

City of Eugene, Oregon



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019
Jon Ruiz, City Manager

COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF EUGENE, OREGON
FISCAL YEAR ENDED JUNE 30, 2019



REPORT PREPARED BY THE CITY
FINANCE DIVISION

INTRODUCTORY SECTION

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 Year ended June 30, 2019

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November 8, 2019

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, 2019.

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, 2019 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, 2019, 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, 2019 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, 2018, 169,695 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.

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.

The legally adopted budget is at the fund and department level for operating expenditures, with separate appropriations established for capital projects and non-departmental expenditures such as 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 the largest city in Lane County and the second largest city in Oregon, representing 45.2% of the county's and 4% of the state's population. Eugene's economy typically follows the trends of the state and national economies. After years of expansion, the pace of local economic growth remains similar to that of the state economy. Annual job growth in the Eugene-Springfield MSA in 2018 was equal to the state's overall growth rate of 1.9%. Eugene's 2018 unemployment rate remained steady at 4.5%, slightly higher than the state of Oregon and national unemployment rates.

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 (UO), 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 four years, increasing by rates above the ten-year average.

Federal, state and county government agencies provide stable employment for the local community, and the health care and social assistance sector comprises the largest employment base in the city. Eugene is home to Lane Community College, Northwest Christian University, and the University of Oregon. UO employs thousands of full-time workers, and brings a large population of students to live, work, and recreate in Eugene. In the fall term of the 2018-19 academic year, 22,760 students were enrolled at UO. In 2020, UO will open the \$1.0 billion Phil and Penny Knight Campus for Accelerating Scientific Impact. The Knight Campus is 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.

Other planned developments signify continued optimism and growth in Eugene's economy. Sixteen acres of former industrial space on the Willamette River are currently under development and will include a new park and plaza, as well as housing and mixed-use development, directly connecting our downtown and campus areas to the river. In Downtown, a \$60.0 million 5th Street Public Market expansion will expand housing, retail and office space, as well as hospitality. Additionally, the City is leading an inclusive public involvement process to design a new Town Square that includes improvements to the Downtown Park Blocks, infrastructure for an all-season Farmer's Market, and space for a new Eugene City Hall.

Businesses and organizations throughout the community are preparing to host the 2021 World Championships, which will be the world's largest sporting event that year. The 10-day competition is expected to bring over 2,000 athletes from over 190 countries to Eugene, roughly 3,000 media attendees, and up to six billion media impressions. The University of Oregon is undergoing a donor-funded \$200.0 million renovation of its famous Hayward Field facility to more than double the spectator capacity. A preliminary economic report from 2015 estimates approximately 55,000 visitors for the event, with 60.5% of visitors coming from outside of Oregon. The City of Eugene is working with local, national, and international partners to ensure that the community can absorb an event of this magnitude, while being socially and environmentally responsible.

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 adopts a six-year capital planning document the *Capital Improvement Program* and regularly conducts a *Debt Capacity Analysis*. Staff also compile the *Unfunded Needs Assessment*, an inventory of unfunded needs that is presented in the proposed and adopted budget documents.

The largest fund is the General Fund, which is the general operating fund for the City. In preparation for the FY20 budget, the General Fund forecast was updated to provide policy makers with the financial outlook for the fund. The forecast indicated that the General Fund remains in a stable position through FY21, with a projected budget gap beginning in FY22 driven by a significant increase in PERS rates assumed that year. However, new legislation passed by the State Legislature in 2019 may limit the extent to which PERS rates increase in FY22. It will take time for PERS to fully analyze and implement the rules of the new legislation; any rate impacts resulting from this bill or City actions will be reflected in future forecasts.

To account for these and other uncertainties, the FY20 Budget includes \$1.5 million of financial stability strategies to mitigate uncertainty in the outyears of the General Fund forecast. By implementing these budgetary actions in FY20, the budget gap that begins in FY22 is mitigated and revenues are greater than expenditures by the end of the forecast, providing more resiliency to the General Fund and positioning the organization to be responsive as we look to the future.

In March 2019, the City Council approved the FY20-25 *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 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. The City's net direct debt to real market value was 0.05% at the end of FY18. The City issued an additional \$28.6 million in bonds in February 2019 as part of the Parks and Recreation Bond approved by voters in the May 2018 election.

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 these efforts.

Community Safety System

System Stabilization Strategies

As part of the FY19 Supplemental Budget, the City Council approved an 18-month bridge funding strategy totaling \$8.6 million that is designed to address critical Community Safety System needs from January 2019 through June 2020. The goal is to stabilize services for prevention, homelessness, public safety and emergency response. After approving the 18-month bridge funding, the City Council also gave direction to immediately begin work on long-term funding strategies to address critical community safety needs. A Community Safety Revenue Team was formed to develop a recommendation for the City Manager. The team began meeting in November 2018 and developed a strategy to fund \$23.6 million of Community Safety System strategies on an ongoing basis.

Funding Strategy - Payroll Tax

The Community Safety Revenue Team's recommendation to the City Manager was to implement a payroll tax to provide ongoing funding support for the \$23.6 million in community safety services on an annual basis, with an option to be phased in over six years. Following an extensive public information and community engagement process, Eugene City Council held a public hearing on the proposed community safety payroll tax on May 28, 2019. Following the public hearing, the Eugene City Council passed the community safety payroll tax ordinance on June 10, 2019, in order to provide ongoing, sustainable funding for these city-wide public safety efforts. This ordinance went into effect on July 11, 2019.

The Council made adjustments to the ordinance to take into account public and business community feedback, including an exemption for minimum wage earners, a reduced rate for those making \$12.01-\$15.00 per hour, and reducing the rate for small businesses with two or fewer employees. Several ordinance revisions were made to ensure that funds are used for community safety services, will have an analysis of economic impacts, and that the outcomes will be measured and reported. The City Council must refer the payroll tax to the voters by 2028 in order for the tax to continue; if not referred by the Council or approved by the voters, the community safety payroll tax will sunset.

Downtown Riverfront

Eugene's Downtown Riverfront is embarking on a major transformation, fulfilling the community's long-held goal of turning vacant, inaccessible and former utility acreage into a vibrant, active and accessible riverfront neighborhood and community destination. The 20-acre redevelopment of the Downtown Riverfront has been a part of the community's vision for decades and reinforced through numerous public engagement opportunities over several years. One of the priorities the City heard most clearly in talking to the community about the future of parks and recreation is providing access to the river for everything from recreation to simply enjoying the views. The three-acre Downtown Riverfront Park and one-acre Plaza will be the heart of the greater riverfront development that reimagines a new, vibrant future and will, once again, unite the city with the river. Construction of the three-acre linear park, utilities, and roads will begin in 2020. Along with the Riverfront Park, the site's infrastructure and first-phase developments are expected to be completed in 2021.

Town Square

The Eugene Town Square Project will transform the Park Blocks at 8th Avenue and Oak Street, provide a permanent, year-round home for the Farmers Market and serve as the new site for the future City Hall. Today, the Park Blocks are famous for hosting the Eugene Saturday Market and Lane County Farmers Market. The Town Square will look to build on these popular events by giving a permanent home to the Farmers Market and making improvements to the Park Blocks to support the vibrant Eugene Saturday Market. Eugene's City Hall will be built as a part of the Town Square, facing on to a restored Park Block that has been covered up by the Butterfly Parking Lot for the last 50 years. The Town Square Project has two phases: Phase A, the public involvement and concept design for the entire project, treated holistically as a unified effort, and Phase B, the final design and construction of the individual subprojects, which will follow the direction established in Phase A.

