,745</u>	<u>28,621,125</u>	<u>(1,633,398)</u>	<u>758,333,472</u>
Less accumulated depreciation for:				
Buildings and equipment	(110,415,299)	(8,722,139)	1,675,520	(117,461,919)
Improvements other than buildings	(55,646,101)	(4,009,983)	0	(59,656,084)
Infrastructure	(196,359,061)	(13,230,311)	0	(209,589,372)
Intangible	0	(399,177)	0	(399,177)
Total accumulated depreciation	<u>(362,420,461)</u>	<u>(26,361,610)</u>	<u>1,675,520</u>	<u>(387,106,552)</u>
Total capital assets, being depreciated, net	<u>368,925,284</u>	<u>2,259,515</u>	<u>42,122</u>	<u>371,226,920</u>
Governmental activities capital assets, net	<u>\$ 457,483,763</u>	<u>16,230,784</u>	<u>(6,669,620)</u>	<u>467,044,926</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	\$ 17,168,640	0	0	17,168,640
Construction in progress	1,958,730	8,123,594	(3,138,234)	6,944,090
Total capital assets, not being depreciated	<u>19,127,370</u>	<u>8,123,594</u>	<u>(3,138,234)</u>	<u>24,112,730</u>
Capital assets, being depreciated:				
Buildings and equipment	96,378,133	2,354,909	(14,591)	98,718,451
Improvements other than buildings	114,236,089	459,787	0	114,695,876
Storm sewers	78,862,528	3,021,644	0	81,884,172
Trunk sewers	167,390,719	2,061,244	0	169,451,963
Total capital assets being depreciated	<u>456,867,469</u>	<u>7,897,584</u>	<u>(14,591)</u>	<u>464,750,462</u>
Less accumulated depreciation for:				
Buildings and equipment	(38,110,783)	(2,379,256)	14,591	(40,475,448)
Improvements other than buildings	(71,674,211)	(4,294,430)	0	(75,968,641)
Storm sewers	(23,695,364)	(1,990,324)	0	(25,685,688)
Trunk sewers	(85,434,111)	(3,894,976)	0	(89,329,087)
Total accumulated depreciation	<u>(218,914,469)</u>	<u>(12,558,986)</u>	<u>14,591</u>	<u>(231,458,864)</u>
Total capital assets, being depreciated, net	<u>237,953,000</u>	<u>(4,661,402)</u>	<u>0</u>	<u>233,291,598</u>
Business-type activities capital assets, net	\$ <u>257,080,370</u>	<u>3,462,192</u>	<u>(3,138,234)</u>	<u>257,404,328</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:

Governmental activities:

Central services	\$ 351,868
Fire and emergency medical services	1,141,194
Library, recreation, and cultural services	2,515,887
Planning and development	171,763
Police	1,069,190
Public works	17,146,670
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	3,965,038
	\$ 26,361,610

Business-type activities:

Ambulance Transport	\$ 124,721
Municipal Airport	5,453,115
Parking Services	627,448
Stormwater Utility	2,248,023
Wastewater Utility	4,105,680
	\$ 12,558,987

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 Statement 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, 2018 consist of the following:

<u>Fund by type</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable:			
General	\$ 5,900,965	0	5,900,965
Other governmental funds	1,135,048	0	1,135,048
Assessments receivable:			
Other governmental funds	277,299	0	277,299
Systems development charges receivable:			
Systems Development Capital	1,521,147	0	1,521,147
Notes receivable:			
Community Development	15,198,461	0	15,198,461
Other governmental funds	1,968,358	0	1,968,358
Other:			
General	1,435,942	3,752,936	5,188,878
Community Development	0	416,478	416,478
Ambulance Transport	0	6,981	6,981
Municipal Airport	0	105,170	105,170
Parking Services	0	75,097	75,097
Stormwater Utility	0	46,065	46,065
Internal service funds	0	337,189	337,189
Other governmental funds	1,807	77,196	79,003
Total unavailable/unearned revenue	<u>\$ 27,439,027</u>	<u>4,817,112</u>	<u>32,256,139</u>

(G) Operating Leases

The City conducts some of its operations from leased facilities located throughout the City. 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, 2018 for operating leases was \$1,061,419. 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.

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, 2018:

<u>Fiscal year ending June 30</u>	<u>Rentals</u>
2019	\$ 1,129,790
2020	860,051
2021	852,092
2022	519,246
2023	<u>20,067</u>
Total minimum future rentals	<u>\$ 3,381,246</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities

General Obligation (G.O.) Bonds

The City issues general obligation bonds to finance major construction projects in governmental activities. G.O. bonds in governmental activities are approved by voters, 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 3.0% of real market value per Oregon Revised Statutes 287A.050. For the fiscal year ended June 30, 2018, the City had 99.0% of its legal debt capacity available.

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
General obligation bonds serviced by general property taxes:			
General Obligation Refunding Bonds, Series 2011	\$ 10,975,000	2.000% to 3.000%	2,740,000
General Obligation and Refunding Bonds, Series 2016	<u>10,125,000</u>	2.000% to 5.000%	<u>5,955,000</u>
Total general obligation bonds	<u>\$ 21,100,000</u>		<u>8,695,000</u>

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>
2019	\$ 2,805,000	222,525
2020	1,395,000	159,875
2021	1,405,000	131,975
2022	1,415,000	89,675
2023	475,000	45,500
2024-2026	<u>1,200,000</u>	<u>72,000</u>
	<u>\$ 8,695,000</u>	<u>721,550</u>

General Obligation Bond and Revolving Credit Facility (Streets 2012)

On November 6, 2012, Eugene voters passed Measure 20-197, authorizing the City to issue a maximum of \$43,000,000 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, 2018, the City had \$8,691,000 in authorized but unissued borrowing remaining.

These bonds are issued through a G.O. and revolving credit facility with Bank of America, N.A. which matures on June 1, 2019 and has an authorized limit of \$5,000,000. The City elects from either a LIBOR based taxable or tax exempt interest rate for each draw. As of June 30, 2018, the City had a \$0 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 (Streets 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 (Streets 2012)	\$ <u>0</u>	<u>9,330,000</u>	<u>(9,330,000)</u>	<u>0</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. The bonds can be issued to provide interim financing and to refund the bonds that provide interim financing. As of June 30, 2018, the City had \$2,880,000 in authorized but unissued borrowing remaining.

To issue these bonds, on May 31, 2007, the City entered into a General Obligation Bond and Revolving Credit Facility with Bank of America, N.A. with a variable interest rate and a maturity date of June 1, 2019. The facility has an authorized limit of \$3,000,000 outstanding at any given time and is further limited to a maximum of the amount authorized under the bond measure. As of June 30, 2018, 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. 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 (POS)	\$ <u>0</u>	<u>389,000</u>	<u>(389,000)</u>	<u>0</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	\$ 69,613,281	2.000% to 7.410%	43,808,710
Limited Tax Improvement Bonds, Series 2011	<u>580,000</u>	7.050%	<u>183,334</u>
Total limited tax bonds governmental activities	<u>\$ 70,193,281</u>		<u>43,992,044</u>
<u>Business-type activities</u>			
Limited tax bonds:			
Limited Tax Pension Bonds, Series 2002	\$ <u>14,721,179</u>	2.000% to 7.410%	<u>9,221,483</u>
Total limited tax bonds business-type activities	<u>14,721,179</u>		<u>9,221,483</u>
Total limited tax bonds	<u>\$ 84,914,460</u>		<u>53,213,527</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

The Limited Tax Pension Bonds, Series 2002 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	\$ 53,213,527
Less: Accretion of deep discount	<u>(3,213,877)</u>
Total debt service requirements for limited tax bonds	<u>\$ 49,999,650</u>

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

Fiscal year ending June 30	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 0	12,896	0	0
2020	0	12,896	0	0
2021	0	12,896	0	0
2022	0	12,896	0	0
2023	0	12,896	0	0
2024-2027	<u>183,334</u>	<u>45,136</u>	<u>0</u>	<u>0</u>
Improvement bonds	<u>\$ 183,334</u>	<u>109,616</u>	<u>0</u>	<u>0</u>

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

Fiscal year ending June 30	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 879,717	4,902,527	185,175	1,031,954
2020	2,491,894	3,571,226	524,530	751,723
2021	3,762,926	2,588,073	792,074	544,775
2022	4,324,680	2,330,313	910,320	490,517
2023	4,936,000	2,034,072	1,039,000	428,160
2024-2029	<u>24,758,481</u>	<u>5,424,853</u>	<u>5,211,519</u>	<u>1,141,900</u>
Pension bonds	<u>41,153,698</u>	<u>20,851,064</u>	<u>8,662,618</u>	<u>4,389,029</u>
Total limited tax bonds	<u>\$ 41,337,032</u>	<u>20,960,680</u>	<u>8,662,618</u>	<u>4,389,029</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

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 Downtown Urban Renewal 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, 2018, \$5,763,759 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. On May 28, 2015, the City entered into an agreement with HUD to refinance this loan. The loan has an interest rate ranging from 0.28% to 3.15%, maturing on August 1, 2027.

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. On May 28, 2015, the City entered into an agreement with HUD to refinance this loan, pay down the balance, and remove the Washburne building as collateral. The loan has an interest rate ranging from 0.28% to 3.50%, maturing on August 1, 2030.

<u>Governmental activities</u>	<u>Loan amount</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Notes payable:			
Housing and Urban Development -			
Centre Court Building	\$ 2,706,000	0.280% to 3.150%	835,000
Centre Court Building Rehabilitation	<u>5,189,000</u>	0.280% to 3.500%	<u>4,649,000</u>
	<u>\$ 7,895,000</u>		<u>5,484,000</u>

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

<u>Fiscal year ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 204,000	169,395
2020	204,000	166,120
2021	204,000	162,183
2022	204,000	157,767
2023	204,000	152,871
2024-2028	1,015,000	678,141
2029-2031	<u>3,449,000</u>	<u>288,768</u>
	<u>\$ 5,484,000</u>	<u>1,775,245</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.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Compensated Absences

At June 30, 2018, the City reported compensated absences of \$9,978,257 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, 2018, internal service fund debt included Limited Tax Pension Bonds (net of unamortized discount) of \$9,498,591, a net pension liability of \$15,346,366, a net OPEB liability of \$5,704,767, and \$1,000,185 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, 2018 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year	Due after one year
<u>Governmental activities</u>						
General obligation bonds	\$ 12,185,000	0	(3,490,000)	8,695,000	2,805,000	5,890,000
Limited tax bonds	46,332,768	0	(2,340,724)	43,992,044	879,716	43,112,328
Tax increment bonds	298,000	0	(298,000)	0	0	0
Certificates of participation payable	200,000	0	(200,000)	0	0	0
Bond premium	782,158	0	(242,149)	540,009	0	540,009
Total bonds payable	<u>59,797,926</u>	<u>0</u>	<u>(6,570,873)</u>	<u>53,227,053</u>	<u>3,684,716</u>	<u>49,542,337</u>
General obligation bond and revolving credit facility	0	9,719,000	(9,719,000)	0	0	0
Compensated absences payable	9,650,017	10,186,442	(9,858,202)	9,978,257	9,843,333	134,924
Notes and contracts payable	5,677,000	0	(193,000)	5,484,000	204,000	5,280,000
Net Pension liability	162,697,224	0	(15,015,394)	147,681,830	0	147,681,830
Net OPEB liability	14,142,436	259,817	(567,810)	13,834,443	0	13,834,443
Governmental activities - noncurrent liabilities	<u>\$ 251,964,603</u>	<u>20,165,259</u>	<u>(41,924,279)</u>	<u>230,205,583</u>	<u>13,732,049</u>	<u>216,473,534</u>
<u>Business-type activities</u>						
Limited tax bonds	\$ 9,711,694	0	(490,211)	9,221,483	185,175	9,036,308
Total bonds payable	<u>9,711,694</u>	<u>0</u>	<u>(490,211)</u>	<u>9,221,483</u>	<u>185,175</u>	<u>9,036,308</u>
Compensated absences payable	2,193,389	2,196,431	(2,233,486)	2,156,334	2,127,325	29,009
Net Pension liability	38,839,604	0	(3,734,168)	35,105,436	0	35,105,436
Net OPEB liability	3,338,397	74,421	(141,207)	3,271,611	0	3,271,611
Business-type activities - noncurrent liabilities	<u>\$ 54,083,084</u>	<u>2,270,852</u>	<u>(6,599,072)</u>	<u>49,754,864</u>	<u>2,312,500</u>	<u>47,442,364</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, law enforcement liability, automobile liability, employee benefits liability, and employment practices liability, with a maximum self-insured retention of \$500,000 per occurrence for automobile liability, general liability, and \$1,000,000 per occurrence for employee benefit and employment practice liability. 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. During the previous three fiscal years, there were no liability claims that exceeded the insurance coverage levels.

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, AFSCME 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 – \$100,000 deductible per occurrence except that buildings in Flood Zones A and V have a \$500,000 deductible per building; 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.

At June 30, 2018, a total claims liability of \$13,192,613 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 <u>June 30</u>	Liability balance at beginning <u>of year</u>	Current-year claims and changes in <u>estimates</u>	Claim <u>payments</u>	Liability balance at <u>end of year</u>
2017	\$ 12,566,534	26,158,038	(25,847,580)	12,876,992
2018	12,876,992	26,669,139	(26,353,518)	13,192,613

(B) Joint Ventures

The City is 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, 2018, the City provided billable operations to MWMC costing \$14,760,185 and MWMC owed the City \$1,047,040 for unreimbursed costs at year-end. MWMC's most recently published financial statement was for the year ended June 30, 2017, which reflected net income of \$6,761,718 and net position of \$155,785,942. 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 – Oregon PERS (OPERS)

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Plan Benefits

Tier One/Tier Two Retirement Benefit ORS Chapter 238.

The Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living (COLA) changes. All monthly pension and annuity benefits except unit purchases are eligible for post-retirement adjustments. As a result of the Senate Bills 822 and 861 and the Oregon Supreme Court decision in *Moro v. State of Oregon*, automatic post-retirement adjustments are based on a blended COLA rate.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Benefit Changes After Retirement, continued

The Supreme Court decision in *Moro* requires that members “will be entitled to receive during retirement a blended COLA rate that reflects the different COLA provisions applicable to benefits earned at different times.” The Supreme Court did not articulate a specific methodology for determining the blended COLA. For purposes of this valuation, PERS has determined the blend based on creditable service earned before and after October 2013. This approach is consistent with OAR 459-005-0510 adopted by the PERS Board in September 2015.

Automatic COLA for benefits earned prior to SB 822 and SB 861

Benefits are adjusted annually to reflect the increase or decrease in the Consumer Price Index (Portland area - all items) as published by the Bureau of Labor Statistics. The maximum adjustment to be made for any year is 2 percent of the previous year’s benefit, except for 2013 when the adjustment is limited to 1.5%. Any CPI change in excess of the limit is accumulated for future benefit adjustments that would otherwise be less than the limit. No benefit will be decreased below its original amount.

Automatic adjustments for benefits earned post 2013

In 2014 and future years benefits will be increased annually based on a marginal rate schedule. The increase is calculated as 1.25% on the first \$60,000 of annual benefit and 0.15% on amounts above \$60,000 of annual benefit.

Plan Benefits

Oregon Public Service Retirement Plan (OPSRP) Pension Program (OPSRP DB)

The OPSRP Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

Pension Benefits

This portion of the OPSRP pension program provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives, for life, 50% of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member’s salary determined as of the last full month of employment before the disability occurred.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Benefit Changes After Retirement, continued

Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living (COLA) changes. All monthly pension and annuity benefits are eligible for postretirement adjustments. As a result of the Senate Bills 822 and 861 and the Oregon Supreme Court decision in *Moro v. State of Oregon*, automatic post-retirement adjustments are based on a blended COLA rate based on when the benefits were earned.

Automatic COLA for benefits earned prior to SB 822 and SB 861

Benefits are adjusted annually to reflect the increase or decrease in the Consumer Price Index (Portland area - all items) as published by the Bureau of Labor Statistics. The maximum adjustment to be made for any year is 2 percent of the previous year's benefit, except for 2013 when the adjustment is limited to 1.5%. Any CPI change in excess of the limit is accumulated for future benefit adjustments that would otherwise be less than the limit. No benefit will be decreased below its original amount.

Automatic adjustments for benefits earned post 2013

In 2014 and future years benefits will be increased annually based on a marginal rate schedule. The increase is calculated as 1.25% on the first \$60,000 of annual benefit and 0.15% on amounts above \$60,000 of annual benefit.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Post-Employment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2016 actuarial valuation which became effective July 1, 2017. The rates in effect for the fiscal year ended June 30, 2018 were 21.40% for Tier One/Tier Two covered members, 12.38% for OPSRP Pension Program General Service Members, and 17.15% for OPSRP Pension Program Police and Fire Members. The City also charged an internal rate of 6.00% of payroll to departments to fund the repayment of the City's pension obligation bonds, which were issued in 2002. Employer contributions for the year ended June 30, 2018 were \$17,914,297.

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

At June 30, 2018, the City reported (\$182,787,266) for its proportionate share of the net pension asset (liability). The net pension asset (liability) was measured as of June 30, 2017, and the total pension asset used to calculate the net pension asset (liability) was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City's proportion of the net pension asset (liability) was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City's proportion was 1.3560%, which was an increase from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense (income) of \$39,820,747. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Pension Assets, Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, continued

		Deferred outflows of <u>resources</u>	Deferred inflows of <u>resources</u>
Changes in proportion and differences between City contributions and proportionate share of contributions	\$	1,530,024	1,757,926
Changes of assumptions or other inputs		33,318,858	0
Changes in proportionate share		2,108,054	301,282
Contributions subsequent to the measurement date		17,914,297	0
Difference between expected and actual experience with regard to economic or demographic factors		8,839,670	0
Net difference between projected and actual earnings on pension plan investments		1,883,137	0
	\$	<u>65,594,040</u>	<u>2,059,208</u>

The \$17,914,297 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

Fiscal year <u>ending June 30</u>	Deferred outflows and (inflows) <u>of resources</u>
2019	\$ 8,730,999
2020	23,647,409
2021	16,593,942
2022	(3,739,923)
2023	388,108

Actuarial Valuations

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of 1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), 2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of 1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), 2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Actuarial Valuations, continued

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following:

Valuation Date:	December 31, 2015
Measurement Date:	June 30, 2017
Experience Study Report:	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Amortization method:	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method:	Market value of assets

Actuarial assumptions

Inflation rate:	2.50%
Investment rate of return:	7.50%
Discount Rate:	7.50%
Projected salary increases:	3.50%
Cost of living adjustments	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality:	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

GASB Statement No. 68 reporting requirements allows for the measurement date (June 30, 2017) to be 12 months prior to the reporting date (June 30, 2018) and the actuarial valuation date (December 31, 2015) to be 30 months prior to the reporting date. The new pension asset (liability) for the June 30, 2019 reporting data will be based on the December 31, 2016 actuarial valuation date.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes.

Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

<u>Asset class</u>	<u>Target</u>	<u>Compound annual return (geometric)</u>
Core fixed income	8.00%	4.00%
Short-term bonds	8.00%	3.61%
Bank/Leveraged loans	3.00%	5.42%
High yield bonds	1.00%	6.20%
Large/Mid cap US equities	15.75%	6.70%
Small cap US equities	1.30%	6.99%
Micro cap US equities	1.30%	7.01%
Developed foreign equities	13.13%	6.73%
Emerging foreign equities	4.12%	7.25%
Non-US small cap equities	1.88%	7.22%
Private equity	17.50%	7.97%
Real estate (Property)	10.00%	5.84%
Real estate (REITS)	2.50%	6.69%
Hedge fund of funds - diversified	2.50%	4.64%
Hedge fund - event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
	<u>100.00%</u>	
Assumed inflation – mean		2.50%

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan – Oregon PERS (OPERS), continued

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the City's proportionate share of the net pension asset (liability) to changes in the discount rate

The following presents the City's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5%) or 1 percentage-point higher (8.5%) than the current rate:

	1% decrease (6.5%)	Current discount rate (7.5%)	1% increase (8.5%)
City's proportionate share of the net pension asset (liability)	\$ (311,502,876)	(182,787,266)	(75,157,180)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report

Changes in Assumptions and Other inputs

Changes in actuarial methods and assumptions implemented since the December 31, 2013 valuation are described in the 2014 Experience Study (Study), published September 2015.

Changes in assumptions from that Study are reported in the table of actuarial methods and assumptions on page 71. Modifications to the allocation of actuarial accrued liabilities, administrative expense assumptions, healthcare cost inflation, and mortality tables can be found in the Study at: <http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>.

Changes in Plan Provisions Subsequent to Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the investment return assumption to 7.2%. The rate takes effect January 1, 2018.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(D) Retirement Plan – OPSRP IAP

Plan Description

OPSRP Individual Account Program (IAP) is a defined contribution pension plan for Tier One/Tier Two and OPSRP plan members. All benefits of the system are established by the legislature pursuant to ORS Chapters 238 and 238A.

Plan Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, or 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

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 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 July 1, 2012, IAFF covered employees elected to pay the employees' required IAP contribution.

For the fiscal year ended June 30, 2018, the City's contributions and IAFF covered employees' contributions to the IAP were \$5,195,883 and \$1,235,643, respectively (a total of 6.0% of covered payroll).

(E) Other Post-Employment Benefits (OPEB) – Retirement Health Insurance Account (RHIA)

Plan Description

Employees of the City are provided with health insurance premium subsidies through the Retirement Health Insurance Account (RHIA). The Oregon Public Employees Retirement System (OPERS) administers the RHIA plan, a cost-sharing, multiple-employer defined benefit Other Post Employment Benefit (OPEB) plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(E) Other Post-Employment Benefits (OPEB) – Retirement Health Insurance Account (RHIA), continued

Plan Benefits

The RHIA was established by ORS 238.420 and authorizes a payment up to \$60 from the RHIA toward the monthly costs of health insurance for eligible OPERS members. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan.

A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and member retired before May 1, 1991.

Contributions

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation which became effective July 1, 2017. The rates in effect for the fiscal year ended June 30, 2018 were 0.07% of OPERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. OPERS employers contributed 0.45% percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. Employer contributions for the year ended June 30, 2018 were \$494,750.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. As of June 30, 2017, the inactive RHIA plan participants currently receiving benefits totaled 44,769, and there were 61,208 active and 16,369 inactive members who meet the requirements to receive RHIA benefits when they retire

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

At June 30, 2018, the City reported \$422,740 for its proportionate share of the net OPEB asset (liability). The net OPEB asset (liability) was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset (liability) was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City's proportion of the net OPEB asset (liability) was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City's proportion was 1.01294%, which was a decrease from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized OPEB expense (income) of (\$505,090). At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of <u>resources</u>	Deferred inflows of <u>resources</u>
Changes in proportion and differences between City contributions and proportionate shares of contributions	\$ 0	8,138
Contributions subsequent to the measurement date	494,750	0
Net difference between projected and actual earnings on pension plan investments	0	195,789
	<u>\$ 494,750</u>	<u>203,927</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(E) Other Post-Employment Benefits (OPEB) – Retirement Health Insurance Account (RHIA), continued

OPEB Assets, Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB, continued

The \$494,750 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense (income) as follows:

Fiscal year <u>ending June 30</u>	Deferred outflows and (inflows) <u>of resources</u>
2019	\$ (51,962)
2020	(51,961)
2021	(51,057)
2022	(48,947)

Actuarial Valuations

See actuarial valuations included in note 5 (C) Retirement Plan – Oregon PERS (OPERS)

GASB Statement No. 75 reporting requirements allows for the measurement date (June 30, 2017) to be 12 months prior to the reporting date (June 30, 2018) and the actuarial valuation date (December 31, 2015) to be 30 months prior to the reporting date. The new OPEB asset (liability) for the June 30, 2019 reporting data will be based on the December 31, 2016 actuarial valuation date.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

See Long-Term Expected Rate of Return included in note 5 (C) Retirement Plan – Oregon PERS (OPERS)

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and OPEB plan investments. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(E) Other Post-Employment Benefits (OPEB) – Retirement Health Insurance Account (RHIA), continued

Depletion Date Projection, continued

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the City's proportionate share of the net OPEB asset (liability) to changes in the discount rate

The following presents the City's proportionate share of the net OPEB asset (liability) calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net OPEB asset (liability) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5%) or 1 percentage-point higher (8.5%) than the current rate:

	1% decrease (6.5%)	Current discount rate (7.5%)	1% increase (8.5%)
City's proportionate share of the net OPEB asset (liability)	\$ (58,929)	422,740	832,428

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report

Changes in Assumptions and Other inputs

Changes in actuarial methods and assumptions implemented since the December 31, 2013 valuation are described in the 2014 Experience Study (Study), published September 2015.

Changes in assumptions from that Study are reported in the table of actuarial methods and assumptions on page 71. Modifications to the allocation of actuarial accrued liabilities, administrative expense assumptions, healthcare cost inflation, and mortality tables can be found in the Study at: <http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>.

Changes in Plan Provisions Subsequent to Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the investment return assumption to 7.2%. The rate takes effect January 1, 2018.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(F) Other Post-Employment Benefits (OPEB) – Retiree Health and Life Insurance Plan (RHLI)

Plan Description

The City administers the RHLI, 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 three self-insured healthcare plans: the City Health Plan, the City Managed Care Plan, or the Hybrid 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 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.

Plan Benefits

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.

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.

Contributions

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, 2018, the City's combined plan contributions were \$2,328,883. As of June 30, 2017 there were 1,426 active and 207 inactive members who meet the requirements to receive benefits when they retire.

Funding Policy

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.

As of June 30, 2018, the City has set aside \$4,043,943 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.

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

At June 30, 2018, the City reported a (\$17,528,794) net OPEB asset (liability). The net OPEB asset (liability) was measured as of June 30, 2017, and the net OPEB asset (liability) was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(F) Other Post-Employment Benefits (OPEB) – Retiree Health and Life Insurance Plan (RHLI), continued

OPEB Assets, Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB, continued

For the year ended June 30, 2018, the City recognized OPEB expense (income) of \$334,238. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of <u>resources</u>
Contributions subsequent to the measurement date	\$ 2,328,883
	<u>\$ 2,328,883</u>

The \$2,328,883 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2019.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(F) Other Post-Employment Benefits (OPEB) – Retiree Health and Life Insurance Plan (RHLI), continued

Actuarial Assumptions

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following:

Valuation Date: July 1, 2016
 Measurement Date: June 30, 2017
 Actuarial cost method: Entry Age Normal

Actuarial assumptions

Inflation rate: 2.50%
 Discount Rate: 3.75% per year, based on all years discounted at municipal bond rate.
 Projected salary increases: 2.5% per year plus the Salary Merit Scale below.
 Participation: 100% of active employees eligible for post-employment life insurance benefits.
 50% of active employees currently enrolled in City medical plan are assumed to remain enrolled at retirement until Medicare eligibility.
 Salary Merit Scale: Total payroll increase is overall payroll growth plus merit table below.

	General	Police &
Duration	Service	Fire
0	3.95%	5.17%
5	2.24%	2.71%
10	1.22%	1.41%
15	0.71%	0.90%
20	0.52%	0.81%
25	0.45%	0.76%
30	0.29%	0.39%
31 +	0.00%	0.00%

Healthcare cost trend rate: Healthcare rates decrease 0.1% annually from 6.5% from the year ended June 30, 2017 to 5.0% for those years ending beyond June 30, 2031.

Mortality: Male:
 RP-2000 male table, combined active/healthy annuitant, blended 25% blue collar, 75% white collar, set back 12 months, and projected generationally with Scale BB.
 Female:
 RP-2000 female table, combined active/healthy annuitant, blended 25% blue collar, 75% white collar, set back 12 months, and projected generationally with Scale BB.

Mortality rates for active male and female participants are 75% and 65% of the above rates, respectively.

Disabled mortality: RP-2000 male/female tables, disabled annuitant, no collar, and projected generationally with Scale BB.
 For ages below 85, mortality rates for active male and female participants are 70% and 95% of the above rates, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

GASB Statement No. 75 reporting requirements allows for the measurement date (June 30, 2017) to be 12 months prior to the reporting date (June 30, 2018) and the actuarial valuation date (July 1, 2016) to be 30 months prior to the reporting date.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(F) Other Post-Employment Benefits (OPEB) – Retiree Health and Life Insurance Plan (RHLI), continued

Discount Rate

The discount rate used to measure the total OPEB liability was 3.75%, which is based on municipal bond rates.

Sensitivity of the City's proportionate share of the net OPEB asset (liability) to changes in the discount rate and trend rates

The following presents the City's net OPEB asset (liability) calculated using the discount rate of 3.75%, as well as what the City's net OPEB asset (liability) would be if it were calculated using a discount rate that is one percentage-point lower (2.75%) or one percentage-point higher (4.75%) than the current rate:

	1% decrease (2.75%)	Current discount rate (3.75%)	1% increase (4.75%)
City's proportionate share of the net OPEB asset (liability)	\$ (19,036,556)	(17,528,794)	(16,150,833)

The following presents the City's net OPEB asset (liability) calculated using the healthcare cost trend rate of 7.00% graded down to 5.00%, as well as what the City's net OPEB asset (liability) would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate.

	1% decrease 6.00% graded down to 4.00%	Current trend rate 7.00% graded down to 5.00%	1% increase 8.00% graded down to 6.00%
City's proportionate share of the net OPEB asset (liability)	\$ (15,608,143)	(17,528,794)	(19,799,019)

Changes in OPEB Liability (RHLI)

Balance at 6/30/17	(17,194,556)
Changes for the year:	
Service cost	(840,339)
Interest	(639,080)
Benefit payments	1,145,181
Net changes	<u>(334,238)</u>
Balance at 6/30/18	<u><u>(17,528,794)</u></u>
Estimated covered payroll	106,063,368
Total OPEB Asset (Liability) as a percentage of payroll	16.52%

(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, 2018, the City has encumbered the following significant commitments:

<u>Fund</u>	<u>Amount</u>
General	\$ 3,130,352
Community Development	975,769
General Capital Projects	1,629,678
Systems Development Capital	1,286,967
Ambulance Transport	51,428
Municipal Airport	1,466,560
Parking Services	271,089
Stormwater Utility	1,281,804
Wastewater Utility	987,248
Internal service funds	3,600,535
Other governmental funds	9,618,712
Total outstanding encumbrances	<u>\$ 24,300,142</u>

(I) Tax Abatements

The City uses property tax abatements to encourage business and economic development. The City has four tax abatement programs: Low-Income Rental Housing Property Tax Exemption, Multi-Unit Property Tax Exemption, Property Tax Differential, and the West Eugene Enterprise Zone.

The City's tax abatement programs reduce or eliminate the amount of property taxes that a property owner pays. The revenue impact from property tax abatements consists of two components: revenue loss and revenue shift. Most property taxes levied in the City are through fixed tax rates. With these levies if a property is exempt from taxation then the City simply raises less money than if the property was taxable.

Some levies, mostly bond levies to repay debt, do not have a fixed tax rate and instead calculate the tax rate each year by dividing the amount of tax revenue needed that year across the value of all taxable properties. In these cases, if a property is exempt from tax the effect is to raise the overall tax rate on the remaining taxable properties. Therefore the final amount of tax raised for the City will remain the same because the tax burden is shifted to the other properties.

Low-Income Rental Housing Property Tax Exemption

The Low-Income Rental Housing Property Tax Exemption (LIRHPTE) is enabled by Oregon Revised Statute (ORS) 307.515 – 307.535 and City Code 2.910 – 2.922. LIRHPTE is designed to encourage development of properties that are offered for rent or held for the purpose of increasing low-income rental housing.

Rental properties constructed after February 12, 1990, or rental properties owned by 501c(3) non-profits that are offered for rent or held for the purpose of developing low-income rental housing are eligible. Property must be rented only to persons with income at or below 60 percent of area median income based on US Department of Housing and Urban Development criteria, and must be rented at rates that reflect the full property tax reduction.

The abatement applies to real property taxes, which are reduced through a reduction of the property's assessed value. Properties that meet the requirements qualify for 100% exemption over a 20 year period. These tax abatement agreements do not include any provisions for recapturing any abated taxes.

Multi-Unit Property Tax Exemption

The Multi-Unit Property Tax Exemption (MUPTE) is enabled by ORS 307.600 – 307.637 and City Code 2.945 – 2.947. MUPTE programs are designed to be an incentive of redevelopment of residential properties in city centers and along transit corridors. In Eugene, the City Council has authorized the use of MUPTE in the downtown area and west of the University. The program has been discontinued in the West University area and it has been narrowed so that student housing is no longer eligible.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(l) Tax Abatements, continued

Multi-Unit Property Tax Exemption, continued

Multi-unit redevelopment housing projects with five or more units that are newly constructed, additions to existing multi-unit housing, or structures converted in whole or in part from other use to dwelling units are eligible for MUPTE. The commercial portion of a project is eligible for an exemption if deemed a public benefit by City Council. The land and improvements not exempted by City Council continue to be taxed during the MUPTE period.

To be considered for MUPTE approval, projects must provide the following public benefits: compact urban development, green building features, local economic impact plan, moderate-income housing contribution, project design and compatibility, historic and existing housing sensitivity, and project need.

The abatement applies to real property taxes, which are reduced through a reduction of the property's assessed value. The MUPTE program offers a property tax exemption on the new structure or incremental change in the property value of the building that comprises the project for a maximum of ten years. These tax abatement agreements do not include any provisions for recapturing any abated taxes.

Property Tax Differential

The tax differential program is designed to encourage annexation of property to a municipality. Annexations of property in the City are typically initiated by the property owner to obtain a service or right that the City provides. Typical services requested include sanitary sewer, Eugene Water and Electric Board electric and water, city police or fire protection, library services, and the ability to vote in city elections. The City Council must approve all annexations in the City.

In certain unique circumstances, the City will enter into an annexation agreement with a property owner that reduces the City's property tax rate on the annexed property by a specific percentage for a period up to ten years. These Property Tax Differentials are enabled by ORS 222 and City Resolution No. 5015 and 5068.

The abatement applies to real property taxes, which are reduced through a reduction of the property's tax rate. The City determines a percentage applied to reduce the City's property tax rates. Only the tax rates of the City are reduced. As part of the tax abatement agreement, the property owner must repay the tax differential amount if the property owner does not annex to the City in a timely manner.

The City may agree to other commitments when providing incentives for annexation. Under current agreements, the City has reduced or waived the City annexation application fee and paid the County annexation fees.

In 1991, the City developed an annexation and urban services policy agreement for the Industrial Corridor Community Organization designed to encourage annexation of the entire area and ensure that all properties would be served by sewers by the year 2000. That agreement set out a number of commitments designed to result in an orderly transition from rural to urban services in the area, such as initiating a refinement plan, agreeing to not force annexation of any property, reviewing city policies related to sanitary sewers, parking lot and sidewalks, and lobbying for beneficial legislation.

West Eugene Enterprise Zone

The West Eugene Enterprise Zone is enabled by ORS 285C and City Ordinance No. 20368. The Zone was established to stimulate economic success by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure.

The West Eugene Enterprise Zone offers a three to five year tax exemption period. For the basic, three-year enterprise zone exemption period, the business needs to:

- Increase full-time, permanent employment of the firm inside the enterprise zone by the greater of one new job or ten percent;
- Enter into first-source agreement with local job training providers;
- Maintain employment levels during exemption period;
- Have no concurrent job losses more than 30 miles from the zone; and
- Satisfy local additional conditions, imposed in the West Eugene Enterprise Zone.

The Zone Sponsor may waive required employment increase for investments of \$25.0 million or more.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(I) Tax Abatements, continued

West Eugene Enterprise Zone, continued

Four or five years of exemption in total can be granted with special approval from the Zone Sponsor. The requirements include the basic three-year requirements, plus:

- Compensation for new jobs created must be at least 150 percent of the average wage for Lane County;
- Local approval by written agreement with the local Zone Sponsor; and
- Additional requirements that the local zone sponsor may reasonably request.

The abatement applies to real and personal property taxes, which are reduced through a reduction of the assessed value. The property taxes normally assessed on a new building/structure, or newly installed machinery and equipment qualify for 100% exemption. Land, existing buildings, existing machinery and equipment, and minor personal property items are not eligible for the exemption. Property is disqualified if it is used for an ineligible activity, such as retail operations, or if the business substantially curtails operations or closes during the exemption period. When property becomes disqualified, prior exempt taxes are billed for payment.

For the fiscal year ending June 30, 2018, the property tax impacts from tax abatements are as follows:

<u>Property Tax Impact</u>	<u>LIRHPTE</u>	<u>MUPTTE</u>	<u>Property Tax Differential</u>	<u>West Eugene Enterprise Zone</u>
Revenue Loss	\$ 391,441	857,090	52,192	250,928
Revenue Shift	62,676	137,234	1,451	40,178

The reported property tax impacts were calculated using post division of tax rates. The amounts represent the amount of assessed property taxes. The amount of revenue losses does not take into consideration early payment discounts or property tax collection rates.

(J) Accounting Standards Issued but not yet Adopted

GASB Statement No. 87, *Leases* was issued in June 2017. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for fiscal years beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* was issued April 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This statement is effective for fiscal years beginning after June 15, 2018. Earlier application is encouraged.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(K) Subsequent Event

On May 15, 2018, Eugene voters passed Measure 20-289, authorizing the City to issue a maximum of \$39,350,000 of general obligation (G.O.) bonds. The proceeds from the sale of the bonds are to be used for capital costs related to park renovation projects, trail and habitat projects, safety/lighting improvements, infrastructure projects, school district partnerships, recreation and pool facility renovation and improvement projects, and new park development. The City is intending to issue approximately \$30.0 million in bonds in February 2019.

(L) Change in Accounting Principle

Based on the implementation of GASB Statement No. 75, the City restated the beginning net position for Governmental and Business-type Activities to recognize their proportionate share of the OPEB liability and deferred outflows of resources as of July 1, 2017. Net position for Governmental and Business-type Activities was reduced by \$11,685,343 and \$3,338,397, respectively.

(M) Prior Period Adjustment

A prior period adjustment, reducing total net position by \$534,937, was recorded in the Wastewater Utility Fund in the proprietary fund statements, which is part of business-type activities on the government-wide statements. This change was related to the City's inventory.