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, 2018. This was the 43rd 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 these standards of excellence 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 FY19. 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 36 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**

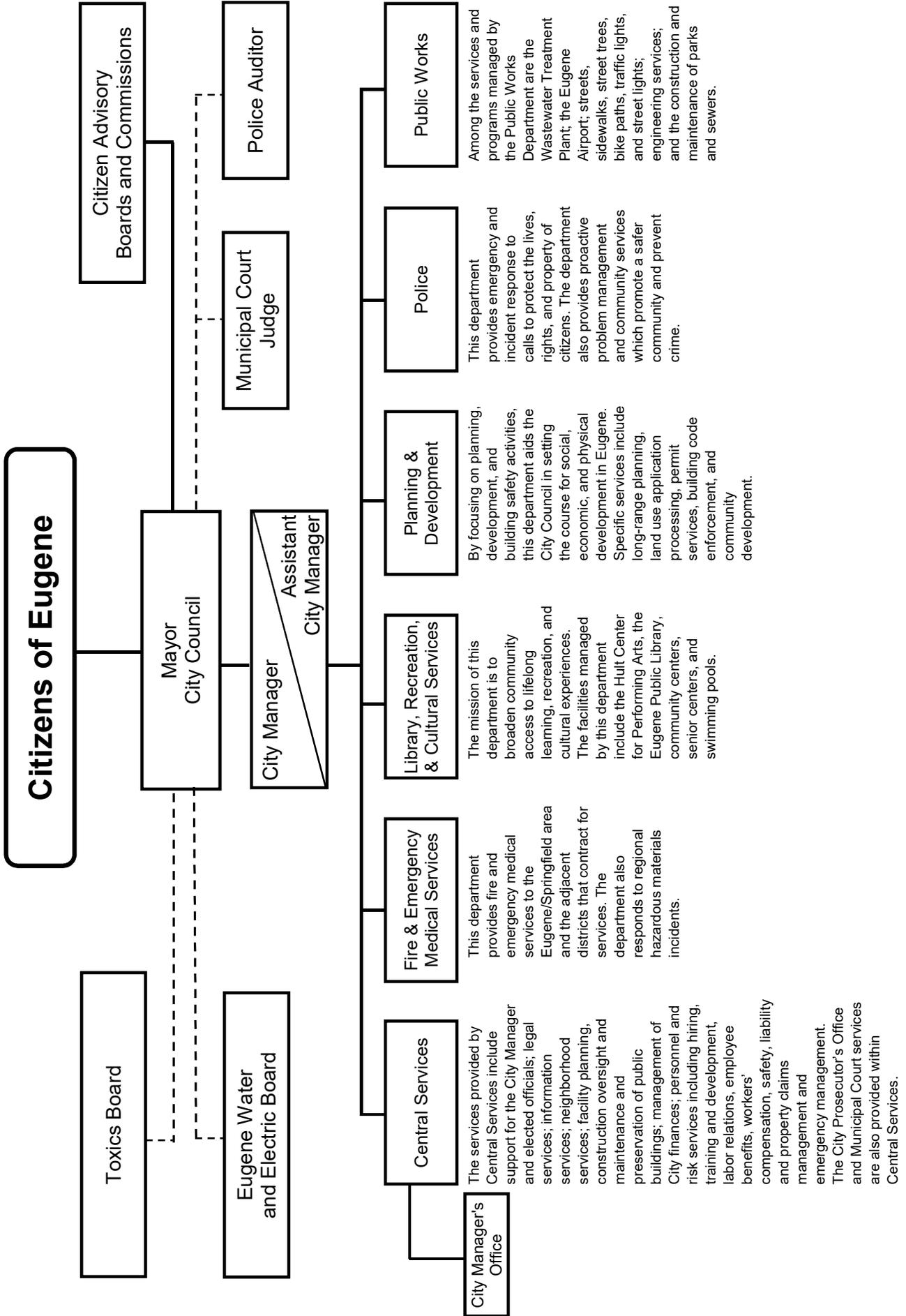
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Eugene Organizational Chart



CITY OF EUGENE, OREGON

Mayor and City Council as of June 30, 2019

| | <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 2023 |
| | Jennifer Yeh (Ward 4) | January 2023 |
| | Mike Clark (Ward 5) | January 2023 |
| | Greg Evans (Ward 6) | January 2023 |
| | 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

Mia Cariaga, Central Services Executive Director

Chris Heppel, Fire and Emergency Medical Services Chief, AIC

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 13 through 21), the schedules of revenues, expenditures and changes in fund balances – budget and actual of the General Fund and the Community Development Fund (pages 83 through 84) (the "budgetary schedules"), the schedule of the City's Proportionate Share of the Net Pension Asset/(Liability) (page 85), the schedule of the City's Proportionate Share of the Net OPEB RHIA Asset (Liability) (page 86), the Schedule of Changes in the City's Total OPEB RHLI Asset (Liability) (page 86) and the budget to GAAP reconciliation (page 87), 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 83 - 84 and the budget to GAAP reconciliation on page 87 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 8); other supplementary information (pages 89 through 134); other supplementary schedules (page 136 through 137) and statistical tables section (pages 139 through 158) 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 172 through 174) 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 8, 2019, 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 solely 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 the effectiveness of the City's 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 for Audits of Oregon Municipal Corporations*, we have issued our report dated November 8, 2019 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 161 to 162 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 Paul Nielson, CPA, a member
Eugene, Oregon
November 8, 2019

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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, 2019. 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, 2019 increased \$103.4 million from \$1.1 billion to \$1.2 billion. The increase was largely due to a \$71.6 million increase in cash and investments and an increase of \$22.9 million in capital assets.
- The City's total liabilities and deferred inflows of resources at June 30, 2019 increased \$60.4 million from \$321.4 million to \$381.8 million. The increase was attributable to increases in noncurrent liabilities of \$17.0 million in net pension liability and an increase of \$25.1 million in bonds payable. In addition, deferred inflows of resources increased by \$11.6 million.
- The net position of the City (assets and deferred outflows of resources less liabilities and deferred inflows of resources) at June 30, 2019 increased \$43.0 million from \$806.0 million to \$849.0 million. The City's unrestricted portion of net position is a negative \$31.5 million. This is primarily due to the recognition of the City's net pension liability which continues to increase each fiscal year.
- At June 30, 2019, the General Fund's fund balance remained at \$65.0 million. \$32.0 million of the General Fund's fund balance is unassigned.

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 23 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 19 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-14, 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 \$849.0 million at the close of the fiscal year ending June 30, 2019, an increase of \$43.0 million. The following table summarizes the City's net position.

| City of Eugene's Net Position | | | | | | |
|--------------------------------------|-------------------------|--------------------|--------------------------|--------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Capital assets | \$ 490,802,488 | 467,044,926 | 256,571,551 | 257,404,328 | 747,374,039 | 724,449,254 |
| Other assets | 358,732,086 | 289,485,956 | 47,632,024 | 45,008,339 | 406,364,110 | 334,494,295 |
| Total assets | <u>849,534,574</u> | <u>756,530,882</u> | <u>304,203,575</u> | <u>302,412,667</u> | <u>1,153,738,149</u> | <u>1,058,943,549</u> |
| Deferred outflows | 62,363,391 | 55,427,463 | 14,700,107 | 12,990,210 | 77,063,498 | 68,417,673 |
| Total deferred outflows | <u>62,363,391</u> | <u>55,427,463</u> | <u>14,700,107</u> | <u>12,990,210</u> | <u>77,063,498</u> | <u>68,417,673</u> |
| Noncurrent liabilities | 256,208,679 | 216,473,534 | 50,834,872 | 47,442,364 | 307,043,551 | 263,915,898 |
| Other liabilities | 52,817,508 | 48,339,622 | 8,063,957 | 6,858,024 | 60,881,465 | 55,197,646 |
| Total liabilities | <u>309,026,187</u> | <u>264,813,156</u> | <u>58,898,829</u> | <u>54,300,388</u> | <u>367,925,016</u> | <u>319,113,544</u> |
| Deferred inflows | 11,127,569 | 1,831,684 | 2,734,252 | 431,451 | 13,861,821 | 2,263,135 |
| Total deferred inflows | <u>11,127,569</u> | <u>1,831,684</u> | <u>2,734,252</u> | <u>431,451</u> | <u>13,861,821</u> | <u>2,263,135</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 422,441,689 | 452,067,031 | 256,571,551 | 257,404,328 | 679,013,240 | 709,471,359 |
| Restricted | 192,379,081 | 103,745,724 | 9,140,965 | 8,057,352 | 201,520,046 | 111,803,076 |
| Unrestricted | (23,076,561) | (10,499,250) | (8,441,915) | (4,790,642) | (31,518,476) | (15,289,892) |
| Total net position | <u>\$ 591,744,209</u> | <u>545,313,505</u> | <u>257,270,601</u> | <u>260,671,038</u> | <u>849,014,810</u> | <u>805,984,543</u> |

The largest portion of the City's net position, \$679.0 million, is its net 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 \$201.5 million which represents resources that are subject to external restrictions as to how they may be used. Restricted net position increased \$89.7 million in the fiscal year ending June 30, 2019, with an increase of \$77.8 million in the capital project category. The City's unrestricted portion of net position is a negative \$31.5 million.