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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, 2018

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
Revenues					
Taxes	114,667,000	114,772,000	120,040,793	0	120,040,793
Licenses and permits	7,339,144	7,339,144	8,842,116	0	8,842,116
Intergovernmental	5,136,876	6,575,324	6,925,660	(10,000)	6,915,660
Rental income	507,830	507,830	548,935	0	548,935
Charges for services	16,117,207	16,966,821	15,498,984	(926,268)	14,572,716
Fines and forfeits	2,090,000	2,090,000	1,993,900	0	1,993,900
Miscellaneous	841,734	1,091,734	2,545,807	(555,639)	1,990,168
Total revenues	146,699,791	149,342,853	156,396,195	(1,491,907)	154,904,288
Expenditures					
Current - departmental:					
Central services	26,213,689	28,684,823	25,252,556	(8,491,530)	16,761,026
Fire and emergency medical services	30,238,972	31,922,677	31,860,727	(10,000)	31,850,727
Library, recreation, and cultural services	30,731,736	32,904,138	31,864,851	30,417	31,895,268
Planning and development	7,203,900	9,361,083	6,862,773	(593,942)	6,268,831
Police	53,279,325	54,522,919	52,975,096	(399,105)	52,575,991
Public works	6,463,030	7,047,571	6,441,476	(6,828)	6,434,648
Special payments	700,000	700,000	345,371	(317,326)	28,045
Total expenditures	154,830,652	165,143,211	155,602,850	(9,788,314)	145,814,536
Excess (deficiency) of revenues over expenditures	(8,130,861)	(15,800,358)	793,345	8,296,407	9,089,752
Other financing sources (uses)					
Transfers in	10,225,107	10,225,107	10,225,107	(8,182,277)	2,042,830
Transfers out	(5,671,055)	(6,571,055)	(6,571,055)	0	(6,571,055)
Total other financing sources (uses)	4,554,052	3,654,052	3,654,052	(8,182,277)	(4,528,225)
Net change in fund balance	(3,576,809)	(12,146,306)	4,447,397	114,130	4,561,527
Fund balance, July 1, 2017	53,876,942	59,290,763	59,290,763	1,081,885	60,372,648
Fund balance, June 30, 2018	50,300,133	47,144,457	63,738,160	1,196,015	64,934,175

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
Revenues					
Intergovernmental	5,212,329	7,419,097	1,206,790	0	1,206,790
Charges for services	5,000	5,000	8,050	0	8,050
Repayment of revolving loans	0	0	0	1,339,675	1,339,675
Miscellaneous	715,144	715,144	860,094	(11,694)	848,400
Total revenues	5,932,473	8,139,241	2,074,934	1,327,981	3,402,915
Expenditures					
Current - departmental:					
Central services	0	0	0	93,000	93,000
Planning and development	3,890,857	4,000,863	1,453,087	1,527,157	2,980,244
Debt service	364,649	364,649	364,649	0	364,649
Capital outlay	551,200	488,642	0	0	0
Special payments	7,651,061	8,565,697	1,516,157	(1,516,157)	0
Total expenditures	12,457,767	13,419,851	3,333,893	104,000	3,437,893
Excess (deficiency) of revenues over expenditures	(6,525,294)	(5,280,610)	(1,258,959)	1,223,981	(34,978)
Other financing sources (uses)					
Principal payments received	3,016,700	3,016,700	1,339,675	(1,339,675)	0
Transfers out	(93,000)	(93,000)	(93,000)	93,000	0
Total other financing sources (uses)	2,923,700	2,923,700	1,246,675	(1,246,675)	0
Net change in fund balance	(3,601,594)	(2,356,910)	(12,284)	(22,694)	(34,978)
Fund balance, July 1, 2017	4,788,252	4,148,800	4,148,800	4,149	4,152,949
Fund balance, June 30, 2018	1,186,658	1,791,890	4,136,516	(18,545)	4,117,971

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

June 30, 2018

(1) Schedule of City's Proportionate Share of the Net Pension Asset (Liability)

The City's proportionate share of the net pension asset (liability) is actuarially determined by comparing the City's projected long-term contributions to OPERS to the total projected long-term contributions to the plan from all employers.

	2014	2015	2016	2017	2018
Proportion of the net pension asset (liability)	1.35%	1.35%	1.31%	1.34%	1.36%
Proportionate share of the net pension asset (liability)	\$ (69,360,287)	30,504,733	(75,419,692)	(201,536,828)	(182,787,266)
Covered payroll	92,451,727	95,710,435	100,127,793	103,471,224	107,069,591
Proportionate share of the net pension asset (liability) as a percentage of its covered payroll	-75.02%	31.87%	-75.32%	-194.78%	-170.72%
Plan fiduciary net position as a percentage of the total pension asset (liability)	N/A	103.60%	91.90%	80.50%	83.10%

Schedule of City Contributions

	2014	2015	2016	2017	2018
Contractually required contribution	\$ 11,751,145	12,098,455	14,860,759	15,180,903	17,914,297
Contributions in relation to the contractually required contribution	(11,751,145)	(12,098,455)	(14,860,759)	(15,180,903)	(17,914,297)
Contribution deficiency (excesses)	\$ 0	0	0	0	0
Covered payroll	92,451,727	95,710,435	100,127,793	103,471,224	107,069,591
Contributions as a percentage of covered payroll	12.71%	12.64%	14.84%	14.67%	16.73%

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

(2) Schedule of City's Proportionate Share of the Net OPEB RHIA Asset (Liability)

The City's proportionate share of the net OPEB (RHIA) asset (liability) is actuarially determined by comparing the City's projected long-term contributions to OPERS to the total projected long-term contributions to the plan from all employers.

	2017	2018
Proportion of the net OPEB asset (liability)	1.05%	1.01%
Proportionate share of the net OPEB asset (liability)	\$ (286,227)	422,740
Covered payroll	103,471,224	107,069,591
Proportionate share of the net OPEB asset (liability) as a percentage of its covered payroll	-0.28%	0.39%
Plan fiduciary net position as a percentage of the total OPEB asset (liability)	94.20%	108.90%

Schedule of City Contributions

	2017	2018
Contractually required contribution	\$ 307,063	494,750
Contributions in relation to the contractually required contribution	(307,063)	(494,750)
Contribution deficiency (excesses)	\$ 0	0
Covered payroll	103,471,224	107,069,591
Contributions as a percentage of covered payroll	0.30%	0.46%

(3) Schedule of Changes in the City's Total OPEB RHLI Asset (Liability)

	2018
Service cost	\$ (840,339)
Interest	(639,080)
Benefit payments	1,145,181
Net change in total OPEB liability	(334,238)
Total OPEB liability - beginning	(17,194,556)
Total OPEB liability - ending	\$ (17,528,794)
Covered employee payroll	\$ 106,063,368
Total OPEB Asset (Liability) as a percentage of payroll	16.52%

Note: Only the information for the years available is presented in the above schedules.

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

(4) 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	\$ 4,447,397	(12,284)
<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.	9,477,268	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.	(196,917)	(11,694)
<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.	(9,477,268)	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.	311,047	(11,000)
Net change in fund balance - GAAP basis.	<u>\$ 4,561,527</u>	<u>(34,978)</u>

Principal payments received of \$1,339,675 and loans granted of \$1,516,157 are reported in the Community Development Fund as other financing sources and special payments, 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.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2018

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets				
Equity in pooled cash and investments	35,143,127	3,227,092	12,236,945	50,607,164
Receivables:				
Interest	28,575	403,782	0	432,357
Taxes	66,827	635,864	0	702,691
Accounts	946,533	0	0	946,533
Assessments	73,883	156,682	46,734	277,299
Loans and notes	1,978,756	0	0	1,978,756
Allowance for uncollectibles	(147,448)	0	0	(147,448)
Due from other governments	2,259,692	491,240	2,684,689	5,435,621
Inventories	985,626	0	0	985,626
Prepays and deposits	111,969	0	0	111,969
Assets held for resale	0	1,541	3,213,723	3,215,264
Total assets	41,447,540	4,916,201	18,182,091	64,545,832
Liabilities				
Accounts payable	260,936	0	1,742,388	2,003,324
Wages payable	822,288	0	0	822,288
Due to other governments	522,225	0	20,632	542,857
Deposits	17,111	0	1,117,762	1,134,873
Interfund loans payable	120,000	0	0	120,000
Unearned revenue	77,196	0	0	77,196
Total liabilities	1,819,756	0	2,880,782	4,700,538
Deferred inflows of resources				
Advances from other funds	1,080,000	0	0	1,080,000
Unavailable revenue	2,137,644	1,197,869	46,999	3,382,512
Total deferred inflows of resources	3,217,644	1,197,869	46,999	4,462,512
Fund balances				
Nonspendable	1,177,595	1,541	3,213,458	4,392,594
Restricted	23,829,763	3,716,791	10,744,027	38,290,581
Committed	11,402,782	0	1,296,825	12,699,607
Total fund balances	36,410,140	3,718,332	15,254,310	55,382,782
Total liabilities, deferred inflows of resources, and fund balances	41,447,540	4,916,201	18,182,091	64,545,832

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

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<u>Revenues</u>				
Taxes	4,952,158	16,049,168	3,135,901	24,137,227
Licenses and permits	9,989,215	0	0	9,989,215
Intergovernmental	13,141,381	0	3,567,426	16,708,807
Rental income	237,171	0	8,473	245,644
Charges for services	4,273,240	0	197,390	4,470,630
Fines and forfeits	20,666	0	0	20,666
Special assessments	4,731	14,319	5,077	24,127
Repayment of revolving loans	246,324	0	0	246,324
Miscellaneous	1,131,781	126,666	123,562	1,382,009
Total revenues	33,996,667	16,190,153	7,037,829	57,224,649
<u>Expenditures</u>				
Current - departmental:				
Central services	4,389,026	0	0	4,389,026
Fire and emergency medical services	291,303	0	0	291,303
Library, recreation, and cultural services	2,276,809	0	0	2,276,809
Planning and development	7,985,640	0	0	7,985,640
Police	1,654,517	0	0	1,654,517
Public works	12,399,595	0	0	12,399,595
Debt service:				
Principal	0	13,516,127	0	13,516,127
Interest	0	450,995	0	450,995
Capital outlay	2,029,694	0	17,023,339	19,053,033
Total expenditures	31,026,584	13,967,122	17,023,339	62,017,045
Excess (deficiency) of revenues over expenditures	2,970,083	2,223,031	(9,985,510)	(4,792,396)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	0	0	9,330,000	9,330,000
Transfers in	1,147,716	0	1,030,000	2,177,716
Transfers out	(1,585,000)	(742,716)	0	(2,327,716)
Total other financing sources (uses)	(437,284)	(742,716)	10,360,000	9,180,000
Net change in fund balances	2,532,799	1,480,315	374,490	4,387,604
Fund balances, July 1, 2017	33,877,341	2,238,017	14,879,820	50,995,178
Fund balances, June 30, 2018	36,410,140	3,718,332	15,254,310	55,382,782

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 five-year Property Tax levy to fund expanded Eugene Public Library services.

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 - 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 the accumulation of tax increment resources and rental income. Resources are used for improving the condition and appearance of the Riverfront District.

Urban Renewal Agency Riverfront Program Revenue Fund – To account for non-property tax resources in the Riverfront District. Expenditures, in the form of loans, provide funding assistance to projects that meet the goals and objectives of the Riverfront Urban Renewal District Plan, the EWEB Riverfront Master Plan, and the Eugene Downtown Plan.

City of Eugene, Oregon
Combining Balance Sheet
Nonmajor Special Revenue Funds
 June 30, 2018
 (amounts in dollars)

	Construction and Rental Housing	Library Local Option Levy	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	Urban Renewal Agency Riverfront Program Revenue	Total
Assets												
Equity in pooled cash and investments	5,792,264	1,703,776	5,279,003	1,905,331	3,369,982	765,190	1,163,494	5,899,870	2,757,721	3,324,992	3,181,504	35,143,127
Receivables:												
Interest	0	0	0	0	0	0	0	0	0	28,575	0	28,575
Taxes	0	0	0	0	0	0	0	0	0	66,827	0	66,827
Accounts	66,043	0	0	0	109,222	0	0	619,528	151,740	0	0	946,533
Assessments	0	0	0	0	0	0	73,883	0	0	0	0	73,883
Loans and notes	0	0	11,532	0	0	0	0	0	1,967,224	0	0	1,978,756
Allowance for uncollectibles	0	0	0	0	(1,588)	0	0	0	(145,860)	0	0	(147,448)
Due from other governments	23,112	78,732	0	534,612	1,372,668	35,000	0	64,584	106,774	44,210	0	2,259,692
Inventories	0	0	0	0	985,626	0	0	0	0	0	0	985,626
Prepays and deposits	28,000	0	0	0	55,000	7,500	0	21,469	0	0	0	111,969
Total assets	5,909,419	1,782,508	5,290,535	2,439,943	5,890,910	807,690	1,237,377	6,605,451	4,837,599	3,464,604	3,181,504	41,447,540
Liabilities												
Accounts payable	350	11,628	16,805	0	180,452	17,507	0	34,194	0	0	0	260,936
Wages payable	284,683	64,544	0	58,409	370,459	27,237	4,467	12,489	0	0	0	822,288
Due to other governments	73,708	0	0	7,571	46,007	4,543	0	159,795	227,980	2,621	0	522,225
Deposits	0	0	0	0	17,111	0	0	0	0	0	0	17,111
Interfund loans payable	0	0	0	0	0	0	0	120,000	0	0	0	120,000
Unearned revenue	0	0	447	0	5,000	10,896	0	60,853	0	0	0	77,196
Total liabilities	358,741	76,172	17,252	65,980	619,029	60,183	4,467	387,331	227,980	2,621	0	1,819,756
Deferred inflows of resources												
Advances from other funds	0	0	0	0	0	0	0	1,080,000	0	0	0	1,080,000
Unavailable revenue	0	0	11,532	0	0	0	73,883	0	1,956,827	95,402	0	2,137,644
Total deferred inflows of resources	0	0	11,532	0	0	0	73,883	1,080,000	1,956,827	95,402	0	3,217,644
Fund balances												
Nonspendable	28,000	0	80,000	0	1,040,626	7,500	0	21,469	0	0	0	1,177,595
Restricted	395,574	1,706,336	5,181,751	2,373,963	4,231,255	740,007	0	0	2,652,792	3,366,581	3,181,504	23,829,763
Committed	5,127,104	0	0	0	0	0	1,159,027	5,116,651	0	0	0	11,402,782
Total fund balances	5,550,678	1,706,336	5,261,751	2,373,963	5,271,881	747,507	1,159,027	5,138,120	2,652,792	3,366,581	3,181,504	36,410,140
Total liabilities, deferred inflows of resources, and fund balances	5,909,419	1,782,508	5,290,535	2,439,943	5,890,910	807,690	1,237,377	6,605,451	4,837,599	3,464,604	3,181,504	41,447,540

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

Nonmajor Special Revenue Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Construction and Rental <u>Housing</u>	Library Local Option <u>Levy</u>	Library, Parks, and <u>Recreation</u>	Public Safety <u>Communications</u>	<u>Road</u>	Solid Waste and <u>Recycling</u>	Special Assessment <u>Management</u>	Telecom Registration <u>and Licensing</u>	Urban Renewal <u>Agency</u>	Urban Renewal Agency <u>Riverfront</u>	Urban Renewal Agency Program <u>Revenue</u>	<u>Total</u>
Revenues												
Taxes	0	2,673,851	0	0	0	0	0	0	0	2,278,307	0	4,952,158
Licenses and permits	4,049,460	0	0	0	1,946,191	986,816	0	3,006,748	0	0	0	9,989,215
Intergovernmental	0	0	66,503	1,680,289	11,168,446	54,785	0	64,584	106,774	0	0	13,141,381
Rental income	0	0	30,420	0	140,601	0	0	0	0	0	66,150	237,171
Charges for services	3,618,042	0	0	111,742	436,848	51	44,492	8,000	54,065	0	0	4,273,240
Fines and forfeits	20,666	0	0	0	0	0	0	0	0	0	0	20,666
Special assessments	0	0	0	0	0	0	4,731	0	0	0	0	4,731
Repayment of revolving loans	0	0	4,143	0	0	0	0	0	242,181	0	0	246,324
Miscellaneous	72,646	19,278	620,863	20,520	194,373	15,874	19,677	51,530	51,131	32,282	33,607	1,131,781
Total revenues	7,760,814	2,693,129	721,929	1,812,551	13,886,459	1,057,526	68,900	3,130,862	454,151	2,310,589	99,757	33,996,667
Expenditures												
Current - departmental:												
Central services	919,000	0	0	131,000	889,000	73,000	107,969	2,269,057	0	0	0	4,389,026
Fire and emergency medical services	291,303	0	0	0	0	0	0	0	0	0	0	291,303
Library, recreation, and cultural services	0	2,052,637	224,172	0	0	0	0	0	0	0	0	2,276,809
Planning and development	5,781,096	0	0	0	0	1,031,029	0	0	644,137	529,378	0	7,985,640
Police	0	0	0	1,654,517	0	0	0	0	0	0	0	1,654,517
Public works	418,736	0	0	0	11,980,859	0	0	0	0	0	0	12,399,595
Capital outlay	0	0	129,695	0	0	0	0	1,899,999	0	0	0	2,029,694
Total expenditures	7,410,135	2,052,637	353,867	1,785,517	12,869,859	1,104,029	107,969	4,169,056	644,137	529,378	0	31,026,584
Excess (deficiency) of revenues over expenditures	350,679	640,492	368,062	27,034	1,016,600	(46,503)	(39,069)	(1,038,194)	(189,986)	1,781,211	99,757	2,970,083
Other financing sources (uses)												
Transfers in	0	0	0	5,000	0	0	0	400,000	742,716	0	0	1,147,716
Transfers out	0	0	0	0	(1,135,000)	0	0	(450,000)	0	0	0	(1,585,000)
Total other financing sources (uses)	0	0	0	5,000	(1,135,000)	0	0	(50,000)	742,716	0	0	(437,284)
Net change in fund balances	350,679	640,492	368,062	32,034	(118,400)	(46,503)	(39,069)	(1,088,194)	552,730	1,781,211	99,757	2,532,799
Fund balances, July 1, 2017	5,199,999	1,065,844	4,893,689	2,341,929	5,390,281	794,010	1,198,096	6,226,314	2,100,062	1,585,370	3,081,747	33,877,341
Fund balances, June 30, 2018	5,550,678	1,706,336	5,261,751	2,373,963	5,271,881	747,507	1,159,027	5,138,120	2,652,792	3,366,581	3,181,504	36,410,140

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

For the fiscal year ended June 30, 2018

(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				
Licenses and permits	4,018,368	4,049,460	0	4,049,460
Charges for services	4,697,285	4,355,453	(737,411)	3,618,042
Fines and forfeits	25,000	20,666	0	20,666
Miscellaneous	347,000	88,935	(16,289)	72,646
Total revenues	9,087,653	8,514,514	(753,700)	7,760,814
Expenditures				
Current - departmental:				
Central services	0	0	919,000	919,000
Fire and emergency medical services	333,961	291,303	0	291,303
Planning and development	7,692,188	5,800,614	(19,518)	5,781,096
Public works	465,363	418,736	0	418,736
Special payments	880,000	737,411	(737,411)	0
Total expenditures	9,371,512	7,248,064	162,071	7,410,135
Excess (deficiency) of revenues over expenditures	(283,859)	1,266,450	(915,771)	350,679
Other financing sources (uses)				
Transfers out	(919,000)	(919,000)	919,000	0
Total other financing sources (uses)	(919,000)	(919,000)	919,000	0
Net change in fund balance	(1,202,859)	347,450	3,229	350,679
Fund balance, July 1, 2017	5,202,154	5,202,154	(2,155)	5,199,999
Fund balance, June 30, 2018	3,999,295	5,549,604	1,074	5,550,678

Library Local Option Levy Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2018

(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	2,622,000	2,673,851	0	2,673,851
Miscellaneous	2,268	25,352	(6,074)	19,278
Total revenues	2,624,268	2,699,203	(6,074)	2,693,129
<u>Expenditures</u>				
Current - departmental:				
Library, recreation, and cultural services	2,415,896	1,923,399	129,238	2,052,637
Total expenditures	2,415,896	1,923,399	129,238	2,052,637
Excess (deficiency) of revenues over expenditures	208,372	775,804	(135,312)	640,492
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	208,372	775,804	(135,312)	640,492
Fund balance, July 1, 2017	938,440	938,440	127,404	1,065,844
Fund balance, June 30, 2018	1,146,812	1,714,244	(7,908)	1,706,336

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

For the fiscal year ended June 30, 2018

(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>				
Intergovernmental	61,863	66,503	0	66,503
Rental income	35,920	30,420	0	30,420
Charges for services	25,000	0	0	0
Repayment of revolving loans	0	0	4,143	4,143
Miscellaneous	437,301	636,839	(15,976)	620,863
Total revenues	560,084	733,762	(11,833)	721,929
<u>Expenditures</u>				
Current - departmental:				
Library, recreation, and cultural services	370,000	207,503	16,669	224,172
Public works	10,335	0	0	0
Capital outlay	803,505	129,695	0	129,695
Special payments	88,923	0	0	0
Total expenditures	1,272,763	337,198	16,669	353,867
Excess (deficiency) of revenues over expenditures	(712,679)	396,564	(28,502)	368,062
<u>Other financing sources (uses)</u>				
Principal payments received	0	4,143	(4,143)	0
Total other financing sources (uses)	0	4,143	(4,143)	0
Net change in fund balance	(712,679)	400,707	(32,645)	368,062
Fund balance, July 1, 2017	4,885,554	4,885,554	8,135	4,893,689
Fund balance, June 30, 2018	4,172,875	5,286,261	(24,510)	5,261,751

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

For the fiscal year ended June 30, 2018

(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>				
Intergovernmental	1,500,000	1,680,289	0	1,680,289
Charges for services	207,595	111,742	0	111,742
Miscellaneous	14,000	27,444	(6,924)	20,520
Total revenues	1,721,595	1,819,475	(6,924)	1,812,551
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	131,000	131,000
Police	2,158,200	1,654,517	0	1,654,517
Total expenditures	2,158,200	1,654,517	131,000	1,785,517
Excess (deficiency) of revenues over expenditures	(436,605)	164,958	(137,924)	27,034
<u>Other financing sources (uses)</u>				
Transfers in	5,000	5,000	0	5,000
Transfers out	(131,000)	(131,000)	131,000	0
Total other financing sources (uses)	(126,000)	(126,000)	131,000	5,000
Net change in fund balance	(562,605)	38,958	(6,924)	32,034
Fund balance, July 1, 2017	2,343,819	2,343,819	(1,890)	2,341,929
Fund balance, June 30, 2018	1,781,214	2,382,777	(8,814)	2,373,963

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

For the fiscal year ended June 30, 2018

(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	2,023,500	1,946,191	0	1,946,191
Intergovernmental	9,906,446	11,168,446	0	11,168,446
Rental income	108,604	140,601	0	140,601
Charges for services	212,000	436,848	0	436,848
Miscellaneous	117,000	209,977	(15,604)	194,373
Total revenues	12,367,550	13,902,063	(15,604)	13,886,459
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	889,000	889,000
Public works	12,973,011	12,020,076	(39,217)	11,980,859
Total expenditures	12,973,011	12,020,076	849,783	12,869,859
Excess (deficiency) of revenues over expenditures	(605,461)	1,881,987	(865,387)	1,016,600
<u>Other financing sources (uses)</u>				
Transfers out	(2,024,000)	(2,024,000)	889,000	(1,135,000)
Total other financing sources (uses)	(2,024,000)	(2,024,000)	889,000	(1,135,000)
Net change in fund balance	(2,629,461)	(142,013)	23,613	(118,400)
Fund balance, July 1, 2017	4,388,873	4,388,873	1,001,408	5,390,281
Fund balance, June 30, 2018	1,759,412	4,246,860	1,025,021	5,271,881

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

For the fiscal year ended June 30, 2018

(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	35,000	54,785	0	54,785
Licenses and permits	969,896	986,816	0	986,816
Charges for services	0	51	0	51
Miscellaneous	6,500	17,836	(1,962)	15,874
Total revenues	1,011,396	1,059,488	(1,962)	1,057,526
Expenditures				
Current - departmental:				
Central services	0	0	73,000	73,000
Planning and development	1,251,810	1,036,529	(5,500)	1,031,029
Total expenditures	1,251,810	1,036,529	67,500	1,104,029
Excess (deficiency) of revenues over expenditures	(240,414)	22,959	(69,462)	(46,503)
Other financing sources (uses)				
Transfers out	(73,000)	(73,000)	73,000	0
Total other financing sources (uses)	(73,000)	(73,000)	73,000	0
Net change in fund balance	(313,414)	(50,041)	3,538	(46,503)
Fund balance, July 1, 2017	793,592	793,592	418	794,010
Fund balance, June 30, 2018	480,178	743,551	3,956	747,507

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Actual			GAAP basis
	<u>Budget</u>	<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Charges for services	44,400	44,492	0	44,492
Special assessments	0	0	4,731	4,731
Miscellaneous	17,590	22,922	(3,245)	19,677
Total revenues	61,990	67,414	1,486	68,900
Expenditures				
Current - departmental:				
Central services	102,155	98,969	9,000	107,969
Special payments	30,000	0	0	0
Total expenditures	132,155	98,969	9,000	107,969
Excess (deficiency) of revenues over expenditures	(70,165)	(31,555)	(7,514)	(39,069)
Other financing sources (uses)				
Principal payments received	1,700	4,731	(4,731)	0
Transfers in	30,000	0	0	0
Transfers out	(9,000)	(9,000)	9,000	0
Total other financing sources (uses)	22,700	(4,269)	4,269	0
Net change in fund balance	(47,465)	(35,824)	(3,245)	(39,069)
Fund balance, July 1, 2017	1,200,254	1,200,254	(2,158)	1,198,096
Fund balance, June 30, 2018	1,152,789	1,164,430	(5,403)	1,159,027

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

For the fiscal year ended June 30, 2018

(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				
Licenses and permits	2,700,000	3,006,748	0	3,006,748
Intergovernmental	1,919,106	64,584	0	64,584
Charges for services	0	8,000	0	8,000
Miscellaneous	40,000	68,291	(16,761)	51,530
Total revenues	4,659,106	3,147,623	(16,761)	3,130,862
Expenditures				
Current - departmental:				
Central services	6,416,204	2,215,931	53,126	2,269,057
Capital outlay	1,900,000	1,899,999	0	1,899,999
Total expenditures	8,316,204	4,115,930	53,126	4,169,056
Excess (deficiency) of revenues over expenditures	(3,657,098)	(968,307)	(69,887)	(1,038,194)
Other financing sources (uses)				
Interfund loan proceeds	1,200,000	1,200,000	(1,200,000)	0
Transfers in	400,000	400,000	0	400,000
Transfers out	(487,000)	(487,000)	37,000	(450,000)
Total other financing sources (uses)	1,113,000	1,113,000	(1,163,000)	(50,000)
Net change in fund balance	(2,544,098)	144,693	(1,232,887)	(1,088,194)
Fund balance, July 1, 2017	6,199,356	6,199,356	26,958	6,226,314
Fund balance, June 30, 2018	3,655,258	6,344,049	(1,205,929)	5,138,120

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

For the fiscal year ended June 30, 2018

(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	0	106,774	0	106,774
Charges for services	0	54,065	0	54,065
Repayment of revolving loans	0	0	242,181	242,181
Miscellaneous	75,000	60,696	(9,565)	51,131
Total revenues	75,000	221,535	232,616	454,151
Expenditures				
Current - departmental:				
Planning and development	3,097,204	644,137	0	644,137
Special payments	2,423,881	0	0	0
Total expenditures	5,521,085	644,137	0	644,137
Excess (deficiency) of revenues over expenditures	(5,446,085)	(422,602)	232,616	(189,986)
Other financing sources (uses)				
Principal payments received	450,000	242,181	(242,181)	0
Transfers in	2,966,904	742,716	0	742,716
Total other financing sources (uses)	3,416,904	984,897	(242,181)	742,716
Net change in fund balance	(2,029,181)	562,295	(9,565)	552,730
Fund balance, July 1, 2017	2,103,181	2,103,181	(3,119)	2,100,062
Fund balance, June 30, 2018	74,000	2,665,476	(12,684)	2,652,792

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	2,140,000	2,278,307	0	2,278,307
Miscellaneous	19,000	44,940	(12,658)	32,282
Total revenues	2,159,000	2,323,247	(12,658)	2,310,589
<u>Expenditures</u>				
Current - departmental:				
Planning and development	722,763	529,378	0	529,378
Total expenditures	722,763	529,378	0	529,378
Excess (deficiency) of revenues over expenditures	1,436,237	1,793,869	(12,658)	1,781,211
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	1,436,237	1,793,869	(12,658)	1,781,211
Fund balance, July 1, 2017	1,588,228	1,588,228	(2,858)	1,585,370
Fund balance, June 30, 2018	3,024,465	3,382,097	(15,516)	3,366,581

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

For the fiscal year ended June 30, 2018

(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				
Rental income	66,150	66,150	0	66,150
Miscellaneous	42,000	42,849	(9,242)	33,607
Total revenues	108,150	108,999	(9,242)	99,757
Expenditures				
Special payments	3,195,430	0	0	0
Total expenditures	3,195,430	0	0	0
Excess (deficiency) of revenues over expenditures	(3,087,280)	108,999	(9,242)	99,757
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(3,087,280)	108,999	(9,242)	99,757
Fund balance, July 1, 2017	3,087,280	3,087,280	(5,533)	3,081,747
Fund balance, June 30, 2018	0	3,196,279	(14,775)	3,181,504

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DEBT SERVICE FUNDS

Combining statements for all individual nonmajor debt service 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 debt service 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 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, 2018

(amounts in dollars)

	<u>General Obligation</u>	<u>Special Assessment Bond</u>	<u>Urban Renewal Agency</u>	<u>Total</u>
<u>Assets</u>				
Equity in pooled cash and investments	395,884	74,747	2,756,461	3,227,092
Receivables:				
Interest	348,429	0	55,353	403,782
Taxes	553,374	0	82,490	635,864
Assessments	0	156,682	0	156,682
Due from other governments	421,853	0	69,387	491,240
Assets held for resale	0	1,541	0	1,541
Total assets	1,719,540	232,970	2,963,691	4,916,201
<u>Total liabilities</u>				
	0	0	0	0
<u>Deferred inflows of resources</u>				
Unavailable revenue	901,803	158,223	137,843	1,197,869
Total deferred inflows of resources	901,803	158,223	137,843	1,197,869
<u>Fund balances</u>				
Nonspendable	0	1,541	0	1,541
Restricted	817,737	73,206	2,825,848	3,716,791
Total fund balances	817,737	74,747	2,825,848	3,718,332
Total liabilities, deferred inflows of resources, and fund balances	1,719,540	232,970	2,963,691	4,916,201

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

Nonmajor Debt Service Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

	<u>General Obligation</u>	<u>Special Assessment Bond</u>	<u>Urban Renewal Agency</u>	<u>Total</u>
<u>Revenues</u>				
Taxes	13,789,529	0	2,259,639	16,049,168
Special assessments	0	14,319	0	14,319
Miscellaneous	85,324	8,625	32,717	126,666
Total revenues	13,874,853	22,944	2,292,356	16,190,153
<u>Expenditures</u>				
Debt service:				
Principal	13,209,000	9,127	298,000	13,516,127
Interest	422,267	13,232	15,496	450,995
Total expenditures	13,631,267	22,359	313,496	13,967,122
Excess (deficiency) of revenues over expenditures	243,586	585	1,978,860	2,223,031
<u>Other financing sources (uses)</u>				
Transfers out	0	0	(742,716)	(742,716)
Total other financing sources (uses)	0	0	(742,716)	(742,716)
Net change in fund balances	243,586	585	1,236,144	1,480,315
Fund balances, July 1, 2017	574,151	74,162	1,589,704	2,238,017
Fund balances, June 30, 2018	817,737	74,747	2,825,848	3,718,332

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Actual			GAAP basis
	<u>Budget</u>	<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	13,045,331	13,789,529	0	13,789,529
Miscellaneous	25,000	86,245	(921)	85,324
Total revenues	13,070,331	13,875,774	(921)	13,874,853
<u>Expenditures</u>				
Debt service	13,645,400	13,631,267	0	13,631,267
Total expenditures	13,645,400	13,631,267	0	13,631,267
Excess (deficiency) of revenues over expenditures	(575,069)	244,507	(921)	243,586
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(575,069)	244,507	(921)	243,586
Fund balance, July 1, 2017	575,069	575,069	(918)	574,151
Fund balance, June 30, 2018	0	819,576	(1,839)	817,737

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, 2018

(amounts in dollars)

	Actual			GAAP basis
	Budget	Budget basis	Adjustment	
<u>Revenues</u>				
Special assessments	0	0	14,319	14,319
Miscellaneous	31,100	8,839	(214)	8,625
Total revenues	31,100	8,839	14,105	22,944
<u>Expenditures</u>				
Debt service	250,000	22,359	0	22,359
Total expenditures	250,000	22,359	0	22,359
Excess (deficiency) of revenues over expenditures	(218,900)	(13,520)	14,105	585
<u>Other financing sources (uses)</u>				
Principal payments received	220,250	14,319	(14,319)	0
Transfers out	(10,000)	0	0	0
Total other financing sources (uses)	210,250	14,319	(14,319)	0
Net change in fund balance	(8,650)	799	(214)	585
Fund balance, July 1, 2017	74,295	74,295	(133)	74,162
Fund balance, June 30, 2018	65,645	75,094	(347)	74,747

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, 2018

(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	2,185,000	2,259,639	0	2,259,639
Miscellaneous	410,000	41,933	(9,216)	32,717
Total revenues	2,595,000	2,301,572	(9,216)	2,292,356
<u>Expenditures</u>				
Debt service	314,000	313,496	0	313,496
Total expenditures	314,000	313,496	0	313,496
Excess (deficiency) of revenues over expenditures	2,281,000	1,988,076	(9,216)	1,978,860
<u>Other financing sources (uses)</u>				
Transfers out	(2,966,904)	(742,716)	0	(742,716)
Total other financing sources (uses)	(2,966,904)	(742,716)	0	(742,716)
Net change in fund balance	(685,904)	1,245,360	(9,216)	1,236,144
Fund balance, July 1, 2017	1,593,411	1,593,411	(3,707)	1,589,704
Fund balance, June 30, 2018	907,507	2,838,771	(12,923)	2,825,848

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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, 2018

(amounts in dollars)

	<u>Special Assessment</u>	<u>Transportation</u>	<u>Urban Renewal Agency</u>	<u>Urban Renewal Agency Riverfront</u>	<u>Total</u>
Assets					
Equity in pooled cash and investments	2,414,587	7,629,382	533,529	1,659,447	12,236,945
Receivables:					
Assessments	46,734	0	0	0	46,734
Due from other governments	0	2,684,689	0	0	2,684,689
Assets held for resale	265	0	0	3,213,458	3,213,723
Total assets	2,461,586	10,314,071	533,529	4,872,905	18,182,091
Liabilities					
Accounts payable	0	1,742,388	0	0	1,742,388
Due to other governments	0	20,632	0	0	20,632
Deposits	1,117,762	0	0	0	1,117,762
Total liabilities	1,117,762	1,763,020	0	0	2,880,782
Deferred inflows of resources					
Unavailable revenue	46,999	0	0	0	46,999
Total deferred inflows of resources	46,999	0	0	0	46,999
Fund balances					
Nonspendable	0	0	0	3,213,458	3,213,458
Restricted	0	8,551,051	533,529	1,659,447	10,744,027
Committed	1,296,825	0	0	0	1,296,825
Total fund balances	1,296,825	8,551,051	533,529	4,872,905	15,254,310
Total liabilities, deferred inflows of resources, and fund balances	2,461,586	10,314,071	533,529	4,872,905	18,182,091

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

Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Special Assessment	Transportation	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
<u>Revenues</u>					
Taxes	0	3,135,901	0	0	3,135,901
Intergovernmental	0	3,567,426	0	0	3,567,426
Rental income	0	8,473	0	0	8,473
Charges for services	44,442	152,948	0	0	197,390
Special assessments	5,077	0	0	0	5,077
Miscellaneous	11,059	21,390	5,734	85,379	123,562
Total revenues	60,578	6,886,138	5,734	85,379	7,037,829
<u>Expenditures</u>					
Capital outlay	0	14,040,943	0	2,982,396	17,023,339
Total expenditures	0	14,040,943	0	2,982,396	17,023,339
Excess (deficiency) of revenues over expenditures	60,578	(7,154,805)	5,734	(2,897,017)	(9,985,510)
<u>Other financing sources (uses)</u>					
Proceeds of debt issuance	0	9,330,000	0	0	9,330,000
Transfers in	0	1,030,000	0	0	1,030,000
Total other financing sources (uses)	0	10,360,000	0	0	10,360,000
Net change in fund balances	60,578	3,205,195	5,734	(2,897,017)	374,490
Fund balances, July 1, 2017	1,236,247	5,345,856	527,795	7,769,922	14,879,820
Fund balances, June 30, 2018	1,296,825	8,551,051	533,529	4,872,905	15,254,310

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Actual			GAAP basis
	Budget	Budget basis	Adjustment	
<u>Revenues</u>				
Intergovernmental	696,327	208,456	0	208,456
Rental income	15,000	8,884	0	8,884
Miscellaneous	577,414	287,651	(60,327)	227,324
Total revenues	1,288,741	504,991	(60,327)	444,664
<u>Expenditures</u>				
Current - departmental:				
Library, recreation, and cultural services	20,000	0	0	0
Debt service	40,000	0	0	0
Capital outlay	26,893,255	4,774,162	0	4,774,162
Loss on sale of capital asset	0	0	465,278	465,278
Total expenditures	26,953,255	4,774,162	465,278	5,239,440
Excess (deficiency) of revenues over expenditures	(25,664,514)	(4,269,171)	(525,605)	(4,794,776)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	2,607,830	389,000	0	389,000
Transfers in	4,969,759	4,969,759	0	4,969,759
Transfers out	0	0	(358,723)	(358,723)
Total other financing sources (uses)	7,577,589	5,358,759	(358,723)	5,000,036
Net change in fund balance	(18,086,925)	1,089,588	(884,328)	205,260
Fund balance, July 1, 2017	19,298,173	19,298,173	788,871	20,087,044
Fund balance, June 30, 2018	1,211,248	20,387,761	(95,457)	20,292,304

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Actual			GAAP basis
	Budget	Budget basis	Adjustment	
Revenues				
Charges for services	0	44,442	0	44,442
Special assessments	0	0	5,077	5,077
Miscellaneous	33,900	18,073	(7,014)	11,059
Total revenues	33,900	62,515	(1,937)	60,578
<hr/>				
Total expenditures	0	0	0	0
<hr/>				
Excess (deficiency) of revenues over expenditures	33,900	62,515	(1,937)	60,578
<hr/>				
Other financing sources (uses)				
Principal payments received	7,000	5,077	(5,077)	0
Transfers out	(20,000)	0	0	0
Total other financing sources (uses)	(13,000)	5,077	(5,077)	0
<hr/>				
Net change in fund balance	20,900	67,592	(7,014)	60,578
Fund balance, July 1, 2017	1,240,446	1,240,446	(4,199)	1,236,247
Fund balance, June 30, 2018	1,261,346	1,308,038	(11,213)	1,296,825

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Actual			GAAP basis
	Budget	Budget basis	Adjustment	
<u>Revenues</u>				
Rental income	159,840	107,661	0	107,661
Charges for services	4,345,298	6,262,671	0	6,262,671
Miscellaneous	255,417	449,317	(96,297)	353,020
Total revenues	4,760,555	6,819,649	(96,297)	6,723,352
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	44,000	44,000
Planning and development	119,171	119,171	0	119,171
Public works	540,130	434,431	0	434,431
Capital outlay	17,164,723	2,374,786	0	2,374,786
Total expenditures	17,824,024	2,928,388	44,000	2,972,388
Excess (deficiency) of revenues over expenditures	(13,063,469)	3,891,261	(140,297)	3,750,964
<u>Other financing sources (uses)</u>				
Transfers out	(44,000)	(44,000)	44,000	0
Total other financing sources (uses)	(44,000)	(44,000)	44,000	0
Net change in fund balance	(13,107,469)	3,847,261	(96,297)	3,750,964
Fund balance, July 1, 2017	27,697,092	27,697,092	(50,195)	27,646,897
Fund balance, June 30, 2018	14,589,623	31,544,353	(146,492)	31,397,861

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

For the fiscal year ended June 30, 2018

(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	3,000,000	3,135,901	0	3,135,901
Intergovernmental	20,145,952	3,567,426	0	3,567,426
Rental income	0	8,473	0	8,473
Charges for services	185,577	152,948	0	152,948
Miscellaneous	30,000	47,720	(26,330)	21,390
Total revenues	23,361,529	6,912,468	(26,330)	6,886,138
<u>Expenditures</u>				
Debt service	10,000	0	0	0
Capital outlay	40,621,713	14,040,943	0	14,040,943
Total expenditures	40,631,713	14,040,943	0	14,040,943
Excess (deficiency) of revenues over expenditures	(17,270,184)	(7,128,475)	(26,330)	(7,154,805)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	13,611,139	9,330,000	0	9,330,000
Transfers in	1,030,000	1,030,000	0	1,030,000
Total other financing sources (uses)	14,641,139	10,360,000	0	10,360,000
Net change in fund balance	(2,629,045)	3,231,525	(26,330)	3,205,195
Fund balance, July 1, 2017	5,354,953	5,354,953	(9,097)	5,345,856
Fund balance, June 30, 2018	2,725,908	8,586,478	(35,427)	8,551,051