City of Eugene's Changes in Net Position

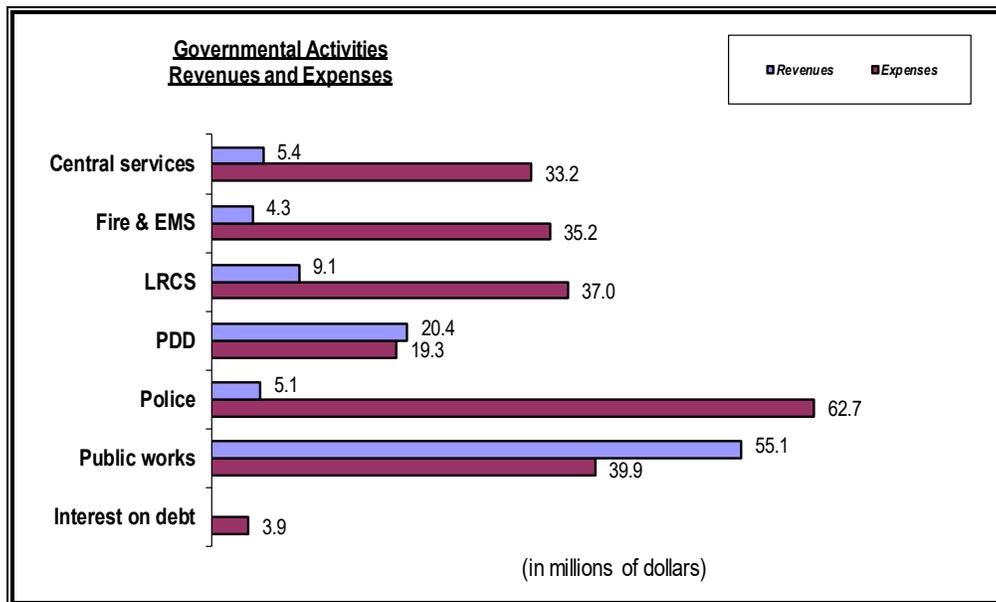
| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Fees, fines, and charges for services | \$ 52,611,821 | 42,481,811 | 76,777,719 | 74,834,245 | 129,389,540 | 117,316,056 |
| Operating grants and contributions | 18,838,857 | 15,724,068 | 1,638,307 | 452,897 | 20,477,164 | 16,176,965 |
| Capital grants and contributions | 27,874,233 | 8,461,914 | 6,717,167 | 11,059,636 | 34,591,400 | 19,521,550 |
| General revenues: | | | | | | |
| Taxes | 133,531,122 | 126,155,262 | 0 | 0 | 133,531,122 | 126,155,262 |
| Grants and contributions not restricted to specific programs | 5,699,558 | 5,733,521 | 0 | 0 | 5,699,558 | 5,733,521 |
| Contributions in lieu of taxes | 12,824,676 | 13,227,794 | 0 | 0 | 12,824,676 | 13,227,794 |
| Franchise fees on telecom providers revenues | 11,424,731 | 11,286,127 | 0 | 0 | 11,424,731 | 11,286,127 |
| Unrestricted investment earnings | 8,622,148 | 3,334,383 | 849,535 | 253,145 | 9,471,683 | 3,587,528 |
| Total revenues | <u>271,427,146</u> | <u>226,404,880</u> | <u>85,982,728</u> | <u>86,599,923</u> | <u>357,409,874</u> | <u>313,004,803</u> |
| Program expenses: | | | | | | |
| Central services | 33,235,243 | 33,984,575 | 0 | 0 | 33,235,243 | 33,984,575 |
| Fire and emergency medical services | 35,157,534 | 34,507,024 | 0 | 0 | 35,157,534 | 34,507,024 |
| Library, recreation, and cultural services | 37,023,171 | 36,907,151 | 0 | 0 | 37,023,171 | 36,907,151 |
| Planning and development | 19,263,816 | 18,337,122 | 0 | 0 | 19,263,816 | 18,337,122 |
| Police | 62,652,581 | 57,810,827 | 0 | 0 | 62,652,581 | 57,810,827 |
| Public works | 39,872,034 | 40,674,094 | 0 | 0 | 39,872,034 | 40,674,094 |
| Interest on long-term debt | 3,853,302 | 3,456,197 | 0 | 0 | 3,853,302 | 3,456,197 |
| Ambulance transport | 0 | 0 | 11,572,312 | 10,395,356 | 11,572,312 | 10,395,356 |
| Municipal airport | 0 | 0 | 16,725,563 | 15,868,106 | 16,725,563 | 15,868,106 |
| Parking services | 0 | 0 | 7,116,757 | 6,725,438 | 7,116,757 | 6,725,438 |
| Stormwater utility | 0 | 0 | 19,924,874 | 17,420,308 | 19,924,874 | 17,420,308 |
| Wastewater utility | 0 | 0 | 27,982,420 | 26,813,149 | 27,982,420 | 26,813,149 |
| Total direct expenses | <u>231,057,681</u> | <u>225,676,990</u> | <u>83,321,926</u> | <u>77,222,357</u> | <u>314,379,607</u> | <u>302,899,347</u> |
| Indirect expense allocation* | <u>(4,510,000)</u> | <u>(4,199,000)</u> | <u>4,510,000</u> | <u>4,199,000</u> | <u>0</u> | <u>0</u> |
| Total expenses | <u>226,547,681</u> | <u>221,477,990</u> | <u>87,831,926</u> | <u>81,421,357</u> | <u>314,379,607</u> | <u>302,899,347</u> |
| Change in net position before transfers | 44,879,465 | 4,926,890 | (1,849,198) | 5,178,566 | 43,030,267 | 10,105,456 |
| Transfers | 1,551,239 | 528,264 | (1,551,239) | (528,264) | 0 | 0 |
| Change in net position after transfers | <u>46,430,704</u> | <u>5,455,154</u> | <u>(3,400,437)</u> | <u>4,650,302</u> | <u>43,030,267</u> | <u>10,105,456</u> |
| Net position July 1 | <u>545,313,505</u> | <u>539,858,351</u> | <u>260,671,038</u> | <u>256,020,736</u> | <u>805,984,543</u> | <u>795,879,087</u> |
| Net position June 30 | <u>\$ 591,744,209</u> | <u>545,313,505</u> | <u>257,270,601</u> | <u>260,671,038</u> | <u>849,014,810</u> | <u>805,984,543</u> |

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

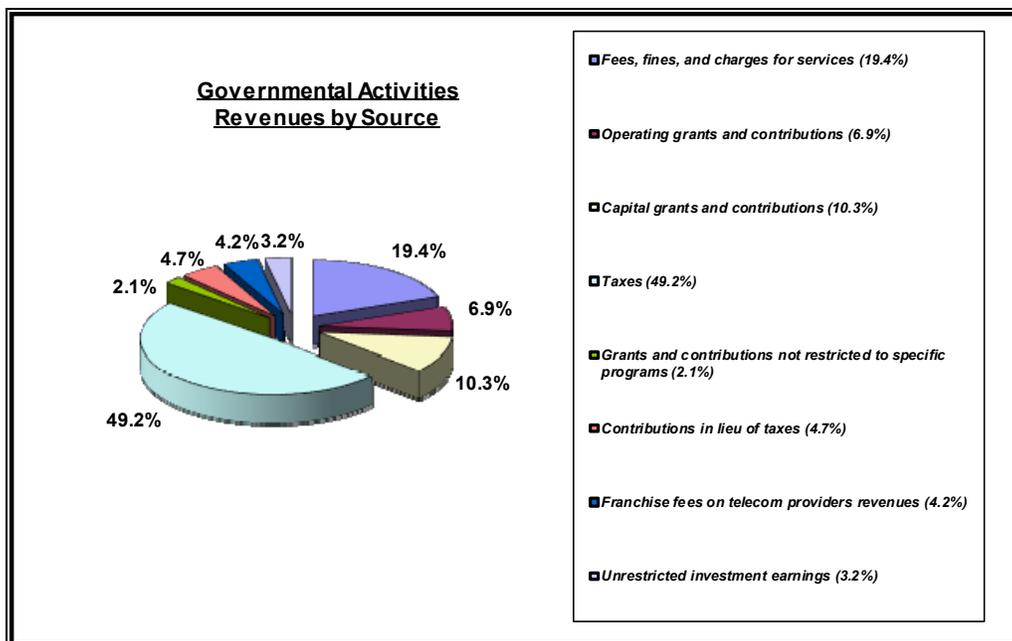
Governmental activities. The change in net position from the prior year for governmental activities before transfers increased by \$40.0 million. The increase was driven by:

- Revenues increased by \$45.0 million, primarily due to an increase of \$19.4 million in capital grants and contributions, \$10.1 million in fees, fines, and charges for services, \$7.4 million in taxes, and \$5.3 million in investment earnings.
- Program expenses increased by \$5.4 million in total. The largest increase was in the Police Department.