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, 2018

(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	5,000	7,264	(1,530)	5,734
Total revenues	5,000	7,264	(1,530)	5,734
<u>Expenditures</u>				
Capital outlay	500,000	0	0	0
Total expenditures	500,000	0	0	0
Excess (deficiency) of revenues over expenditures	(495,000)	7,264	(1,530)	5,734
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(495,000)	7,264	(1,530)	5,734
Fund balance, July 1, 2017	528,742	528,742	(947)	527,795
Fund balance, June 30, 2018	33,742	536,006	(2,477)	533,529

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, 2018

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Miscellaneous	7,000	79,433	5,946	85,379
Total revenues	7,000	79,433	5,946	85,379
<u>Expenditures</u>				
Capital outlay	7,104,265	6,029,854	(3,047,458)	2,982,396
Total expenditures	7,104,265	6,029,854	(3,047,458)	2,982,396
Excess (deficiency) of revenues over expenditures	(7,097,265)	(5,950,421)	3,053,404	(2,897,017)
<u>Other financing sources</u>				
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(7,097,265)	(5,950,421)	3,053,404	(2,897,017)
Fund balance, July 1, 2017	7,617,574	7,617,574	152,348	7,769,922
Fund balance, June 30, 2018	520,309	1,667,153	3,205,752	4,872,905

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 position - 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, 2018

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	50,000	50,000	0	50,000
Charges for services	8,740,522	9,689,108	0	9,689,108
Miscellaneous	799,031	93,049	4,147	97,196
Total revenues	9,589,553	9,832,157	4,147	9,836,304
Expenses				
Current - departmental:				
Central services	0	0	584,000	584,000
Fire and emergency medical services	10,165,097	9,809,441	462,897	10,272,338
Debt service	0	0	124,167	124,167
Depreciation	0	0	124,721	124,721
Total expenses	10,165,097	9,809,441	1,295,785	11,105,226
Excess (deficiency) of revenues over expenses	(575,544)	22,716	(1,291,638)	(1,268,922)
Other financing sources (uses)				
Transfers in	1,000,000	1,000,000	0	1,000,000
Transfers out	(979,757)	(979,757)	584,000	(395,757)
Total other financing sources (uses)	20,243	20,243	584,000	604,243
Change in net position	(555,301)	42,959	(707,638)	(664,679)
Total net position, July 1, 2017	599,952	599,952	(5,623,036)	(5,023,084)
Change in accounting principle (Note 5L)	0	0	(558,385)	(558,385)
Total net position, July 1, 2017, as restated	599,952	599,952	(6,181,421)	(5,581,469)
Total net position, June 30, 2018	44,651	642,911	(6,889,059)	(6,246,148)

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Licenses and permits	32,650	39,791	0	39,791
Intergovernmental	8,568,487	6,224,214	(5,969,361)	254,853
Rental income	1,206,039	1,086,480	0	1,086,480
Charges for services	16,574,259	14,158,246	(2,453,814)	11,704,432
Fines and forfeits	4,600	5,267	0	5,267
Miscellaneous	579,000	182,708	(48,885)	133,823
Total revenues	26,965,035	21,696,706	(8,472,060)	13,224,646
Expenses				
Current - departmental:				
Central services	0	0	605,000	605,000
Fire and emergency medical services	919,653	907,517	67,031	974,548
Police	634,276	634,276	69,463	703,739
Public works	8,597,125	8,311,187	447,342	8,758,529
Debt service	0	0	111,625	111,625
Capital outlay	19,628,232	7,408,207	(7,408,207)	0
Depreciation	0	0	5,453,115	5,453,115
Total expenses	29,779,286	17,261,187	(654,631)	16,606,556
Excess (deficiency) of revenues over expenses	(2,814,251)	4,435,519	(7,817,429)	(3,381,910)
Other financing sources (uses)				
Capital contributions	0	0	8,432,179	8,432,179
Transfers out	(605,000)	(605,000)	442,723	(162,277)
Total other financing sources (uses)	(605,000)	(605,000)	8,874,902	8,269,902
Change in net position	(3,419,251)	3,830,519	1,057,473	4,887,992
Total net position, July 1, 2017	9,634,648	9,634,648	83,935,388	93,570,036
Change in accounting principle (Note 5L)	0	0	(494,136)	(494,136)
Total net position, July 1, 2017, as restated	9,634,648	9,634,648	83,441,252	93,075,900
Total net position, June 30, 2018	6,215,397	13,465,167	84,498,725	97,963,892

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

For the fiscal year ended June 30, 2018

(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	546,880	535,780	(1,215)	534,565
Charges for services	4,942,940	4,923,824	0	4,923,824
Fines and forfeits	1,251,500	1,201,943	0	1,201,943
Miscellaneous	58,750	105,694	(5,684)	100,010
Total revenues	6,800,070	6,767,241	(6,899)	6,760,342
<u>Expenses</u>				
Current - departmental:				
Central services	401,966	366,027	266,037	632,064
Planning and development	6,130,677	5,672,073	55,379	5,727,452
Public works	78,727	62,116	2,731	64,847
Capital outlay	287,210	129,822	(129,822)	0
Debt service	0	0	27,932	27,932
Depreciation	0	0	627,448	627,448
Total expenses	6,898,580	6,230,038	849,705	7,079,743
Excess (deficiency) of revenues over expenses	(98,510)	537,203	(856,604)	(319,401)
<u>Other financing sources (uses)</u>				
Transfers out	(1,087,350)	(1,087,350)	249,000	(838,350)
Total other financing sources (uses)	(1,087,350)	(1,087,350)	249,000	(838,350)
Change in net position	(1,185,860)	(550,147)	(607,604)	(1,157,751)
Total net position, July 1, 2017	2,718,245	2,718,245	12,933,144	15,651,389
Change in accounting principle (Note 5L)	0	0	(188,696)	(188,696)
Total net position, July 1, 2017, as restated	2,718,245	2,718,245	12,744,448	15,462,693
Total net position, June 30, 2018	1,532,385	2,168,098	12,136,844	14,304,942

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Licenses and permits	155,000	209,817	0	209,817
Intergovernmental	976,791	216,306	(14,543)	201,763
Rental income	0	65,988	0	65,988
Charges for services	18,971,000	19,773,983	(241,589)	19,532,394
Miscellaneous	58,725	177,685	(36,541)	141,144
Total revenues	20,161,516	20,443,779	(292,673)	20,151,106
Expenses				
Current - departmental:				
Central services	0	0	1,111,000	1,111,000
Public works	15,804,818	14,138,729	915,546	15,054,275
Capital outlay	7,785,327	1,750,145	(1,750,145)	0
Debt service	0	0	162,399	162,399
Depreciation	0	0	2,248,023	2,248,023
Special payments	15,000	350	(350)	0
Total expenses	23,605,145	15,889,224	2,686,473	18,575,697
Excess (deficiency) of revenues over expenses	(3,443,629)	4,554,555	(2,979,146)	1,575,409
Other financing sources (uses)				
Capital contributions	0	0	1,308,658	1,308,658
Transfers in	0	0	4,840	4,840
Transfers out	(1,111,000)	(1,111,000)	1,098,929	(12,071)
Total other financing sources (uses)	(1,111,000)	(1,111,000)	2,412,427	1,301,427
Change in net position	(4,554,629)	3,443,555	(566,719)	2,876,836
Total net position, July 1, 2017	9,256,456	9,256,456	60,349,319	69,605,775
Change in accounting principle (Note 5L)	0	0	(853,213)	(853,213)
Total net position, July 1, 2017, as restated	9,256,456	9,256,456	59,496,106	68,752,562
Total net position, June 30, 2018	4,701,827	12,700,011	58,929,387	71,629,398

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Licenses and permits	16,000	96,577	0	96,577
Intergovernmental	0	19,191	0	19,191
Rental income	6,132	9,804	0	9,804
Charges for services	57,230,014	51,604,878	(26,177,656)	25,427,222
Fines and forfeits	5,000	3,300	0	3,300
Miscellaneous	45,500	101,377	(16,673)	84,704
Total revenues	57,302,646	51,835,127	(26,194,329)	25,640,798
Expenses				
Current - departmental:				
Central services	0	0	1,650,000	1,650,000
Public works	25,460,259	21,594,520	1,094,219	22,688,739
Capital outlay	5,852,638	1,721,726	(1,721,726)	0
Debt service	0	0	244,194	244,194
Depreciation	0	0	4,105,680	4,105,680
Special payments	28,765,127	26,177,657	(26,177,657)	0
Total expenses	60,078,024	49,493,903	(20,805,290)	28,688,613
Excess (deficiency) of revenues over expenses	(2,775,378)	2,341,224	(5,389,039)	(3,047,815)
Other financing sources (uses)				
Capital contributions	0	0	1,261,081	1,261,081
Transfers out	(1,785,000)	(1,785,000)	1,645,160	(139,840)
Total other financing sources (uses)	(1,785,000)	(1,785,000)	2,906,241	1,121,241
Change in net position	(4,560,378)	556,224	(2,482,798)	(1,926,574)
Total net position, July 1, 2017	5,492,309	5,492,309	75,754,879	81,247,188
Change in accounting principle (Note 5L)	0	0	(1,243,967)	(1,243,967)
Prior period adjustment (Note 5M)	0	0	(534,937)	(534,937)
Total net position, July 1, 2017, as restated	5,492,309	5,492,309	73,975,975	79,468,284
Total net position, June 30, 2018	931,931	6,048,533	71,493,177	77,541,710

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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 position - 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, 2018

(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	4,336,029	20,079,454	8,775,204	1,053,770	37,413,476	71,657,933
Receivables:						
Accounts	60	5,753	0	54,777	173,807	234,397
Allowance for uncollectibles	0	(5,256)	0	(2,499)	(2,744)	(10,499)
Due from other governments	0	58,056	138,225	203,371	92,089	491,741
Interfund loans receivable	0	120,000	0	0	0	120,000
Inventories	0	746,445	0	0	0	746,445
Prepays and deposits	18,662	0	12,499	0	37,175	68,336
Total current assets	4,354,751	21,004,452	8,925,928	1,309,419	37,713,803	73,308,353
Noncurrent assets						
Advances to other funds	0	1,080,000	0	0	0	1,080,000
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	5,424,886	53,239,893	1,461,682	374,644	94,230	60,595,335
Construction in progress	0	0	2,418,823	0	0	2,418,823
Intangibles	0	0	5,078,023	0	0	5,078,023
Accumulated depreciation	(2,033,181)	(35,196,161)	(1,639,405)	(275,301)	(12,482)	(39,156,530)
Total noncurrent assets	3,391,705	19,631,479	7,319,123	99,343	81,748	30,523,398
Deferred outflows of resources						
Related to pensions	1,383,782	852,471	630,118	1,768,411	674,817	5,309,599
Related to OPEB	93,504	52,681	53,297	78,830	28,840	307,152
Total deferred outflows of resources	1,477,286	905,152	683,415	1,847,241	703,657	5,616,751
Total assets and deferred outflows of resources	9,223,742	41,541,083	16,928,466	3,256,003	38,499,208	109,448,502
Liabilities						
Current liabilities						
Accounts payable	55,106	131,618	594,476	9,756	105,981	896,937
Wages payable	240,137	144,624	185,184	244,762	145,013	959,720
Compensated absences payable	270,827	166,111	144,734	260,605	109,256	951,533
Due to other governments	173,086	0	46,665	0	28,745	248,496
Claims payable	0	0	0	0	13,192,613	13,192,613
Deposits	4,425	0	0	0	87,533	91,958
Interest payable	6,605	3,905	3,130	7,055	27,385	48,080
Unearned revenue	55,835	281,354	0	0	0	337,189
Bonds payable	25,451	14,994	12,100	27,076	111,119	190,740
Total current liabilities	831,472	742,606	986,289	549,254	13,807,645	16,917,266
Noncurrent liabilities						
Compensated absences payable	292	0	19,112	0	29,248	48,652
Bonds payable (net of unamortized discount/premium)	1,241,959	731,701	590,442	1,321,282	5,422,467	9,307,851
Net pension liability	4,074,775	2,517,411	2,053,912	4,883,898	1,816,370	15,346,366
Net OPEB liability	515,325	285,174	291,931	415,124	4,197,213	5,704,767
Total noncurrent liabilities	5,832,351	3,534,286	2,955,397	6,620,304	11,465,298	30,407,636
Deferred inflows of resources						
Related to pensions	44,282	27,306	20,925	55,348	20,939	168,800
Related to OPEB	5,052	3,137	2,982	5,347	1,878	18,396
Total deferred inflows of resources	49,334	30,443	23,907	60,695	22,817	187,196
Total liabilities and deferred inflows of resources	6,713,157	4,307,335	3,965,593	7,230,253	25,295,760	47,512,098
Net position						
Net investment in capital assets	3,391,705	18,551,479	7,319,123	99,343	81,748	29,443,398
Unrestricted	(881,120)	18,682,269	5,643,750	(4,073,593)	13,121,700	32,493,006
Total net position	2,510,585	37,233,748	12,962,873	(3,974,250)	13,203,448	61,936,404

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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, 2018

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
<u>Operating revenues</u>						
Rental income	597,213	44,471	0	0	0	641,684
Charges for services	9,929,050	9,049,713	7,209,500	5,629,140	36,611,068	68,428,471
Miscellaneous	26,328	106,777	0	0	106,992	240,097
Total operating revenues	10,552,591	9,200,961	7,209,500	5,629,140	36,718,060	69,310,252
<u>Operating expenses</u>						
Personnel services	4,174,548	2,696,639	2,015,180	4,316,828	1,589,078	14,792,273
Contractual services	848,469	736,328	1,255,441	126,316	1,939,261	4,905,815
Materials and supplies	805,223	1,914,369	1,658,913	121,954	285,117	4,785,576
Maintenance	824,061	575,268	505,504	233,310	66,167	2,204,310
Utilities	2,323,569	4,153	98,812	26,431	16,051	2,469,016
Rent	20,906	0	107,317	179,452	136,394	444,069
Insurance	58,170	435,757	12,657	29,572	2,415,730	2,951,886
Claims	0	0	0	0	25,556,246	25,556,246
Central business functions	477,000	394,000	402,000	650,000	224,000	2,147,000
Depreciation	136,644	3,270,469	505,088	44,886	7,951	3,965,038
Pension expense	988,809	623,787	612,786	1,044,039	378,697	3,648,118
Total operating expenses	10,657,399	10,650,770	7,173,698	6,772,788	32,614,692	67,869,347
Operating income (loss)	(104,808)	(1,449,809)	35,802	(1,143,648)	4,103,368	1,440,905
<u>Nonoperating revenues (expenses)</u>						
Interest revenue	51,249	230,575	118,823	16,744	379,909	797,300
Interest expense	(98,334)	(54,448)	(40,158)	(96,959)	(409,114)	(699,013)
Gain (loss) on sale of capital assets	0	234,913	0	0	0	234,913
Intergovernmental	0	70,365	0	0	185,344	255,709
Total nonoperating revenues (expenses)	(47,085)	481,405	78,665	(80,215)	156,139	588,909
Income (loss) before capital contributions and transfers	(151,893)	(968,404)	114,467	(1,223,863)	4,259,507	2,029,814
Capital contributions	0	93,531	167,670	0	0	261,201
Transfers in	0	1,641,103	6,672	0	0	1,647,775
Transfers out	0	(406,120)	0	(270,000)	(361,011)	(1,037,131)
Change in net position	(151,893)	360,110	288,809	(1,493,863)	3,898,496	2,901,659
Total net position, July 1, 2017	3,183,707	37,163,251	12,969,748	(2,056,125)	11,048,116	62,308,697
Change in accounting principle (Note 5L)	(521,229)	(289,613)	(295,684)	(424,262)	(1,743,164)	(3,273,952)
Total net position, July 1, 2017, as restated	2,662,478	36,873,638	12,674,064	(2,480,387)	9,304,952	59,034,745
Total net position, June 30, 2018	2,510,585	37,233,748	12,962,873	(3,974,250)	13,203,448	61,936,404

Combining Statement of Cash Flows*All Internal Service Funds*

For the fiscal year ended June 30, 2018

(amounts in dollars)

	<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>
<u>Cash flows from operating activities</u>						
Cash received from customers	671,858	212,753	6,143,108	284,312	2,539,650	9,851,681
Cash received from interfund services provided	9,916,051	10,435,789	964,736	5,227,868	34,111,374	60,655,818
Cash paid to suppliers for goods and services	(4,606,490)	(3,006,259)	(2,808,069)	(533,080)	(29,533,806)	(40,487,704)
Cash paid to employees for services	(3,682,493)	(2,471,526)	(1,745,141)	(4,082,003)	(1,446,324)	(13,427,487)
Cash paid for interfund services used	(1,419,562)	(1,496,520)	(900,449)	(1,071,135)	(383,760)	(5,271,426)
Cash paid for central business functions	(477,000)	(394,000)	(402,000)	(650,000)	(224,000)	(2,147,000)
Net cash provided by (used for) operating activities	402,364	3,280,237	1,252,185	(824,038)	5,063,134	9,173,882
<u>Cash flows from noncapital financing activities</u>						
Transfers in	0	1,466,755	0	0	0	1,466,755
Transfers out	0	(400,000)	0	(270,000)	(360,459)	(1,030,459)
Principal payments on pension bonds	(314,635)	(61,451)	(49,568)	(110,977)	(347,337)	(883,968)
Interest payments on pension bonds	(52,480)	(32,484)	(22,285)	(57,386)	(244,943)	(409,578)
Subsidy from grant	0	70,365	0	0	185,344	255,709
Net cash provided by (used for) noncapital financing activities	(367,115)	1,043,185	(71,853)	(438,363)	(767,395)	(601,541)
<u>Cash flows from capital and related financing activities</u>						
Advances to other funds	0	(1,200,000)	0	0	0	(1,200,000)
Proceeds from sale of capital assets	0	240,431	0	0	0	240,431
Acquisition and construction of capital assets	(165,692)	(4,482,444)	(4,590,158)	(84,250)	(86,786)	(9,409,330)
Net cash provided by (used for) capital and related financing activities	(165,692)	(5,442,013)	(4,590,158)	(84,250)	(86,786)	(10,368,899)
<u>Cash flows from investing activities</u>						
Interest revenue	51,249	230,575	118,823	16,744	379,909	797,300
Net cash provided by (used for) investing activities	51,249	230,575	118,823	16,744	379,909	797,300
Net increase (decrease) in cash	(79,194)	(888,016)	(3,291,003)	(1,329,907)	4,588,862	(999,258)
Cash, July 1, 2017	4,415,223	20,967,470	12,066,207	2,383,677	32,824,614	72,657,191
Cash, June 30, 2018	4,336,029	20,079,454	8,775,204	1,053,770	37,413,476	71,657,933