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



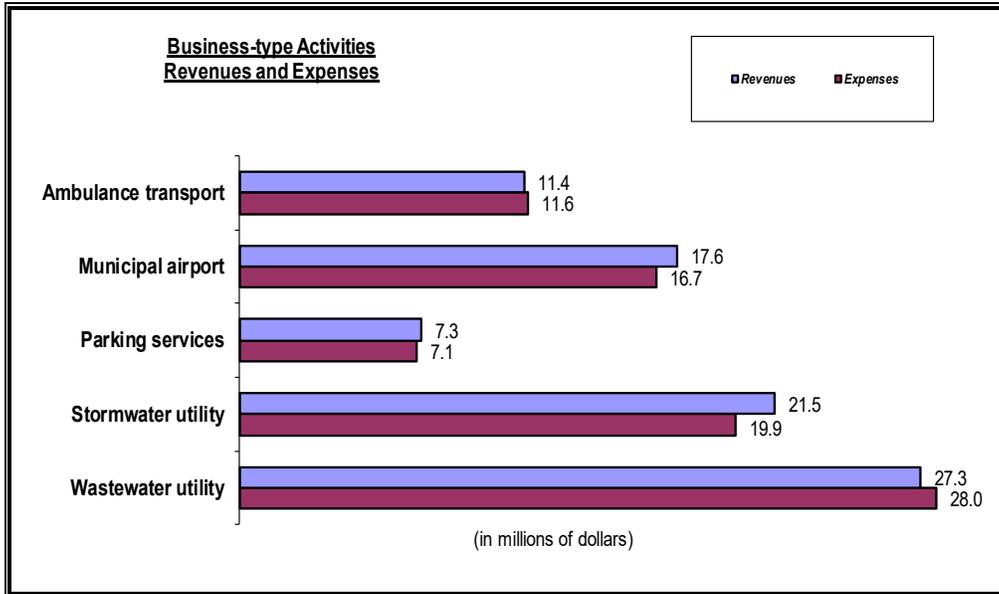
The next chart shows the percent of the total for each source of revenue supporting governmental activities. As the chart reflects, most governmental activities relied on taxes for support.



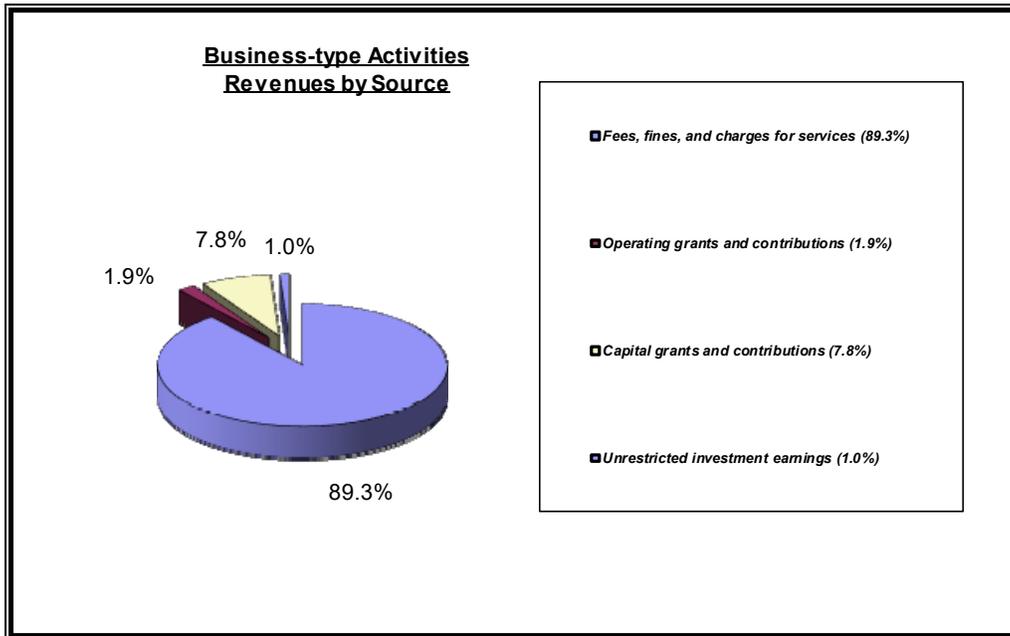
Business-type activities. The change in net position from the prior year for business-type activities, before transfers, decreased \$7.0 million. The decrease was driven by:

- Revenues decreased by \$0.6 million, primarily due to a \$1.9 million increase in fees, fines, and charges for services, an increase of \$1.2 million in operating grants and contributions offset by a decrease in capital grants and contributions of \$4.3 million.
- Program expenses increased by \$6.1 million across all funds. The largest increases were \$1.2 million in the Ambulance Transport Fund, \$2.5 million in the Stormwater Utility Fund, and \$1.2 million in the Wastewater Utility Fund.

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 89.3% 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, 2019 amounted to \$747.4 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), intangibles, and infrastructure (such as roads and sidewalks).

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

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 84,734,183 | 77,293,927 | 17,168,640 | 17,168,640 | 101,902,823 | 94,462,567 |
| Construction in progress | 39,799,697 | 18,524,079 | 5,626,782 | 6,944,090 | 45,426,479 | 25,468,169 |
| Buildings and equipment | 131,652,337 | 134,215,642 | 57,281,912 | 58,243,003 | 188,934,249 | 192,458,645 |
| Improvements other than buildings | 39,549,185 | 42,278,221 | 41,408,148 | 38,727,235 | 80,957,333 | 81,005,456 |
| Storm sewers and trunk sewers | 0 | 0 | 135,086,069 | 136,321,360 | 135,086,069 | 136,321,360 |
| Infrastructure | 187,625,768 | 190,054,211 | 0 | 0 | 187,625,768 | 190,054,211 |
| Intangible | 7,441,318 | 4,678,846 | 0 | 0 | 7,441,318 | 4,678,846 |
| | <u>\$ 490,802,488</u> | <u>467,044,926</u> | <u>256,571,551</u> | <u>257,404,328</u> | <u>747,374,039</u> | <u>724,449,254</u> |

The primary capital asset increases during FY19 were a \$13.2 million donation from ODOT for a section of Highway 99 that will now be maintained by the City.

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 \$381.8 million. Of this amount, \$87.5 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$36.0 million in general obligation bonds and revolving credit facilities 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 \$49.7 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 | |
|--------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General obligation bonds | \$ 35,990,000 | 8,695,000 | 0 | 0 | 35,990,000 | 8,695,000 |
| Limited tax bonds | 41,187,655 | 43,992,044 | 8,638,019 | 9,221,483 | 49,825,674 | 53,213,527 |
| Bond premium | 1,720,357 | 540,009 | 0 | 0 | 1,720,357 | 540,009 |
| | <u>\$ 78,898,012</u> | <u>53,227,053</u> | <u>8,638,019</u> | <u>9,221,483</u> | <u>87,536,031</u> | <u>62,448,536</u> |

The City's bonded debt increased \$25.1 million during the year as the result of issuance of new debt less current year 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 (Jan 2019).
- 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 \$36.0 million in general obligation debt applicable to this limit is well below the \$866.4 million ceiling. The City's net direct general obligation bonded debt per capita is \$212.

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 \$238.6 million, an increase of \$62.5 million from the prior year. \$2.9 million of the fund balance is nonspendable because it consists of the prepaid expenditures and inventories. The remaining \$235.7 million of fund balance was classified as follows.

- \$103.2 million was restricted due to external limits on how the resources may be used.
- \$17.6 million was committed as a result of specific constraints placed on the use of the resources per City ordinance.
- \$82.9 million was assigned per City Council's intent to use these resources for a specific purpose: unappropriated ending fund balance, balancing the next year's budget, and uncompleted capital projects are the primary components.
- \$32.0 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 \$0.1 million from \$64.9 million to \$65.0 million during the current fiscal year.

The fund balance in the Community Development Fund decreased \$1.0 million from \$4.1 million to \$3.1 million during the fiscal year.

The fund balance in the General Capital Projects Fund increased \$35.0 million from \$20.3 million to \$55.3 million during the fiscal year.

The fund balance in the Systems Development Capital Projects Fund increased \$4.9 million from \$31.4 million to \$36.3 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 of each proprietary fund are as follows:

| <u>Fund Name</u> | <u>Unrestricted Net Position</u> |
|---------------------|--------------------------------------|
| Ambulance Transport | \$ (7.6) million |
| Municipal Airport | (1.0) million |
| Parking Services | (1.1) million |
| Stormwater Utility | 4.8 million |
| Wastewater Utility | (8.8) million |

Total business-type net position (excluding the consolidation of internal service fund activities) decreased \$3.2 million in the fiscal year with the significant changes highlighted by fund below.

- The Ambulance Transport Fund's net position had a small increase of \$0.2 million. A transfer from the General Fund of \$1.4 million helped the fund cover increased operating costs in FY19.
- The Municipal Airport Fund experienced a \$1.1 million decrease in net position. The most significant changes were the fund's capital contributions decrease of \$4.1 million from FY18 to FY19 and a transfers out increase of \$1.5 million to pay for equipment maintained in the Fleet Fund.
- The Parking Services Fund's net position decreased \$0.9 million primarily due to expenses outpacing revenues in the current year.
- The Stormwater Utility Fund's net position increased \$0.9 million. Increases in interest revenue of \$0.2 million and capital contributions of \$0.4 million were the primary factors.

- The Wastewater Utility Fund's net position decreased \$2.3 million. The primary reason for the decrease was the fund had an operating loss of \$3.1 million offset by \$1.1 million in capital contribution revenue.

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 FY19. As a result, the final fiscal year 2019 budget for the General Fund increased by \$14.2 million. The primary reasons for this increase were as follows:

- \$11.5 million for one-time funding requests
- \$2.1 million in contractual obligations to vendors
- \$4.0 million in program reappropriations

These changes were partially funded by increases of \$0.9 million in charges for services, \$0.7 million in taxes, and \$0.8 million in intergovernmental revenues (grant funding). The remaining funding of \$15.2 million is from a combination of unspent resources and reserves from the prior year.

The difference between the budget and actual FY19 results is recorded as an adjustment to budgeted FY20 Beginning Working Capital (BWC). The FY20 BWC adjustment is an increase of \$2.3 million. This means that the aggregated beginning resources for FY20 were under-estimated by that amount when the budget was prepared in early 2019.

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 FY20 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% - 2.5%.
- Health benefit rates were increased by 7.5%.
- Retirement costs were expected to range from 21.73% to 36.57% of payroll, depending on which pension plan the employee participates in.
- Interest rates on investments were projected to be 2.5%.

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, 2019

(amounts in dollars)

| <u>Assets</u> | Governmental <u>Activities</u> | Business-type <u>Activities</u> | <u>Total</u> |
|--|-----------------------------------|------------------------------------|----------------------|
| <u>Current assets</u> | | | |
| Equity in pooled cash and investments | 317,222,780 | 30,964,495 | 348,187,275 |
| Receivables (net of allowance) | 30,044,184 | 8,136,776 | 38,180,960 |
| Internal balances | (3,640,385) | 3,640,385 | 0 |
| Due from other governments | 7,366,804 | 4,825,379 | 12,192,183 |
| Inventories | 1,051,173 | 43,799 | 1,094,972 |
| Prepays and deposits | 2,066,924 | 10,186 | 2,077,110 |
| Assets held for resale | 3,060,606 | 0 | 3,060,606 |
| Total current assets | 357,172,086 | 47,621,020 | 404,793,106 |
| <u>Noncurrent assets</u> | | | |
| Loans and notes receivable | 0 | 11,004 | 11,004 |
| Advances to other funds | 1,560,000 | 0 | 1,560,000 |
| Capital assets: | | | |
| Land and construction in progress | 124,533,880 | 22,795,422 | 147,329,302 |
| Other capital assets (net of accumulated depreciation) | 366,268,608 | 233,776,129 | 600,044,737 |
| Total noncurrent assets | 492,362,488 | 256,582,555 | 748,945,043 |
| <u>Deferred outflows of resources</u> | | | |
| Related to pensions | 60,366,905 | 14,141,813 | 74,508,718 |
| Related to OPEB | 1,996,486 | 558,294 | 2,554,780 |
| Total deferred outflows of resources | 62,363,391 | 14,700,107 | 77,063,498 |
| Total assets and deferred outflows of resources | 911,897,965 | 318,903,682 | 1,230,801,647 |
| <u>Liabilities</u> | | | |
| <u>Current liabilities</u> | | | |
| Accounts payable | 3,933,917 | 1,607,675 | 5,541,592 |
| Wages payable | 9,100,742 | 2,096,294 | 11,197,036 |
| Compensated absences payable | 11,219,732 | 2,474,231 | 13,693,963 |
| Due to other governments | 2,105,865 | 900,920 | 3,006,785 |
| Notes and contracts payable | 204,000 | 0 | 204,000 |
| Claims payable | 14,575,865 | 0 | 14,575,865 |
| Deposits | 2,260,152 | 761,942 | 3,022,094 |
| Interest payable | 369,808 | 48,234 | 418,042 |
| Unearned revenue | 5,362,711 | 110,938 | 5,473,649 |
| Bonds payable | 3,684,716 | 63,723 | 3,748,439 |
| Total current liabilities | 52,817,508 | 8,063,957 | 60,881,465 |
| <u>Noncurrent liabilities</u> | | | |
| Compensated absences payable | 187,376 | 24,477 | 211,853 |
| Notes and contracts payable | 5,076,000 | 0 | 5,076,000 |
| Advances from other funds | 960,000 | 600,000 | 1,560,000 |
| Bonds payable (net of unamortized discount/premium) | 75,213,296 | 8,574,296 | 83,787,592 |
| Net pension liability | 161,340,621 | 38,486,071 | 199,826,692 |
| Net OPEB liability | 13,431,386 | 3,150,028 | 16,581,414 |
| Total noncurrent liabilities | 256,208,679 | 50,834,872 | 307,043,551 |
| <u>Deferred inflows of resources</u> | | | |
| Related to pensions | 10,803,098 | 2,651,738 | 13,454,836 |
| Related to OPEB | 324,471 | 82,514 | 406,985 |
| Total deferred inflows of resources | 11,127,569 | 2,734,252 | 13,861,821 |
| Total liabilities and deferred inflows of resources | 320,153,756 | 61,633,081 | 381,786,837 |
| <u>Net position</u> | | | |
| Net investment in capital assets | 422,441,689 | 256,571,551 | 679,013,240 |
| Restricted for: | | | |
| Capital projects | 136,657,334 | 9,140,965 | 145,798,299 |
| Debt service | 1,147,169 | 0 | 1,147,169 |
| Community development | 13,560,404 | 0 | 13,560,404 |
| Urban renewal | 23,391,069 | 0 | 23,391,069 |
| Other purposes | 17,623,105 | 0 | 17,623,105 |
| Unrestricted | (23,076,561) | (8,441,915) | (31,518,476) |
| Total net position | 591,744,209 | 257,270,601 | 849,014,810 |

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

Statement of Activities

For the fiscal year ended June 30, 2019

(amounts in dollars)

| Functions/Programs | Program Revenues | | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|--------------------|------------------------|-------------------------|-----------------------------|-----------------------------|--|-----------------------------|----------------------|
| | Direct | Indirect | Fees, Fines, and | Operating | Capital | Governmental Activities | Business-type Activities | Total |
| | Expenses | Expenses Allocation | Charges for Services | Grants and Contributions | Grants and Contributions | | | |
| Governmental activities: | | | | | | | | |
| Central services | 33,235,243 | (23,591,666) | 5,133,057 | 15,372 | 255,926 | (4,239,222) | 0 | (4,239,222) |
| Fire and emergency medical services | 35,157,534 | 4,548,327 | 4,254,751 | 21,261 | 0 | (35,429,849) | 0 | (35,429,849) |
| Library, recreation, and cultural services | 37,023,171 | 3,389,414 | 8,881,595 | 234,479 | 0 | (31,296,511) | 0 | (31,296,511) |
| Planning and development | 19,263,816 | 1,819,479 | 17,070,361 | 3,296,604 | 0 | (716,330) | 0 | (716,330) |
| Police | 62,652,581 | 7,655,265 | 3,254,951 | 1,847,586 | 0 | (65,205,309) | 0 | (65,205,309) |
| Public works | 39,872,034 | 1,669,181 | 14,017,106 | 13,423,555 | 27,618,307 | 13,517,753 | 0 | 13,517,753 |
| Interest on long term debt | 3,853,302 | 0 | 0 | 0 | 0 | (3,853,302) | 0 | (3,853,302) |
| Total governmental activities | 231,057,681 | (4,510,000) | 52,611,821 | 18,838,857 | 27,874,233 | (127,222,770) | 0 | (127,222,770) |
| Business-type activities: | | | | | | | | |
| Ambulance transport | 11,572,312 | 786,000 | 10,096,055 | 1,315,708 | 0 | 0 | (946,549) | (946,549) |
| Municipal airport | 16,725,563 | 632,000 | 13,243,998 | 32,849 | 4,293,703 | 0 | 212,987 | 212,987 |
| Parking services | 7,116,757 | 281,000 | 7,306,434 | 0 | 0 | 0 | (91,323) | (91,323) |
| Stormwater utility | 19,924,874 | 1,081,000 | 19,853,877 | 272,886 | 1,367,955 | 0 | 488,844 | 488,844 |
| Wastewater utility | 27,982,420 | 1,730,000 | 26,277,355 | 16,864 | 1,055,509 | 0 | (2,362,692) | (2,362,692) |
| Total business-type activities | 83,321,926 | 4,510,000 | 76,777,719 | 1,638,307 | 6,717,167 | 0 | (2,698,733) | (2,698,733) |
| Total activities | 314,379,607 | 0 | 129,389,540 | 20,477,164 | 34,591,400 | (127,222,770) | (2,698,733) | (129,921,503) |
| General revenues: | | | | | | | | |
| Property taxes | | | | | | 126,181,426 | 0 | 126,181,426 |
| Transient room tax | | | | | | 2,998,379 | 0 | 2,998,379 |
| Local motor vehicle fuel tax | | | | | | 3,156,006 | 0 | 3,156,006 |
| Local marijuana tax | | | | | | 1,195,311 | 0 | 1,195,311 |
| Contributions in lieu of taxes | | | | | | 12,824,676 | 0 | 12,824,676 |
| Franchise fees on telecom provider's revenues | | | | | | 11,424,731 | 0 | 11,424,731 |
| Grants and contributions not restricted to specific programs | | | | | | 5,699,558 | 0 | 5,699,558 |
| Unrestricted investment earnings | | | | | | 8,622,148 | 849,535 | 9,471,683 |
| Transfers | | | | | | 1,551,239 | (1,551,239) | 0 |
| Total general revenues and transfers | | | | | | 173,653,474 | (701,704) | 172,951,770 |
| Change in net position | | | | | | 46,430,704 | (3,400,437) | 43,030,267 |
| Net position, July 1, 2018 | | | | | | 545,313,505 | 260,671,038 | 805,984,543 |
| Net position, June 30, 2019 | | | | | | 591,744,209 | 257,270,601 | 849,014,810 |