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)	(104,808)	(1,449,809)	35,802	(1,143,648)	4,103,368	1,440,905
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u>						
Depreciation	136,644	3,270,469	505,088	44,886	7,951	3,965,038
(Increase) Decrease in accounts receivable	(60)	(497)	0	(3,497)	16,101	12,047
Increase (Decrease) in allowance for uncollectibles	0	0	0	1,537	0	1,537
(Increase) Decrease in due from other governments	46,877	(31,200)	38,344	(131,479)	(74,098)	(151,556)
(Increase) Decrease in prepaids and deposits	(79)	1,207,924	197,514	16,479	380,863	1,802,701
(Increase) Decrease in inventories	0	(158,368)	0	0	0	(158,368)
(Increase) Decrease in deferred outflows related to pensions	1,030,325	639,741	607,977	1,090,415	383,007	3,751,465
(Increase) Decrease in deferred outflows related to OPEB	(93,504)	(52,681)	(53,297)	(78,830)	(28,840)	(307,152)
Increase (Decrease) in deferred inflows related to pensions	(23,099)	(14,343)	(13,631)	(24,446)	(8,586)	(84,105)
Increase (Decrease) in deferred inflows related to OPEB	5,052	3,137	2,982	5,347	1,878	18,396
Increase (Decrease) in net pension liability	(464,508)	(288,418)	(274,098)	(491,599)	(172,673)	(1,691,296)
Increase (Decrease) in accounts payable	(164,368)	(79,984)	247,621	(41,753)	65,426	26,942
Increase (Decrease) in wages payable	30,108	3,559	46,976	(19,346)	22,772	84,069
Increase (Decrease) in compensated absences payable	17,151	4,278	19,772	(8,477)	33,838	66,562
Increase (Decrease) in net OPEB liability	(5,904)	(4,439)	(3,753)	(9,138)	(3,044)	(26,278)
Increase (Decrease) in claims payable	0	0	0	0	315,621	315,621
Increase (Decrease) in deposits	1,500	0	0	0	(9,039)	(7,539)
Increase (Decrease) in due to other governments	3,957	(40,486)	34,888	(30,489)	28,589	(3,541)
Increase (Decrease) in unearned revenue	(12,920)	271,354	(140,000)	0	0	118,434
Net cash provided by (used for) operating activities	402,364	3,280,237	1,252,185	(824,038)	5,063,134	9,173,882

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

For the fiscal year ended June 30, 2018

(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	529,554	578,528	18,685	597,213
Charges for services	10,218,866	9,929,050	0	9,929,050
Miscellaneous	13,500	89,733	(12,155)	77,578
Total revenues	10,761,920	10,597,311	6,530	10,603,841
<u>Expenses</u>				
Current - departmental:				
Central services	10,034,757	9,384,771	774,992	10,159,763
Planning and development	497,109	340,274	20,719	360,993
Debt service	211,165	211,165	(112,831)	98,334
Capital outlay	185,551	174,920	(174,920)	0
Depreciation	0	0	136,644	136,644
Total expenses	10,928,582	10,111,130	644,604	10,755,734
Excess (deficiency) of revenues over expenses	(166,662)	486,181	(638,074)	(151,893)
<u>Other financing sources (uses)</u>				
Transfers out	(477,000)	(477,000)	477,000	0
Total other financing sources (uses)	(477,000)	(477,000)	477,000	0
Change in net position	(643,662)	9,181	(161,074)	(151,893)
Total net position, July 1, 2017	3,868,436	3,868,436	(684,729)	3,183,707
Change in accounting principle (Note 5L)	0	0	(521,229)	(521,229)
Total net position, July 1, 2017, as restated	3,868,436	3,868,436	(1,205,958)	2,662,478
Total net position, June 30, 2018	3,224,774	3,877,617	(1,367,032)	2,510,585

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

For the fiscal year ended June 30, 2018

(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	70,365	0	70,365
Rental income	25,000	44,471	0	44,471
Charges for services	9,410,443	9,321,067	(271,354)	9,049,713
Miscellaneous	780,000	633,045	(295,693)	337,352
Total revenues	10,215,443	10,068,948	(567,047)	9,501,901
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	387,880	387,880
Public works	18,628,492	10,225,847	(3,233,426)	6,992,421
Debt service	0	0	54,448	54,448
Depreciation	0	0	3,270,469	3,270,469
Special payments	1,200,000	1,200,000	(1,200,000)	0
Total expenses	19,828,492	11,425,847	(720,629)	10,705,218
Excess (deficiency) of revenues over expenses	(9,613,049)	(1,356,899)	153,582	(1,203,317)
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	93,531	93,531
Gain on sale of capital assets	0	0	234,913	234,913
Transfers in	1,466,755	1,466,755	174,348	1,641,103
Transfers out	(794,000)	(794,000)	387,880	(406,120)
Total other financing sources (uses)	672,755	672,755	890,672	1,563,427
Change in net position	(8,940,294)	(684,144)	1,044,254	360,110
Total net position, July 1, 2017	20,638,832	20,638,832	16,524,419	37,163,251
Change in accounting principle (Note 5L)	0	0	(289,613)	(289,613)
Total net position, July 1, 2017, as restated	20,638,832	20,638,832	16,234,806	36,873,638
Total net position, June 30, 2018	11,698,538	19,954,688	17,279,060	37,233,748

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, 2018

(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	7,049,845	7,069,499	140,000	7,209,499
Miscellaneous	5,000	137,983	(19,160)	118,823
Total revenues	7,054,845	7,207,482	120,840	7,328,322
<u>Expenses</u>				
Current - departmental:				
Central services	13,911,088	10,445,154	(3,776,545)	6,668,609
Debt service	0	0	40,158	40,158
Depreciation	0	0	505,088	505,088
Total expenses	13,911,088	10,445,154	(3,231,299)	7,213,855
Excess (deficiency) of revenues over expenses	(6,856,243)	(3,237,672)	3,352,139	114,467
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	167,670	167,670
Transfers in	0	0	6,672	6,672
Transfers out	(402,000)	(402,000)	402,000	0
Total other financing sources (uses)	(402,000)	(402,000)	576,342	174,342
Change in net position	(7,258,243)	(3,639,672)	3,928,481	288,809
Total net position, July 1, 2017	11,767,419	11,767,419	1,202,329	12,969,748
Change in accounting principle (Note 5L)	0	0	(295,684)	(295,684)
Total net position, July 1, 2017, as restated	11,767,419	11,767,419	906,645	12,674,064
Total net position, June 30, 2018	4,509,176	8,127,747	4,835,126	12,962,873

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

For the fiscal year ended June 30, 2018

(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	6,872,859	5,629,140	0	5,629,140
Miscellaneous	15,000	17,331	(587)	16,744
Total revenues	6,887,859	5,646,471	(587)	5,645,884
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	650,000	650,000
Public works	6,639,715	5,830,765	247,137	6,077,902
Debt service	0	0	96,959	96,959
Depreciation	0	0	44,886	44,886
Total expenses	6,639,715	5,830,765	1,038,982	6,869,747
Excess (deficiency) of revenues over expenses	248,144	(184,294)	(1,039,569)	(1,223,863)
<u>Other financing sources (uses)</u>				
Transfers out	(920,000)	(920,000)	650,000	(270,000)
Total other financing sources (uses)	(920,000)	(920,000)	650,000	(270,000)
Change in net position	(671,856)	(1,104,294)	(389,569)	(1,493,863)
Total net position, July 1, 2017	2,164,061	2,164,061	(4,220,186)	(2,056,125)
Change in accounting principle (Note 5L)	0	0	(424,262)	(424,262)
Total net position, July 1, 2017, as restated	2,164,061	2,164,061	(4,644,448)	(2,480,387)
Total net position, June 30, 2018	1,492,205	1,059,767	(5,034,017)	(3,974,250)

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	200,000	257,802	(72,458)	185,344
Charges for services	43,998,513	45,074,649	(8,463,581)	36,611,068
Miscellaneous	333,795	2,471,772	(1,984,870)	486,902
Total revenues	44,532,308	47,804,223	(10,520,909)	37,283,314
<u>Expenses</u>				
Current - departmental:				
Central services	37,973,894	36,207,143	(3,600,402)	32,606,741
Debt service	6,674,500	6,674,373	(6,265,258)	409,115
Depreciation	0	0	7,951	7,951
Total expenses	44,648,394	42,881,516	(9,857,709)	33,023,807
Excess (deficiency) of revenues over expenses	(116,086)	4,922,707	(663,200)	4,259,507
<u>Other financing sources (uses)</u>				
Transfers out	(584,459)	(584,459)	223,448	(361,011)
Total other financing sources (uses)	(584,459)	(584,459)	223,448	(361,011)
Change in net position	(700,545)	4,338,248	(439,752)	3,898,496
Total net position, July 1, 2017	16,166,730	16,166,730	(5,118,614)	11,048,116
Change in accounting principle (Note 5L)	0	0	(1,743,164)	(1,743,164)
Total net position, July 1, 2017, as restated	16,166,730	16,166,730	(6,861,778)	9,304,952
Total net position, June 30, 2018	15,466,185	20,504,978	(7,301,530)	13,203,448

OTHER SUPPLEMENTARY SCHEDULES

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Schedule of Bonded Debt Transactions

For the fiscal year ended June 30, 2018

(amounts in dollars)

	Issued interest rates	Issue date	Maturity date	Amount issued/ authorized	Outstanding June 30, 2017		Fiscal Year 2017-2018			Outstanding June 30, 2018	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured
<u>Governmental Activities</u>											
<u>General obligation bonds</u>											
General Obligation Refunding Bonds, Series 2011	2.000 to	12/1/11	6/1/22	10,975,000	0	4,120,000	0	1,380,000	1,380,000	0	2,740,000
Interest	3.000%			1,418,138	0	256,975	0	104,525	104,525	0	152,450
Premium				489,606	0	93,036	0	35,154	35,154	0	57,882
General Obligation and Refunding Bonds, Series 2016	2.000%	6/28/16	6/1/26	10,125,000	0	8,065,000	0	2,110,000	2,110,000	0	5,955,000
Interest	5.000%			1,229,363	0	862,600	0	293,500	293,500	0	569,100
Premium				808,196	0	689,122	0	206,995	206,995	0	482,127
G.O. Bond and Revolving Credit Facility (POS)	0.750%	5/13/07	6/1/17	3,000,000	0	0	389,000	389,000	389,000	0	0
Interest				0	0	0	93	93	93	0	0
G.O. Bond and Revolving Credit Facility (Street 2012)	1.040%	5/6/14	6/1/17	5,000,000	0	0	9,330,000	9,330,000	9,330,000	0	0
Interest				0	0	0	24,148	24,148	24,148	0	0
Subtotal general obligation bonds				33,045,303	0	14,086,733	9,743,241	13,873,415	13,873,415	0	9,956,559
<u>Certificates of participation</u>											
Atrium Obligations Series 1998A (tax-exempt)	3.700 to	6/1/98	6/1/18	1,200,000	0	95,000	0	95,000	95,000	0	0
Interest	4.900%			676,913	0	4,655	0	4,655	4,655	0	0
Atrium Obligations Series 1998B (taxable)	6.125 to	6/1/98	6/1/18	1,200,000	0	105,000	0	105,000	105,000	0	0
Interest	6.200%			939,108	0	6,510	0	6,510	6,510	0	0
Subtotal certificates of participation				4,016,021	0	211,165	0	211,165	211,165	0	0
<u>Limited tax bonds</u>											
Limited Tax Pension Bonds, Series 2002	2.000 to	3/15/02	6/1/28	69,613,281	0	46,927,838	0	2,776,344	2,776,344	0	44,151,494
Interest	7.410%			85,352,417	0	25,496,088	0	4,645,024	4,645,024	0	20,851,064
Discount				(13,653,848)	0	(4,904,710)	0	(1,906,914)	(1,906,914)	0	(2,997,796)
Limited Tax Improvement Bonds, Series 2011	7.050%	6/28/11	12/1/26	580,000	0	192,461	0	9,127	9,127	0	183,334
Interest				633,795	0	122,848	0	13,232	13,232	0	109,616
Subtotal limited tax bonds				142,525,646	0	67,834,525	0	5,536,813	5,536,813	0	62,297,712

continued

	Issued interest rates	Issue date	Maturity date	Amount issued/ authorized	Outstanding June 30, 2017		Fiscal Year 2017-2018			Outstanding June 30, 2018	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured
<u>Governmental Activities, continued</u>											
<u>Tax increment bonds</u>											
URA Tax Increment Bonds, Series 2011	5.200%	5/25/11	6/1/20	7,900,000	0	298,000	0	298,000	298,000	0	0
Interest				2,185,439	0	15,496	0	15,496	15,496	0	0
Subtotal tax increment bonds				10,085,439	0	313,496	0	313,496	313,496	0	0
Total bonded debt - governmental activities				189,672,409	0	82,445,919	9,743,241	19,934,889	19,934,889	0	72,254,271
<u>Bonded debt - governmental activities</u>											
Principal				97,237,236	0	55,680,747	9,719,000	14,827,706	14,827,706	0	50,572,041
Interest				92,435,173	0	26,765,172	24,241	5,107,183	5,107,183	0	21,682,230
Total bonded debt - governmental activities				189,672,409	0	82,445,919	9,743,241	19,934,889	19,934,889	0	72,254,271
<u>Business-type Activities</u>											
<u>Limited tax bonds</u>											
Limited Tax Pension Bonds, Series 2002	2.000 to	3/15/02	6/1/28	14,721,719	0	9,877,162	0	583,656	583,656	0	9,293,506
Interest	7.410%			18,050,209	0	5,366,462	0	977,433	977,433	0	4,389,029
Discount				(2,887,496)	0	(1,032,059)	0	(401,171)	(401,171)	0	(630,888)
Subtotal limited tax bonds				29,884,431	0	14,211,565	0	1,159,918	1,159,918	0	13,051,647
Total bonded debt - business-type activities				29,884,431	0	14,211,565	0	1,159,918	1,159,918	0	13,051,647
<u>Bonded debt - business-type activities</u>											
Principal				11,834,222	0	8,845,103	0	182,485	182,485	0	8,662,618
Interest				18,050,209	0	5,366,462	0	977,433	977,433	0	4,389,029
Total bonded debt - business-type activities				29,884,431	0	14,211,565	0	1,159,918	1,159,918	0	13,051,647
<u>Total bonded debt</u>											
Principal				109,071,458	0	64,525,850	9,719,000	15,010,191	15,010,191	0	59,234,659
Interest				110,485,382	0	32,131,634	24,241	6,084,616	6,084,616	0	26,071,259
Total bonded debt				219,556,840	0	96,657,484	9,743,241	21,094,807	21,094,807	0	85,305,918

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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 property taxes.

Debt Capacity (Schedules I-9 to I-12)

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-13 - I-14)

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-15 to I-17)

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)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Governmental activities</u>										
Net investment in capital assets	345,073,199	368,493,364	371,712,593	384,208,529	388,294,288	405,556,459	412,174,294	410,543,209	440,261,060	452,067,031
Restricted for:										
Capital projects	17,115,701	16,733,124	24,756,656	18,408,750	25,451,933	36,297,937	39,587,714	46,145,952	51,263,068	59,912,128
Debt service	815,360	2,128,503	2,971,915	2,666,763	2,405,391	1,997,355	2,260,458	1,895,999	2,260,859	1,952,510
Community development	15,559,285	16,817,966	20,259,962	23,219,052	23,435,739	20,167,456	14,882,218	13,418,343	12,738,689	12,470,309
Urban renewal	15,275,722	14,789,792	3,346,926	6,337,101	8,033,194	11,148,771	14,035,835	16,307,150	18,807,872	19,561,689
Other purposes	5,195,976	5,722,120	6,413,577	8,760,189	10,443,928	11,392,942	7,783,467	5,228,628	6,641,211	9,849,088
Unrestricted	86,891,871	81,804,405	92,174,866	91,155,599	85,756,720	82,279,867	43,818,489	25,577,165	19,570,935	(10,499,250)
Total governmental activities net position	<u>485,927,114</u>	<u>506,489,274</u>	<u>521,636,495</u>	<u>534,755,983</u>	<u>543,821,193</u>	<u>568,840,787</u>	<u>534,542,475</u>	<u>519,116,446</u>	<u>551,543,694</u>	<u>545,313,505</u>
<u>Business-type activities</u>										
Net investment in capital assets	232,335,631	239,045,916	241,534,490	243,029,332	240,442,993	242,024,310	245,767,377	251,116,579	257,080,368	257,404,328
Restricted for:										
Capital projects	7,222,609	8,435,242	11,625,345	12,568,710	14,149,495	13,220,650	11,391,051	7,675,141	4,936,194	8,057,352
Debt service	2,150,987	725,324	7,211	0	0	0	0	0	0	0
Unrestricted	20,076,992	23,942,080	24,982,466	26,709,243	25,999,492	26,792,901	6,889,547	(2,857,325)	(2,122,492)	(4,790,642)
Total business-type activities net position	<u>261,786,219</u>	<u>272,148,562</u>	<u>278,149,512</u>	<u>282,307,285</u>	<u>280,591,980</u>	<u>282,037,861</u>	<u>264,047,975</u>	<u>255,934,395</u>	<u>259,894,070</u>	<u>260,671,038</u>
<u>Total government</u>										
Net investment in capital assets	577,408,830	607,539,280	613,247,083	627,237,861	628,737,281	647,580,769	657,941,671	661,659,788	697,341,428	709,471,359
Restricted for:										
Capital projects	24,338,310	25,168,366	36,382,001	30,977,460	39,601,428	49,518,587	50,978,765	53,821,093	56,199,262	67,969,480
Debt service	2,966,347	2,853,827	2,979,126	2,666,763	2,405,391	1,997,355	2,260,458	1,895,999	2,260,859	1,952,510
Community development	15,559,285	16,817,966	20,259,962	23,219,052	23,435,739	20,167,456	14,882,218	13,418,343	12,738,689	12,470,309
Urban renewal	15,275,722	14,789,792	3,346,926	6,337,101	8,033,194	11,148,771	14,035,835	16,307,150	18,807,872	19,561,689
Other purposes	5,195,976	5,722,120	6,413,577	8,760,189	10,443,928	11,392,942	7,783,467	5,228,628	6,641,211	9,849,088
Unrestricted	106,968,863	105,746,485	117,157,332	117,864,842	111,756,212	109,072,768	50,708,036	22,719,840	17,448,443	(15,289,892)
Total government net position	<u>747,713,333</u>	<u>778,637,836</u>	<u>799,786,007</u>	<u>817,063,268</u>	<u>824,413,173</u>	<u>850,878,648</u>	<u>798,590,450</u>	<u>775,050,841</u>	<u>811,437,764</u>	<u>805,984,543</u>