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

Balance Sheet

Governmental Funds

June 30, 2019

(amounts in dollars)

| | | | General | Systems | Other | Total |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | | Community | Capital | Development | Governmental | Governmental |
| | General | Development | Projects | Capital | Funds | Funds |
| | | | | Projects | | |
| Assets | | | | | | |
| Equity in pooled cash and investments | 70,953,651 | 3,051,803 | 55,702,434 | 36,621,619 | 75,972,865 | 242,302,372 |
| Receivables: | | | | | | |
| Interest | 762,019 | 26,588 | 0 | 0 | 157,684 | 946,291 |
| Taxes | 3,759,219 | 0 | 0 | 0 | 738,676 | 4,497,895 |
| Accounts | 3,831,113 | 35,507 | 0 | 1,626,048 | 1,126,637 | 6,619,305 |
| Assessments | 0 | 0 | 0 | 0 | 230,541 | 230,541 |
| Loans and notes | 0 | 17,300,261 | 0 | 0 | 2,354,581 | 19,654,842 |
| Allowance for uncollectibles | (87,085) | (17,608) | 0 | 0 | (150,447) | (255,140) |
| Due from other funds | 1,485,054 | 0 | 0 | 0 | 0 | 1,485,054 |
| Due from other governments | 2,926,643 | 114,003 | 37,615 | 0 | 3,812,059 | 6,890,320 |
| Inventories | 0 | 0 | 0 | 0 | 1,051,173 | 1,051,173 |
| Prepays and deposits | 1,730,503 | 0 | 0 | 0 | 65,000 | 1,795,503 |
| Assets held for resale | 0 | 0 | 0 | 0 | 3,060,605 | 3,060,605 |
| Total assets | 85,361,117 | 20,510,554 | 55,740,049 | 38,247,667 | 88,419,374 | 288,278,761 |
| Liabilities | | | | | | |
| Accounts payable | 516,960 | 23,776 | 404,209 | 306,488 | 2,262,835 | 3,514,268 |
| Wages payable | 6,982,471 | 51,129 | 696 | 14,485 | 971,687 | 8,020,468 |
| Due to other governments | 1,531,744 | 24,347 | 0 | 0 | 320,123 | 1,876,214 |
| Deposits | 995,666 | 0 | 0 | 0 | 1,162,081 | 2,157,747 |
| Interfund loans payable | 0 | 0 | 0 | 0 | 120,000 | 120,000 |
| Unearned revenue | 4,865,545 | 171,274 | 0 | 0 | 325,892 | 5,362,711 |
| Total liabilities | 14,892,386 | 270,526 | 404,905 | 320,973 | 5,162,618 | 21,051,408 |
| Deferred inflows of resources | | | | | | |
| Advances from other funds | 0 | 0 | 0 | 0 | 960,000 | 960,000 |
| Unavailable revenue | 5,439,625 | 17,112,115 | 0 | 1,599,501 | 3,468,163 | 27,619,404 |
| Total deferred inflows of resources | 5,439,625 | 17,112,115 | 0 | 1,599,501 | 4,428,163 | 28,579,404 |
| Fund balances | | | | | | |
| Nonspendable | 1,730,503 | 0 | 0 | 0 | 1,196,173 | 2,926,676 |
| Restricted | 1,093,903 | 3,127,913 | 2,655,294 | 36,327,193 | 59,984,448 | 103,188,751 |
| Committed | 0 | 0 | 0 | 0 | 17,647,972 | 17,647,972 |
| Assigned | 30,183,583 | 0 | 52,679,850 | 0 | 0 | 82,863,433 |
| Unassigned | 32,021,117 | 0 | 0 | 0 | 0 | 32,021,117 |
| Total fund balances | 65,029,106 | 3,127,913 | 55,335,144 | 36,327,193 | 78,828,593 | 238,647,949 |
| Total liabilities, deferred inflows | | | | | | |
| of resources, and fund balances | 85,361,117 | 20,510,554 | 55,740,049 | 38,247,667 | 88,419,374 | |

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.

25,623,939

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

458,969,309

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.

(85,832,929)

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.

(106,149,135)

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.

60,485,076

Net position of governmental activities

591,744,209

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, 2019

(amounts in dollars)

| | | | General | Systems | | Total |
|---|--------------------|------------------|-------------------|-------------------|-------------------|--------------------|
| | | Community | Capital | Development | Other | Total |
| | General | Development | Projects | Capital | Governmental | Governmental |
| | | | | Projects | Funds | Funds |
| Revenues | | | | | | |
| Taxes | 121,044,498 | 0 | 0 | 0 | 27,269,469 | 148,313,967 |
| Licenses and permits | 9,482,201 | 0 | 0 | 0 | 12,204,704 | 21,686,905 |
| Intergovernmental | 6,379,936 | 3,013,566 | 255,926 | 57,713 | 24,829,086 | 34,536,227 |
| Rental income | 523,497 | 0 | 0 | 66,721 | 257,631 | 847,849 |
| Charges for services | 15,311,944 | 41,710 | 32,256 | 8,815,201 | 7,594,569 | 31,795,680 |
| Fines and forfeits | 1,672,792 | 0 | 0 | 0 | 41,656 | 1,714,448 |
| Special assessments | 0 | 0 | 0 | 0 | 46,756 | 46,756 |
| Repayment of revolving loans | 0 | 1,079,792 | 0 | 0 | 119,019 | 1,198,811 |
| Miscellaneous | 2,914,025 | 571,639 | 6,408,496 | 995,575 | 2,757,771 | 13,647,506 |
| Total revenues | 157,328,893 | 4,706,707 | 6,696,678 | 9,935,210 | 75,120,661 | 253,788,149 |
| Expenditures | | | | | | |
| Current - departmental: | | | | | | |
| Central services | 18,516,601 | 127,000 | 0 | 58,000 | 4,777,110 | 23,478,711 |
| Fire and emergency medical services | 31,389,848 | 0 | 0 | 0 | 358,372 | 31,748,220 |
| Library, recreation, and cultural services | 31,702,519 | 0 | 5,198 | 0 | 2,145,664 | 33,853,381 |
| Planning and development | 6,968,550 | 5,196,370 | 0 | 150,044 | 9,037,836 | 21,352,800 |
| Police | 56,099,303 | 0 | 0 | 0 | 1,937,077 | 58,036,380 |
| Public works | 6,582,243 | 0 | 0 | 318,125 | 14,554,728 | 21,455,096 |
| Debt service: | | | | | | |
| Principal | 0 | 204,000 | 0 | 0 | 13,754,360 | 13,958,360 |
| Interest | 0 | 169,395 | 0 | 0 | 550,601 | 719,996 |
| Issuance costs | 0 | 0 | 281,130 | 0 | 24,085 | 305,215 |
| Capital outlay | 0 | 0 | 7,205,477 | 4,398,104 | 18,396,241 | 29,999,822 |
| Special payments | 19,521 | 0 | 0 | 0 | 0 | 19,521 |
| Total expenditures | 151,278,585 | 5,696,765 | 7,491,805 | 4,924,273 | 65,536,074 | 234,927,502 |
| Excess (deficiency) of revenues over expenditures | 6,050,308 | (990,058) | (795,127) | 5,010,937 | 9,584,587 | 18,860,647 |
| Other financing sources (uses) | | | | | | |
| Proceeds of debt issuance | 0 | 0 | 31,128,667 | 0 | 11,240,300 | 42,368,967 |
| Proceeds of sale of assets | 0 | 0 | 0 | 0 | 3,048,674 | 3,048,674 |
| Transfers in | 1,692,023 | 0 | 4,709,300 | 0 | 7,843,525 | 14,244,848 |
| Transfers out | (7,647,400) | 0 | 0 | (81,605) | (8,271,275) | (16,000,280) |
| Total other financing sources (uses) | (5,955,377) | 0 | 35,837,967 | (81,605) | 13,861,224 | 43,662,209 |
| Net change in fund balances | 94,931 | (990,058) | 35,042,840 | 4,929,332 | 23,445,811 | 62,522,856 |
| Fund balances, July 1, 2018 | 64,934,175 | 4,117,971 | 20,292,304 | 31,397,861 | 55,382,782 | 176,125,093 |
| Fund balances, June 30, 2019 | 65,029,106 | 3,127,913 | 55,335,144 | 36,327,193 | 78,828,593 | 238,647,949 |