Notes

a) 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 Net Position

*Last ten fiscal years - unaudited
(amounts in dollars)*

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
Central services	9,217,725	8,377,766	9,759,910	9,804,909	11,010,499	10,101,687	10,016,691	10,746,898	10,916,378	9,376,823
Fire and emergency medical services	27,345,006	26,737,259	27,260,063	28,641,938	29,471,662	28,734,323	23,051,781	44,127,222	36,551,518	39,456,301
Library, recreation, and cultural services	29,681,412	28,956,894	29,249,223	28,820,958	27,912,194	27,979,579	26,307,845	37,520,105	36,315,029	40,627,211
Planning and development	20,978,977	19,833,161	32,208,704	19,651,543	16,992,125	19,855,392	14,945,561	21,803,208	20,167,006	20,226,682
Police	48,533,017	44,801,367	47,645,365	52,725,185	54,150,123	53,536,877	44,175,829	76,487,552	64,081,532	65,939,960
Public works	29,139,235	28,550,511	29,775,680	30,285,866	31,360,921	32,665,528	30,287,289	40,292,510	39,894,654	42,394,816
Interest on long term debt	6,654,887	6,415,984	6,280,158	6,650,862	6,227,473	5,627,465	4,463,026	4,480,488	3,860,425	3,456,197
Total governmental activities expenses	171,550,259	163,672,942	182,179,103	176,581,261	177,124,997	178,500,851	153,248,022	235,457,983	211,786,542	221,477,990
Business-type activities:										
Ambulance transport	6,773,249	5,737,099	5,669,204	6,950,263	6,500,180	6,858,038	5,666,141	10,306,470	9,833,739	10,979,356
Municipal airport	10,261,598	10,404,018	11,031,434	11,969,227	12,333,384	12,760,263	11,511,962	15,208,010	16,004,495	16,473,106
Parking services	4,756,555	4,567,110	5,517,107	4,554,259	4,388,694	4,614,694	4,257,580	5,618,061	5,906,861	6,974,438
Stormwater utility	11,578,529	12,318,848	13,084,702	13,301,129	13,930,199	14,487,104	13,458,689	19,264,800	18,120,379	18,531,308
Wastewater utility	23,474,996	20,588,115	21,351,247	22,359,079	23,534,299	22,731,897	21,333,428	30,201,569	27,765,452	28,463,149
Total business-type activities expenses	56,844,927	53,615,190	56,653,694	59,133,957	60,686,756	61,451,996	56,227,800	80,598,910	77,630,926	81,421,357
Total government expenses	228,395,186	217,288,132	238,832,797	235,715,218	237,811,753	239,952,847	209,475,822	316,056,893	289,417,468	302,899,347
Program revenues										
Governmental activities:										
Fees, fines, and charges for services:										
Central services	5,966,891	6,611,740	7,865,208	7,414,102	8,435,743	7,751,439	8,016,986	7,779,910	7,689,562	5,710,151
Fire and emergency medical services	2,212,104	2,195,110	2,243,125	2,323,103	2,427,351	2,626,193	2,728,193	2,609,853	2,719,435	3,663,974
Library, recreation, and cultural services	5,713,783	5,522,563	6,175,973	5,636,053	5,481,909	5,888,579	5,973,060	7,257,449	7,410,541	8,425,311
Planning and development	11,193,007	8,379,827	15,265,547	12,067,636	9,106,904	10,077,395	10,876,148	9,688,738	9,154,855	10,578,467
Police	4,061,284	3,639,665	3,886,160	4,975,304	5,295,508	5,130,469	4,533,377	4,767,887	5,963,929	3,296,257
Public works	4,111,995	4,025,012	7,159,740	7,518,399	7,525,400	10,110,840	11,195,072	7,752,218	9,371,824	10,807,651
Operating grants and contributions	12,404,857	13,996,242	17,235,076	15,253,888	14,212,700	14,615,558	13,914,474	14,585,696	15,461,691	15,724,068
Capital grants and contributions	10,628,446	8,668,969	8,623,632	2,933,678	4,054,905	10,806,249	2,647,314	1,844,022	30,467,560	8,461,914
Total governmental activities program revenues	56,292,367	53,039,128	68,454,461	58,122,163	56,540,420	67,006,722	59,884,624	56,285,773	88,239,397	66,667,793
Business-type activities:										
Fees, fines, and charges for services:										
Ambulance transport	6,077,414	6,846,164	7,305,057	6,858,744	6,503,433	6,662,738	7,798,119	8,263,092	8,407,885	9,785,096
Municipal airport	6,982,760	7,454,423	7,955,702	8,068,953	8,463,832	9,045,654	9,440,676	10,124,799	11,096,847	12,879,704
Parking services	4,320,201	4,463,624	5,058,011	5,333,965	5,155,533	5,479,224	6,644,111	6,663,765	6,883,364	6,738,931
Stormwater utility	11,849,471	12,631,672	12,752,165	14,620,589	14,905,914	15,074,351	16,943,260	16,936,261	17,856,504	19,860,151
Wastewater utility	20,542,153	19,220,462	20,116,031	21,317,603	21,991,866	21,595,516	22,461,798	24,241,891	25,095,039	25,570,363
Operating grants and contributions	0	147,102	295,559	50,920	88,815	370,304	563,211	141,927	914,402	452,897
Capital grants and contributions	3,977,229	14,113,734	5,927,862	7,232,486	3,724,162	6,610,049	6,693,012	7,764,290	12,747,075	11,059,636
Total business-type activities program revenues	53,749,228	64,877,181	59,410,387	63,483,260	60,833,555	64,837,836	70,544,187	74,136,025	83,001,116	86,346,778
Total government program revenues	110,041,595	117,916,309	127,864,848	121,605,423	117,373,975	131,844,558	130,428,811	130,421,798	171,240,513	153,014,571

continued

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense) revenue										
Governmental activities	(115,257,892)	(110,633,814)	(113,724,642)	(118,459,098)	(120,584,577)	(111,494,129)	(179,172,210)	(179,172,210)	(123,547,145)	(154,810,197)
Business-type activities	(3,095,699)	11,261,991	2,756,693	4,349,303	146,799	3,385,840	(6,462,885)	(6,462,885)	5,370,190	4,925,421
Total government net (expense) revenue	<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>	<u>(108,108,289)</u>	<u>(185,635,095)</u>	<u>(185,635,095)</u>	<u>(118,176,955)</u>	<u>(149,884,776)</u>
General revenues and transfers										
Governmental activities:										
Property taxes	86,465,150	99,297,845	97,962,592	97,837,712	99,321,973	102,009,251	106,096,214	110,728,701	117,178,340	119,058,842
Transient room tax	1,678,566	1,518,030	1,658,169	1,686,458	1,747,280	1,898,464	2,162,751	2,463,206	2,801,491	3,024,441
Local motor vehicle fuel tax	2,976,107	3,138,296	3,118,882	3,045,192	2,908,491	2,868,768	2,996,958	3,050,845	3,081,192	3,135,901
Local marijuana tax	0	0	0	0	0	0	0	0	0	936,078
Contributions in lieu of taxes	13,263,982	12,342,958	13,762,181	13,469,821	11,762,150	12,158,537	12,204,263	12,674,782	13,170,497	13,227,794
Franchise fees on telecom providers revenues	9,029,349	8,653,036	10,954,417	10,393,736	8,467,984	10,757,879	8,482,827	27,751,459	12,423,650	11,286,127
Grants and contributions not restricted to specific programs	752,602	3,230,928	3,291,002	3,573,073	3,778,264	3,938,301	4,095,171	4,153,928	4,568,586	5,733,521
Unrestricted investment earnings	3,720,245	1,823,094	1,170,778	1,219,164	543,569	812,369	765,440	1,120,714	1,195,391	3,334,383
Transfers	20,346	1,191,787	(3,046,158)	353,430	1,946,076	2,070,154	2,202,900	1,802,546	1,555,246	528,264
Total governmental activities general revenues and transfers	<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>	<u>136,513,723</u>	<u>139,006,524</u>	<u>163,746,181</u>	<u>155,974,393</u>	<u>160,265,351</u>
Business-type activities:										
Unrestricted investment earnings	729,510	292,139	198,099	161,900	83,972	130,195	119,126	151,851	144,731	253,145
Transfers	(20,346)	(1,191,787)	3,046,158	(353,430)	(1,946,076)	(2,070,154)	(2,202,900)	(1,802,546)	(1,555,246)	(528,264)
Total business-type activities general revenues and transfers	<u>709,164</u>	<u>(899,648)</u>	<u>3,244,257</u>	<u>(191,530)</u>	<u>(1,862,104)</u>	<u>(1,939,959)</u>	<u>(2,083,774)</u>	<u>(1,650,695)</u>	<u>(1,410,515)</u>	<u>(275,119)</u>
Total government general revenues and transfers	<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>	<u>134,573,764</u>	<u>136,922,750</u>	<u>162,095,486</u>	<u>154,563,878</u>	<u>159,990,232</u>
Change in net position:										
Governmental activities	2,648,455	20,562,160	15,147,221	13,119,488	9,891,210	25,019,594	(40,165,686)	(15,426,029)	32,427,248	5,455,154
Business-type activities	(2,386,535)	10,362,343	6,000,950	4,157,773	(1,715,305)	1,445,881	(8,546,659)	(8,113,580)	3,959,675	4,650,302
Total government change in net position	<u>261,920</u>	<u>30,924,503</u>	<u>21,148,171</u>	<u>17,277,261</u>	<u>8,175,905</u>	<u>26,465,475</u>	<u>(48,712,345)</u>	<u>(23,539,609)</u>	<u>36,386,923</u>	<u>10,105,456</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:										
Reserved	405,650	0	0	0	0	0	0	0	0	0
Unreserved	32,109,937	0	0	0	0	0	0	0	0	0
Nonspendable	0	736,386	1,066,473	1,399,020	762,321	623,852	837,243	953,774	1,200,987	1,512,034
Restricted	0	833,887	914,813	1,041,185	1,058,040	1,088,331	1,107,064	1,168,970	1,336,519	921,003
Assigned	0	32,211,828	38,269,910	37,320,281	34,768,090	34,633,376	38,188,164	36,263,402	52,650,179	51,080,271
Unassigned	0	6,122,604	5,792,870	3,330,380	2,961,405	6,622,503	901,143	19,803,948	5,184,963	11,420,867
Total General Fund	<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>	<u>42,968,062</u>	<u>41,033,614</u>	<u>58,190,094</u>	<u>60,372,648</u>	<u>64,934,175</u>
All other governmental funds:										
Reserved	3,331,083	0	0	0	0	0	0	0	0	0
Unreserved, reported in:										
Special revenue funds	27,990,706	0	0	0	0	0	0	0	0	0
Debt service funds	5,790,008	0	0	0	0	0	0	0	0	0
Capital projects funds	14,603,402	0	0	0	0	0	0	0	0	0
Nonspendable	0	3,197,689	2,636,383	3,836,064	2,915,176	3,049,432	2,935,110	2,242,204	2,278,199	4,392,859
Restricted	0	34,464,276	31,260,095	35,767,355	42,856,626	48,547,775	53,834,774	60,042,342	70,445,986	75,744,039
Committed	0	7,793,449	11,257,256	12,413,934	12,315,054	13,842,075	14,293,990	13,337,866	13,398,885	12,699,342
Assigned	0	10,766,087	11,618,763	5,506,138	3,668,775	15,373,633	16,602,173	15,174,737	16,758,998	18,354,678
Unassigned	0	(108,342)	0	0	0	0	0	0	0	0
Total all other governmental funds	<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>	<u>80,812,915</u>	<u>87,666,047</u>	<u>90,797,149</u>	<u>102,882,068</u>	<u>111,190,918</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Taxes	103,745,938	115,363,742	116,480,716	114,430,239	115,143,898	118,729,451	123,057,049	128,418,191	134,915,564	144,178,020
Licenses and permits	12,124,148	12,016,951	16,247,802	14,621,168	14,070,573	16,645,767	15,451,256	33,340,125	18,201,720	18,831,331
Intergovernmental	21,547,927	21,246,577	23,061,009	19,783,960	19,802,487	18,349,223	18,052,285	18,785,203	21,724,233	25,039,713
Rental income	377,621	355,002	383,266	432,660	470,709	473,986	510,614	550,688	578,538	911,124
Charges for services	17,277,036	16,546,585	18,161,552	23,333,482	20,781,787	26,586,566	23,599,385	24,521,666	26,612,545	25,314,067
Fines and forfeits	3,110,577	2,986,586	2,929,400	2,648,101	2,287,456	2,306,886	2,429,335	2,440,446	2,003,137	2,014,566
Special assessments	209,188	498,370	1,100,252	269,691	300,439	157,176	120,081	103,170	46,147	24,127
Repayment of revolving loans	1,725,978	1,316,158	1,419,907	1,577,023	1,359,759	2,049,212	4,374,927	2,315,269	2,000,135	1,585,999
Miscellaneous	4,812,046	3,754,441	4,081,989	2,643,789	3,990,028	3,171,788	6,134,603	3,187,847	3,644,019	4,800,921
Total revenues	164,930,459	174,084,412	183,865,893	179,740,113	178,207,136	188,470,055	193,729,535	213,662,605	209,726,038	222,699,868
Expenditures										
Central services	18,713,107	17,159,626	18,188,802	19,693,788	19,091,906	17,493,539	19,626,851	19,368,223	19,384,389	21,287,052
Fire and emergency medical services	22,667,961	22,977,955	23,507,369	24,666,748	25,551,463	25,647,949	26,273,059	28,482,187	29,144,696	32,142,030
Library, recreation, and cultural services	24,428,693	25,688,755	25,598,692	24,987,647	23,870,446	24,075,473	25,969,030	27,244,948	30,130,054	34,172,077
Planning and development	18,266,739	18,326,473	22,134,992	17,899,972	15,544,065	14,150,442	15,749,257	17,746,249	18,087,410	17,353,886
Police	41,877,715	39,781,729	42,544,795	46,724,924	48,112,485	47,648,196	50,855,001	52,467,719	53,444,177	54,230,508
Public works	16,387,652	15,857,207	15,162,759	15,891,864	16,785,203	16,354,843	16,674,300	18,922,196	18,647,613	19,268,674
Debt service:										
Principal	7,660,834	7,655,206	12,167,801	24,579,753	13,888,196	14,925,325	16,439,017	25,135,066	13,830,504	13,709,127
Interest	2,000,874	1,780,068	1,571,175	2,071,130	1,501,826	1,300,697	1,091,065	981,532	786,735	622,644
Arbitrage fee	6,900	15,070	0	0	0	0	0	0	0	0
Issuance costs	32,253	18,975	50,696	137,276	11,149	28,728	8,788	117,490	0	0
Capital outlay	24,501,530	31,526,686	23,382,608	28,481,716	21,368,508	23,323,366	25,812,060	21,814,651	21,433,109	26,201,981
Contribution of land held for resale	0	0	538,929	0	0	0	0	0	0	0
Intergovernmental	0	0	8,000,000	0	0	500,000	236,151	0	0	0
Loss on sale of capital asset	0	0	0	0	0	0	0	0	0	465,278
Special payments	0	0	0	0	0	0	0	0	321	28,045
Total expenditures	176,544,258	180,787,750	192,848,618	205,134,818	185,725,247	185,448,558	198,734,579	212,280,261	204,889,008	219,481,302
Excess (deficiency) of										
revenues over expenditures	(11,613,799)	(6,703,338)	(8,982,725)	(25,394,705)	(7,518,111)	3,021,497	(5,005,044)	1,382,344	4,837,030	3,218,566

continued

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Other financing sources (uses)</u>										
Proceeds of debt issuance	4,345,000	500,000	17,765,000	8,540,000	9,495,000	10,580,000	8,700,000	11,282,978	9,251,000	9,719,000
Proceeds of note issuance	2,705,930	0	3,412,000	1,777,000	0	0	0	0	0	0
Proceeds of refunding bonds issuance	5,600,000	0	0	11,464,606	0	0	0	8,929,918	0	0
Refunded bonds redeemed	(5,593,800)	0	0	0	0	0	0	0	0	0
Transfers in	14,816,539	40,216,213	12,263,751	10,804,034	7,910,800	17,949,829	9,745,093	9,636,468	14,858,904	9,190,305
Transfers out	(12,782,991)	(22,225,797)	(17,659,327)	(10,253,301)	(8,536,559)	(9,075,836)	(8,521,365)	(10,944,126)	(14,679,461)	(9,257,494)
Total other financing sources (uses)	<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>	<u>19,453,993</u>	<u>9,923,728</u>	<u>18,905,238</u>	<u>9,430,443</u>	<u>9,651,811</u>
Net change in fund balances	<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>	<u>22,475,490</u>	<u>4,918,684</u>	<u>23,742,268</u>	<u>14,267,473</u>	<u>12,870,377</u>
Debt service as a percentage of noncapital expenditures	6.38%	6.34%	8.16%	15.16%	9.37%	10.03%	10.14%	7.97%	7.97%	7.24%

Notes

a) Debt service as a percentage of noncapital expenditures is calculated by taking Debt expenditures and dividing them by all expenditures, net of capitalized expenditures identified on Note 2B.

Data Source

City of Eugene Finance Division

Taxable Assessed Value and Actual Value of Property

Last ten fiscal years - unaudited

(amounts in dollars)

Fiscal year	Real property		Personal property		Total		Direct tax rate
	Taxable assessed value	Real market value	Taxable assessed value	Real market value	Taxable assessed value	Real market value	
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
2014	12,094,523,637	20,325,443,248	407,291,102	413,828,210	12,501,814,739	20,739,271,458	8.28
2015	12,617,178,328	22,069,558,527	412,660,052	419,387,551	13,029,838,380	22,488,946,078	8.26
2016	13,249,156,562	22,995,929,078	436,321,744	446,812,582	13,685,478,306	23,442,741,660	8.25
2017	13,621,225,931	23,850,191,065	456,896,472	468,331,800	14,078,122,403	24,318,522,865	8.34
2018	14,220,572,743	26,202,887,770	481,382,167	498,140,764	14,701,954,910	26,701,028,534	8.30

Notes

- a) 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.
- b) Real property includes utilities and personal property includes manufactured structures.
- c) 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
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
2014	7.17	1.11	8.28	1.91	7.95	0.85	10.71	18.99
2015	7.17	1.09	8.26	1.91	7.93	0.85	10.69	18.95
2016	7.17	1.08	8.25	1.81	7.91	0.81	10.53	18.78
2017	7.38	0.96	8.34	1.65	7.95	0.83	10.43	18.77
2018	7.38	0.92	8.30	1.65	7.92	0.83	10.40	18.70

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)

Fiscal year	Taxes levied for the fiscal year		Total adjusted levy	Collected within the fiscal year of the levy			Collections/ adjustments in subsequent years	Total collections to date		Outstanding taxes	
	Amount	Adjustments		Amount	Percentage of gross levy	Percentage of adjusted levy		Amount	Percentage of adjusted levy	Amount	Percentage of adjusted levy
2012	99,967,213	(2,358,226)	97,608,987	94,522,083	94.6%	96.8%	3,056,931	97,579,014	100.0%	29,973	0.0%
2013	101,892,411	(2,830,768)	99,061,643	95,995,981	94.2%	96.9%	3,055,469	99,051,450	100.0%	10,193	0.0%
2014	104,883,335	(2,967,388)	101,915,947	99,010,678	94.4%	97.1%	2,849,354	101,860,032	99.9%	55,915	0.1%
2015	109,269,488	(3,328,182)	105,941,306	103,161,668	94.4%	97.4%	2,708,722	105,870,390	99.9%	70,916	0.1%
2016	114,746,177	(3,558,988)	111,187,189	108,179,994	94.3%	97.3%	2,370,986	110,550,980	99.4%	636,209	0.6%
2017	119,616,037	(3,341,779)	116,274,258	113,353,377	94.8%	97.5%	1,890,392	115,243,769	99.1%	1,030,489	0.9%
2018	124,122,551	(3,681,816)	120,440,735	118,344,913	95.3%	98.3%	0	118,344,913	98.3%	2,095,822	1.7%

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 nine years ago - unaudited
 (amounts in dollars)

<u>Taxpayer</u>	FY 2018			FY 2009		
	Total taxes paid	Total assessed value	Percentage of total assessed value	Total taxes paid	Total assessed value	Percentage of total assessed value
Comcast Corporation	2,731,366	159,024,800	1.08%	-	-	-
Valley River Center	2,100,062	123,128,734	0.84%	1,733,955	96,563,639	0.88%
Verizon Communications	1,427,736	86,452,000	0.59%	661,080	38,936,900	0.35%
Shepard Investment Group LLC	1,151,465	64,916,553	0.44%	-	-	-
McKay Investment Company LLC	1,011,198	59,883,007	0.41%	466,248	25,965,265	0.00
Century Link (formerly QWEST Corp.)	831,620	49,737,600	0.34%	1,088,750	67,929,300	0.62%
Chase Village LLC	767,624	41,071,146	0.28%	565,231	31,477,613	0.29%
Northwest Natural Gas Company	687,949	41,260,000	0.28%	700,731	43,212,000	0.39%
ACC OP LLC Garden Avenue	685,738	36,702,675	0.25%	-	-	-
Oregon VA1C LLC	618,254	34,160,341	0.23%	-	-	-
Hynix Semiconductor MFG Amercia Inc.	-	-	-	4,331,382	393,442,612	3.58%
Molecular Probes, Inc.	-	-	-	639,644	37,129,694	0.34%
Guard Publishing Company	-	-	-	512,457	30,876,776	0.28%
OR Dept. of Economic Development	-	-	-	417,709	24,352,101	0.22%
Subtotal	12,013,012	696,336,856	4.74%	11,117,187	789,885,900	7.19%
All other taxpayers		14,005,618,054	95.26%		10,204,528,209	92.81%
Total taxpayers		<u>14,701,954,910</u>	<u>100.00%</u>		<u>10,994,414,109</u>	<u>100.00%</u>

Notes

a) Total assessed value does not include exemptions.