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, 2019

(amounts in dollars)

| | |
|---|--------------------------|
| Net change in fund balances - total governmental funds | 62,522,856 |
| 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. | (244,266) |
| 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. | 17,296,168 |
| 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. | (12,830,977) |
| 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. | 4,610,725 |
| 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. | (28,410,607) |
| 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. | (539,111) |
| 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. | 4,025,916 |
| Change in net position of governmental activities | <u><u>46,430,704</u></u> |

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

Statement of Fund Net Position

Proprietary Funds

June 30, 2019

(amounts in dollars)

| | Business-type Activities Enterprise Funds | | | | | Total Internal Service Funds |
|--|--|----------------------|---------------------|-----------------------|-----------------------|------------------------------------|
| | Ambulance Transport | Municipal Airport | Parking Services | Stormwater Utility | Wastewater Utility | |
| Assets | | | | | | |
| Current assets | | | | | | |
| Equity in pooled cash and investments | 0 | 12,710,674 | 1,495,430 | 12,353,137 | 4,405,254 | 30,964,495 |
| Receivables: | | | | | | |
| Accounts | 2,668,739 | 1,457,875 | 467,922 | 2,580,088 | 1,651,945 | 8,826,569 |
| Allowance for uncollectibles | (376,238) | (141,920) | (155,001) | (10,564) | (6,070) | (8,946) |
| Due from other governments | 555,289 | 1,598,335 | 140,948 | 200,451 | 2,330,356 | 4,825,379 |
| Interfund loans receivable | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories | 0 | 0 | 43,799 | 0 | 0 | 43,799 |
| Prepays and deposits | 0 | 0 | 0 | 5,093 | 5,093 | 10,186 |
| Total current assets | 2,847,790 | 15,624,964 | 1,993,098 | 15,128,205 | 8,386,578 | 43,980,635 |
| Noncurrent assets | | | | | | |
| Loans and notes receivable | 0 | 0 | 0 | 0 | 11,004 | 11,004 |
| Advances to other funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital assets: | | | | | | |
| Land | 0 | 6,502,960 | 2,096,235 | 7,146,208 | 1,423,237 | 17,168,640 |
| Improvements other than buildings | 379,107 | 112,348,010 | 1,005,967 | 5,258,558 | 2,739,605 | 121,731,247 |
| Trunk sewers | 0 | 354,650 | 0 | 1,815,755 | 170,040,258 | 172,210,663 |
| Storm sewers | 0 | 738,060 | 0 | 80,750,394 | 2,421,480 | 83,909,934 |
| Buildings and equipment | 2,339,543 | 65,300,111 | 29,356,340 | 1,530,256 | 1,735,002 | 100,261,252 |
| Intangibles | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction in progress | 0 | 1,376,171 | 1,447,831 | 865,359 | 1,937,421 | 5,626,782 |
| Accumulated depreciation | (1,214,084) | (97,889,072) | (19,474,445) | (29,564,708) | (96,194,658) | (244,336,967) |
| Total noncurrent assets | 1,504,566 | 88,730,890 | 14,431,928 | 67,801,822 | 84,113,349 | 256,582,555 |
| Deferred outflows of resources | | | | | | |
| Related to pensions | 3,416,778 | 2,342,404 | 521,684 | 3,080,459 | 4,780,488 | 14,141,813 |
| Related to OPEB | 96,432 | 83,656 | 29,925 | 140,297 | 207,984 | 558,294 |
| Total deferred outflows of resources | 3,513,210 | 2,426,060 | 551,609 | 3,220,756 | 4,988,472 | 14,700,107 |
| Total assets and deferred outflows of resources | 7,865,566 | 106,781,914 | 16,976,635 | 86,150,783 | 97,488,399 | 315,263,297 |

continued

| | Business-type Activities Enterprise Funds | | | | | Total Internal Service Funds |
|---|--|----------------------|---------------------|-----------------------|-----------------------|------------------------------------|
| | Ambulance Transport | Municipal Airport | Parking Services | Stormwater Utility | Wastewater Utility | |
| <u>Liabilities</u> | | | | | | |
| <u>Current liabilities</u> | | | | | | |
| Accounts payable | 39,683 | 147,667 | 463,508 | 296,913 | 659,904 | 1,607,675 |
| Wages payable | 383,613 | 369,930 | 98,044 | 477,316 | 767,391 | 2,096,294 |
| Compensated absences payable | 429,702 | 510,000 | 82,327 | 587,185 | 865,017 | 2,474,231 |
| Due to other governments | 73,483 | 45,328 | 1,201 | 170,506 | 610,402 | 900,920 |
| Claims payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits | 0 | 25,269 | 16,707 | 522 | 719,444 | 761,942 |
| Interfund loans payable | 0 | 0 | 150,000 | 0 | 0 | 150,000 |
| Due to other funds | 1,485,054 | 0 | 0 | 0 | 0 | 1,485,054 |
| Interest payable | 9,023 | 8,134 | 2,041 | 11,529 | 17,507 | 48,234 |
| Unearned revenue | 0 | 75,828 | 16,090 | 19,020 | 0 | 110,938 |
| Bonds payable | 11,892 | 10,739 | 2,698 | 15,260 | 23,134 | 63,723 |
| Total current liabilities | 2,432,450 | 1,192,895 | 832,616 | 1,578,251 | 3,662,799 | 9,699,011 |
| <u>Noncurrent liabilities</u> | | | | | | |
| Compensated absences payable | 0 | 0 | 21,113 | 3,364 | 0 | 24,477 |
| Advances from other funds | 0 | 0 | 600,000 | 0 | 0 | 600,000 |
| Bonds payable (net of unamortized discount/premium) | 1,600,214 | 1,444,956 | 362,983 | 2,053,309 | 3,112,834 | 8,574,296 |
| Net pension liability | 8,751,724 | 6,350,022 | 1,488,847 | 8,537,867 | 13,357,611 | 38,486,071 |
| Net OPEB liability | 512,364 | 460,726 | 182,086 | 814,833 | 1,180,019 | 3,150,028 |
| Total noncurrent liabilities | 10,864,302 | 8,255,704 | 2,655,029 | 11,409,373 | 17,650,464 | 50,834,872 |
| <u>Deferred inflows of resources</u> | | | | | | |
| Related to pensions | 636,122 | 454,128 | 111,151 | 564,626 | 885,711 | 2,651,738 |
| Related to OPEB | 16,579 | 13,549 | 3,884 | 19,068 | 29,434 | 82,514 |
| Total deferred inflows of resources | 652,701 | 467,677 | 115,035 | 583,694 | 915,145 | 2,734,252 |
| Total liabilities and deferred inflows of resources | 13,949,453 | 9,916,276 | 3,602,680 | 13,571,318 | 22,228,408 | 63,268,135 |
| <u>Net position</u> | | | | | | |
| Net investment in capital assets | 1,504,566 | 88,730,890 | 14,431,928 | 67,801,822 | 84,102,345 | 256,571,551 |
| Restricted for capital projects | 0 | 9,140,965 | 0 | 0 | 0 | 9,140,965 |
| Unrestricted | (7,588,453) | (1,006,217) | (1,057,973) | 4,777,643 | (8,842,354) | (13,717,354) |
| Total net position | (6,083,887) | 96,865,638 | 13,373,955 | 72,579,465 | 75,259,991 | 251,995,162 |