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	Limited tax bonds	Tax increment bonds	Notes and contracts payable	Limited tax bonds			
2009	40,315,402	4,840,000	64,892,939	0	2,880,318	5,166,851	118,095,510	0.50%	764
2010	35,500,680	2,160,000	64,733,158	0	2,706,000	4,799,493	109,899,331	0.49%	700
2011	32,930,437	1,820,000	64,910,734	7,900,000	6,118,000	0	113,679,171	0.53%	720
2012	29,430,457	1,465,000	64,180,566	7,183,000	7,895,000	0	110,154,023	0.52%	702
2013	26,225,122	1,105,000	63,157,983	6,429,000	7,767,000	0	104,684,105	0.51%	661
2014	23,549,830	735,000	61,886,023	5,135,000	7,639,000	0	98,944,853	0.48%	620
2015	19,210,297	570,000	49,827,523	3,300,000	6,078,000	10,475,301	89,461,121	0.43%	557
2016	16,574,320	390,000	48,267,928	1,222,000	5,868,000	10,137,540	82,459,788	0.35%	505
2017	12,967,158	200,000	46,332,768	298,000	5,677,000	9,711,694	75,186,620	0.31%	453
2018	9,235,009	0	43,992,044	0	5,484,000	9,221,483	67,932,536	0.25%	405

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.
- e) As part of the implementation of GASB 68 in FY15, the Limited Tax Pension Bond Debt was proportionately allocated to all Governmental and Business-type activities.

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 principal 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				
2009	40,315,402	4,840,000	70,059,790	0	115,215,192	(2,966,347)	112,248,845	0.48%	726
2010	35,500,680	2,160,000	69,532,651	0	107,193,331	(2,853,827)	104,339,504	0.46%	664
2011	32,930,437	1,820,000	64,910,734	7,900,000	107,561,171	(2,979,126)	104,582,045	0.49%	663
2012	29,430,457	1,465,000	64,180,566	7,183,000	102,259,023	(2,666,763)	99,592,260	0.47%	634
2013	26,225,122	1,105,000	63,157,983	6,429,000	96,917,105	(2,405,391)	94,511,714	0.46%	597
2014	23,549,830	735,000	61,886,023	5,135,000	91,305,853	(1,997,355)	89,308,498	0.43%	560
2015	19,210,297	570,000	60,302,824	3,300,000	83,383,121	(2,260,458)	81,122,663	0.36%	505
2016	16,574,320	390,000	58,405,468	1,222,000	76,591,788	(1,895,999)	74,695,789	0.32%	457
2017	12,967,158	200,000	56,044,462	298,000	69,509,620	(2,260,859)	67,248,761	0.28%	405
2018	9,235,009	0	53,213,527	0	62,448,536	(1,952,510)	60,496,026	0.23%	361

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, 2018 - 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)	64,718,659	100.00%	64,718,659
Total direct debt			<u>64,718,659</u>
Lane Community College	51,772,932	46.73%	27,831,719
Lane County	35,978,634	47.46%	11,250,346
Lane Education Service District	3,081,821	47.52%	3,081,821
School District 4J	236,650,382	79.53%	236,650,382
School District 52	39,514,899	77.02%	39,514,889
School District 69	612,894	4.35%	612,894
River Road Park & Recreation District	573	0.07%	363
Total overlapping debt			<u>318,942,414</u>
Total direct and overlapping debt			<u><u>383,661,073</u></u>

Data source

Oregon State Treasury Debt Management Information System. The system collects data on new public entity debt issuances. The data from the system is used to create overlapping debt reports.

City of Eugene Finance Division

Legal Debt Margin - General Obligation Bonded Debt

Last ten fiscal years - unaudited

(amounts in dollars)

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Real market value	23,448,229,956	22,560,759,069	21,289,909,444	21,208,506,252	20,450,005,021	20,739,271,458	22,488,946,078	23,442,741,660	24,318,522,865	26,701,028,534
Legal debt margin:										
Debt limit (3% of real market value)	703,446,899	676,822,772	638,697,283	636,255,188	613,500,151	622,178,144	674,668,382	703,282,250	729,555,686	801,030,856
Debt applicable to limit:										
General Obligation Bonds	40,176,200	35,389,414	32,844,164	28,910,000	25,820,000	23,245,000	18,990,300	15,625,000	12,185,000	8,695,000
Less: Amount reserved for repayment of general obligation debt	458,350	(619,761)	(961,919)	(552,614)	(395,162)	(76,235)	(354,949)	(290,445)	(574,151)	(817,737)
Total debt applicable to limit	<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>	<u>23,168,765</u>	<u>18,635,351</u>	<u>15,334,555</u>	<u>11,610,849</u>	<u>7,877,263</u>
Legal debt margin	<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>	<u>599,009,379</u>	<u>656,033,031</u>	<u>687,947,695</u>	<u>717,944,837</u>	<u>793,153,593</u>
Total debt applicable to the limit as a percentage of debt limit	<u>6%</u>	<u>5%</u>	<u>5%</u>	<u>4%</u>	<u>4%</u>	<u>4%</u>	<u>3%</u>	<u>2%</u>	<u>2%</u>	<u>1%</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>
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	12,742,734	35,941
2013	158,335	8.20%	354,200	13,047,961	36,630
2014	159,580	6.70%	356,125	13,392,647	37,374
2015	160,775	6.50%	358,805	14,468,971	39,871
2016	163,400	4.70%	362,150	15,160,278	41,027
2017	165,885	3.70%	365,940	15,013,420	41,027
2018	167,780	3.50%	370,600	15,204,606	41,027

Notes

- a) Personal income information is not available for the City.
- b) The 2017 and 2018 per capita income was not available and has been estimated to be the same as 2016.
- c) Population is certified as of July 1 of each fiscal year by Portland State University Population Research Center.
- d) Unemployment rates presented are annualized for the calendar year. The FY18 unemployment rate is as of May, 2018 (the most recent information available).

Data source*City of Eugene Information:*

Population: Portland State University's Center for Population Research and Census

Unemployment rate: Bureau of Labor Statistics, U.S. Department of Labor

Lane County Information:

Bureau of Economic Analysis, U.S. Department of Commerce

Lane County Financial Services

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

<u>Employer</u>	FY 2018		FY 2009	
	<u>Employees</u>	<u>Percentage of total employment</u>	<u>Employees</u>	<u>Percentage of total employment</u>
PeaceHealth Medical Group	6,257	3.54%	4,893	2.97%
University of Oregon	5,417	3.07%	4,038	2.45%
Eugene School District 4J	2,515	1.42%	2,794	1.70%
US Government	1,778	1.01%	1,800	1.09%
Lane Community College	1,632	0.92%	1,118	0.68%
Lane County	1,616	0.91%	2,000	1.22%
City of Eugene	1,441	0.82%	1,547	0.94%
State of Oregon	1,149	0.65%	2,000	1.22%
Springfield School District	1,379	0.78%	1,500	0.91%
McKenzie-Willamette Medical Center	988	0.56%	-	-
Monaco Coach Corp.	-	-	2,400	1.46%
Total	<u>24,172</u>	<u>13.68%</u>	<u>24,090</u>	<u>14.64%</u>

Notes

- a) There is no comprehensive source available to obtain this data. Therefore, prior year information may not be consistent with current data.
- b) Percent of employment is as of January 1st of each year.

Data source

Bureau of Labor Statistics
City of Eugene Finance Division
Eugene Chamber of Commerce
Oregon Employment Department

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>	
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
2014	202	202	167	86	299	407	1,363
2015	204	198	167	92	300	408	1,369
2016	210	198	171	98	306	411	1,394
2017	216	202	186	97	307	409	1,417
2018	235	215	184	102	301	404	1,441

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Central services:										
Number of risk claims managed	250	258	296	269	259	266	237	227	220	238
Number of purchase orders issued	17,434	15,513	15,936	15,544	15,625	15,485	15,910	15,364	16,409	10,730
Job applications processed	7,464	6,257	7,778	8,602	9,372	8,865	8,809	10,032	10,590	13,531
Building square footage maintained	2,014,217	2,014,217	1,932,261	1,919,698	2,034,058	2,034,058	1,926,676	1,926,676	1,926,503	1,933,367
Municipal Court cases processed	26,963	26,273	23,623	22,078	26,076	21,714	19,697	17,569	13,817	14,460
Fire and emergency medical services:										
Emergency responses	21,233	20,130	21,539	21,186	21,111	22,258	25,933	26,655	28,014	27,974
Fire inspections	839	943	1,576	2,393	2,270	4,816	4,989	3,042	2,435	2,286
Library, recreation, and cultural services:										
Number of library patron visits	1,542,183	1,469,860	1,380,951	1,386,601	1,213,547	1,159,425	1,074,504	1,054,313	1,137,194	1,158,737
Volume of library collection borrowed	2,909,908	2,928,143	2,859,748	2,826,998	2,801,669	2,737,196	2,554,320	2,597,267	2,689,691	2,646,269
Hult Center attendees	185,873	174,275	187,388	144,102	143,578	136,941	135,728	176,244	156,347	177,547
Recreation services	675,598	795,407	773,162	625,520	622,194	616,129	661,090	641,877	660,286	686,297
Planning and development:										
Construction permits issued	8,634	9,653	9,812	10,260	9,934	10,594	11,481	12,128	13,040	13,549
Land use applications reviewed	240	168	139	208	205	233	265	264	352	338
Parking permits issued	23,660	21,000	16,200	16,800	13,750	15,000	32,493	33,730	35,500	37,936
Parking citations issued	59,009	62,605	56,379	57,885	44,615	52,374	65,433	63,981	62,655	64,826
Police:										
Calls for service	107,836	102,426	103,219	109,097	123,099	127,782	125,867	126,770	133,322	131,686
Eugene crime index	6,864	6,009	4,857	5,282	5,337	5,209	5,251	4,515	4,190	4,196
U.S. median city crime index	2,640	2,520	2,419	3,769	3,845	3,618	3,591	3,419	3,318	3,268
Public works:										
Number of municipal airport passengers	659,641	724,855	789,620	806,541	840,048	891,936	907,810	938,895	1,011,875	1,120,925
Gallons of wastewater treated (in billions)	10.8	13.1	14.7	13.6	11.4	11.7	11.4	12.5	12.5	11.0

Notes

- The number of risk 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.
- Construction permits issued has a more comprehensive methodology starting in FY15 and going forward.
- The Eugene crime index is based on the number of offenses, reported on a fiscal year basis (per 100,000 population).
- The U.S. median city crime index starting in FY16 uses the National Incident-Based Reporting System (NIBRS) indices, prior years used the Uniform Crime Reporting (UCR) index.

Data source

Individual City Departments

Capital Asset Statistics by Function/Program

Last ten fiscal years - unaudited

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Fire and emergency medical services:</u>										
Ambulances	10	10	10	10	10	10	10	10	10	13
Fire stations	11	11	11	11	11	11	11	11	11	11
Fire apparatus	29	29	29	29	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	42	42	43	43	43	52	52	52	52	53
<u>Public works:</u>										
Jogging and hiking trails (miles)	28	28	28	28	38	39	44	47	48	48
On/off street biking trails (miles)	153	157	157	159	159	159	304	248	245	245
Park acreage	3,671	3,671	3,987	4,283	4,506	4,576	4,677	4,800	4,800	4,800
Streets maintained (miles)	533	533	533	533	533	540	538	543	547	547
Alleys (miles)	42	42	42	43	43	43	43	43	43	43
Sidewalks (miles)	700	738	772	772	791	791	792	756	767	767
Drainage Lines (miles)	567	601	601	601	601	601	601	601	601	601
Wastewater collection lines (miles)	813	815	811	812	821	821	821	821	842	842

a) Beginning in FY15, bike lanes are being calculated based on lane miles as opposed to centerline miles.

b) Prior to FY16 the sidewalk and biking trails included the Urban Growth Boundary; starting with FY16 these are within City Limits.

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 AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS



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

1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

We have audited the basic financial statements of City of Eugene, Oregon as of and for the year ended June 30, 2018, and have issued our report thereon dated November 30, 2018. 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 the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, 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. Deficit net position are described in Note (3) (B) to the financial statements, *Stewardship, Compliance, and Accountability – Deficit Net Position*.

OAR 162-10-0230 Internal Control

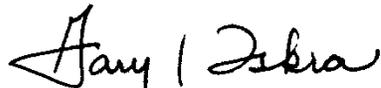
In planning and performing our audit, we considered City of Eugene's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on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

This report is intended solely for the information and use of the Honorable Mayor, members of the City Council, the City Manager, management of 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
November 30, 2018

GOVERNMENT AUDITING STANDARDS

Government Auditing Standards Report

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INDEPENDENT AUDITOR'S 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

1976 Garden Ave.
Eugene, OR 97403
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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 the City of Eugene, Oregon ("the City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2018.

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.

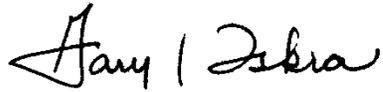
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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
November 30, 2018

OMB Uniform Guidance (Single Audit) Report

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.



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Report on Internal Control Over Compliance

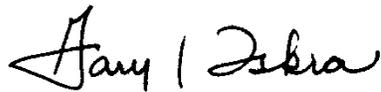
The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types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

By Gary Iskra, CPA, a member of the firm

Eugene, Oregon
November 30, 2018

CITY OF EUGENE, OREGON

Schedule of Findings and Questioned Costs

June 30, 2018

Section I - Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Eugene were prepared in accordance with Generally Accepted Accounting Principles.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the *Independent Auditor's 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, which would be required to be reported in accordance with *Government Auditing Standards*, 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 *Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Uniform Guidance*.
5. The auditor's report on compliance for the major federal award programs for the City of Eugene expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that were required to be reported in accordance with 2 CFR Section 200.516(a) reported in this schedule.
7. The programs tested as a major programs were:

Community Development Block Grants/Entitlement Grants, CFDA #14.218
Airport Improvement Program, CFDA #20.106
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. The City of Eugene did not qualify 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

**Reference
Number**

Finding and Corrective Action Plan

2017-001 **Finding:** The City's Community Development Block grants/Entitlement Grants subrecipient agreement format had not been updated to conform to 2 CFR 200.331(a). - Subrecipient Monitoring

Status: Corrective action was implemented. Subrecipient agreements were updated to ensure all required information is included and procedures were amended to ensure subrecipient reporting requirements remain up to date.

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2018

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Passed through to subrecipients</u>	<u>Expenditures</u>
U.S. Department of Commerce				
Direct program:				
Investments for Public Works and Economic Development Facilities	11.300	07-01-07390	0	172,283
Total U.S. Department of Commerce			0	172,283
U.S. Department of Housing and Urban Development				
Direct program:				
HOME Investment Partnerships Program	14.239	M-17-DC-41-0200	0	542,759
CDBG - Entitlement Grants Cluster:				
Direct program:				
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-41-0001	362,545	563,961
Total CDBG - Entitlement Grants Cluster			362,545	563,961
Total U.S. Department of Housing and Urban Development			362,545	1,106,720
U.S. Department of the Interior				
Direct program:				
BLM Wildland Urban Interface Community Fire Assistance	15.228	L15AC00129	0	88,265
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00189	0	14,544
Grants passed through State of Oregon:				
Outdoor Recreation Acquisition, Development and Planning	15.916	41-01599	0	61,863
Total U.S. Department of the Interior			0	164,672
U.S. Department of Justice				
Direct program:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DE-BX-K014	0	76,791
Grants passed through Center for Court Innovation:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	NA	0	100,499
Total U.S. Department of Justice			0	177,290
U.S. Department of Transportation				
Direct program:				
Airport Improvement Program	20.106	3-41-0018-052	0	307,726
Airport Improvement Program	20.106	3-41-0018-054	0	5,611,160
Airport Improvement Program	20.106	3-41-0018-057	0	50,475
Payments for Small Community Air Service Development	20.930	OST-2010-0124	0	241,226
Grants passed through Oregon Impact:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2016-2017	0	15,164
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2017-2018	0	23,805
Grants passed through State of Oregon:				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	2016-HMEP	0	9,596
Highway Planning and Construction Cluster:				
Grants passed through State of Oregon:				
Highway Planning and Construction	20.205	RS-16-77-10	0	21,856
Highway Planning and Construction	20.205	29983	0	7,044
Highway Planning and Construction	20.205	30045	0	149,158

continued

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2018

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Passed through to subrecipients</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation, continued</u>				
Highway Planning and Construction Cluster, continued:				
Grants passed through State of Oregon, continued:				
Highway Planning and Construction	20.205	30312	0	692,736
Highway Planning and Construction	20.205	30440	0	12,626
Highway Planning and Construction	20.205	31271	0	97,090
Highway Planning and Construction	20.205	31816	0	242,943
Highway Planning and Construction	20.205	30162	0	6,464
Highway Planning and Construction	20.205	30316	0	382,907
Highway Planning and Construction	20.205	32420	0	22,762
Grants passed through Lane Transit District:				
Highway Planning and Construction	20.205	18755	0	118,647
Highway Planning and Construction	20.205	2016-00227	0	85,239
Grants passed through Lane Council of Governments:				
Highway Planning and Construction	20.205	2018-00214	0	45,000
Total Highway Planning and Construction Cluster			<u>0</u>	<u>1,884,472</u>
Highway Safety Cluster:				
Grants passed through State of Oregon:				
State and Community Highway Safety	20.600	SC-17-35-12 AAA	0	17,262
State and Community Highway Safety	20.600	OP-18-45-03 BBB	0	25,047
National Priority Safety Programs	20.616	M1HVE-17-46-03 QQQ	0	23,726
Grants passed through Oregon Impact:				
National Priority Safety Programs	20.616	2018-00217	0	2,483
Grants passed through Oregon Impact:				
State and Community Highway Safety	20.600	2017-2018	0	2,470
Total Highway Safety Cluster			<u>0</u>	<u>70,988</u>
Total U.S. Department of Transportation			0	8,214,612
<u>National Endowment for the Arts</u>				
Grants passed through Arts Midwest:				
Promotion of the Arts Grants to Organizations and Individuals	45.024	2016-2017	0	14,000
Total National Endowment for the Arts			0	14,000
<u>U.S. Environmental Protection Agency</u>				
Direct program:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00J66601	0	33,406
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-01J40201	0	66,663
Total U.S. Environmental Protection Agency			0	100,069
<u>U.S. Department of Education</u>				
Grants passed through Eugene School District 4J:				
Twenty-First Century Community Learning Centers	84.287	NA	0	58,860
Total U.S. Department of Education			0	58,860

continued

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2018

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Passed through to subrecipients</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Grants passed through State of Oregon:				
National Bioterrorism Hospital Preparedness Program	93.889	155427	0	50,000
Grants passed through Lane County, Oregon:				
Low-Income Home Energy Assistance	93.568	NA	0	26,593
Block Grants for Community Mental Health Services	93.958	51582	0	19,256
Total U.S. Department of Health and Human Services			0	95,849
<u>U.S. Department of Homeland Security</u>				
Direct program:				
Assistance to Firefighters Grant	97.044	EMW-2016-FO-03109	0	468,450
Grants passed through State of Oregon:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4296-OR	0	34,469
Emergency Management Performance Grants	97.042	17-538	0	128,921
Homeland Security Grant Program	97.067	17-214	0	235,256
Homeland Security Grant Program	97.067	16-230	0	8,774
Homeland Security Grant Program	97.067	17-213	0	56,423
Total U.S. Department of Homeland Security			0	932,293
Total Federal Financial Assistance			362,545	11,036,648

CITY OF EUGENE, OREGON

Notes to Schedule of Expenditures of Federal Awards

June 30, 2018

(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 (City) 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, 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.

(2) Significant Accounting Policies

Basis of Presentation

The information in the Schedule is presented in accordance with the Uniform Guidance.

Federal Financial Assistance

Pursuant to the Uniform Guidance, 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 Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the City are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in Note 1A to the basic financial statements. Additionally, the Schedule includes all federal programs administered by the City for the year ended June 30, 2018.

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.

Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