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

Net position of business-type activities

5,275,439
257,270,601

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, 2019

(amounts in dollars)

| | Business-type Activities Enterprise Funds | | | | | Totals | Governmental Activities |
|--|--|----------------------|---------------------|-----------------------|-----------------------|---------------------|------------------------------------|
| | Ambulance Transport | Municipal Airport | Parking Services | Stormwater Utility | Wastewater Utility | | Total Internal Service Funds |
| <u>Operating revenues</u> | | | | | | | |
| Licenses and permits | 0 | 38,070 | 0 | 274,488 | 26,148 | 338,706 | 0 |
| Rental income | 0 | 1,100,221 | 589,551 | 4,855 | 6,132 | 1,700,759 | 730,121 |
| Charges for services | 9,333,642 | 12,079,026 | 5,544,632 | 19,536,456 | 26,227,797 | 72,721,553 | 73,189,539 |
| Fines and forfeits | 0 | 15,240 | 1,059,185 | 0 | 2,350 | 1,076,775 | 0 |
| Miscellaneous | 762,413 | 11,441 | 113,066 | 38,078 | 14,928 | 939,926 | 215,538 |
| Total operating revenues | 10,096,055 | 13,243,998 | 7,306,434 | 19,853,877 | 26,277,355 | 76,777,719 | 74,135,198 |
| <u>Operating expenses</u> | | | | | | | |
| Personnel services | 6,924,757 | 5,752,826 | 1,641,562 | 8,006,294 | 11,848,785 | 34,174,224 | 16,565,692 |
| Contractual services | 405,183 | 1,240,919 | 2,214,794 | 1,936,350 | 1,787,208 | 7,584,454 | 6,221,853 |
| Materials and supplies | 1,198,074 | 1,225,531 | 496,748 | 2,055,508 | 3,252,715 | 8,228,576 | 6,151,904 |
| Maintenance | 885,611 | 807,294 | 1,544,225 | 2,219,137 | 1,915,447 | 7,371,714 | 2,188,793 |
| Utilities | 13,017 | 578,464 | 113,415 | 1,299,648 | 2,035,479 | 4,040,023 | 2,506,650 |
| Rent | 0 | 0 | 34,710 | 71,058 | 40,968 | 146,736 | 434,215 |
| Insurance | 20,197 | 154,021 | 133,397 | 54,222 | 130,406 | 492,243 | 3,178,558 |
| Claims | 0 | 0 | 0 | 0 | 0 | 0 | 28,731,447 |
| Central business functions | 786,000 | 632,000 | 281,000 | 1,081,000 | 1,730,000 | 4,510,000 | 2,171,000 |
| Depreciation | 181,459 | 5,563,099 | 636,015 | 2,329,552 | 4,167,977 | 12,878,102 | 5,164,230 |
| Pension expense | 1,818,756 | 1,303,890 | 323,654 | 1,600,850 | 2,515,336 | 7,562,486 | 3,256,972 |
| Total operating expenses | 12,233,054 | 17,258,044 | 7,419,520 | 20,653,619 | 29,424,321 | 86,988,558 | 76,571,314 |
| Operating income (loss) | (2,136,999) | (4,014,046) | (113,086) | (799,742) | (3,146,966) | (10,210,839) | (2,436,116) |
| <u>Nonoperating revenues (expenses)</u> | | | | | | | |
| Interest revenue | (11,635) | 349,448 | 54,489 | 320,463 | 136,770 | 849,535 | 2,063,643 |
| Interest expense | (116,785) | (104,668) | (34,040) | (154,704) | (231,366) | (641,563) | (665,221) |
| Gain (loss) on sale of assets | 0 | 0 | 0 | 0 | 0 | 0 | 132,813 |
| Intergovernmental | 1,315,708 | 32,849 | 0 | 272,886 | 16,864 | 1,638,307 | 362,252 |
| Total nonoperating revenues (expenses) | 1,187,288 | 277,629 | 20,449 | 438,645 | (77,732) | 1,846,279 | 1,893,487 |
| Income (loss) before capital contributions and transfers | (949,711) | (3,736,417) | (92,637) | (361,097) | (3,224,698) | (8,364,560) | (542,629) |
| Capital contributions | 83,545 | 4,293,703 | 0 | 1,695,539 | 1,056,422 | 7,129,209 | 651,969 |
| Transfers in | 1,432,100 | 0 | 0 | 0 | 22,871 | 1,454,971 | 3,721,010 |
| Transfers out | (403,673) | (1,655,540) | (838,350) | (384,375) | (136,314) | (3,418,252) | (6,239) |
| Change in net position | 162,261 | (1,098,254) | (930,987) | 950,067 | (2,281,719) | (3,198,632) | 3,824,111 |
| Total net position, July 1, 2018 | (6,246,148) | 97,963,892 | 14,304,942 | 71,629,398 | 77,541,710 | | 61,936,404 |
| Total net position, June 30, 2019 | (6,083,887) | 96,865,638 | 13,373,955 | 72,579,465 | 75,259,991 | | 65,760,515 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | (201,805) | |
| Change in net position of business-type activities | | | | | | (3,400,437) | |

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

Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2019

(amounts in dollars)

Governmental Activities

Business-type Activities Enterprise Funds

| | Ambulance Transport | Municipal Airport | Parking Services | Stormwater Utility | Wastewater Utility | Totals | Total Internal Service Funds |
|--|------------------------|----------------------|---------------------|-----------------------|-----------------------|--------------|------------------------------------|
| <u>Cash flows from operating activities</u> | | | | | | | |
| Cash received from customers | 9,524,226 | 12,467,774 | 7,046,560 | 19,700,729 | 37,028,020 | 85,767,309 | 11,601,032 |
| Cash received from interfund services provided | 0 | 0 | 0 | 0 | 0 | 0 | 62,119,327 |
| Cash received from MVMC for operating reimbursements | 0 | 0 | 0 | 0 | 13,573,624 | 13,573,624 | 0 |
| Cash paid to MVMC for sewer user and septic hauler fees collected | 0 | 0 | 0 | 0 | (25,341,692) | (25,341,692) | 0 |
| Cash paid to suppliers for goods and services | (1,221,580) | (3,363,423) | (2,622,183) | (4,697,670) | (6,537,613) | (18,442,469) | (45,811,149) |
| Cash paid to employees for services | (6,631,511) | (5,220,931) | (1,382,887) | (6,979,714) | (10,485,544) | (30,700,587) | (14,474,258) |
| Cash paid for interfund services used | (2,010,826) | (1,700,249) | (2,037,105) | (4,368,792) | (4,778,218) | (14,895,190) | (5,592,193) |
| Cash paid for central business functions | (786,000) | (632,000) | (281,000) | (1,081,000) | (1,730,000) | (4,510,000) | (2,171,000) |
| Net cash provided by (used for) operating activities | (1,125,691) | 1,551,171 | 723,385 | 2,573,553 | 1,728,577 | 5,450,995 | 5,671,759 |
| <u>Cash flows from noncapital financing activities</u> | | | | | | | |
| Transfers in | 1,432,100 | 0 | 0 | 0 | 22,871 | 1,454,971 | 2,010,000 |
| Transfers out | (403,673) | 0 | (838,350) | (310,959) | (136,314) | (1,689,296) | (1,314) |
| Principal payments on pension bonds | (119,729) | (108,188) | (27,195) | (153,165) | (232,504) | (640,781) | (8,205) |
| Interest payments on pension bonds | (107,888) | (97,307) | (32,372) | (137,760) | (209,119) | (584,246) | (1,142,515) |
| Subsidy from grant | 1,315,708 | 32,849 | 0 | 272,886 | 16,864 | 1,638,307 | 362,252 |
| Net cash provided by (used for) noncapital financing activities | 2,116,718 | (172,646) | (897,917) | (328,998) | (538,202) | 178,955 | 1,220,218 |
| <u>Cash flows from capital and related financing activities</u> | | | | | | | |
| Advances to other funds | 0 | 0 | 0 | 0 | 0 | 0 | (630,000) |
| Advances from other funds | 0 | 0 | 750,000 | 0 | 0 | 750,000 | 0 |
| Contributions from other funds and governments | 0 | 4,293,703 | 0 | 29,738 | 0 | 4,323,441 | 0 |
| Proceeds from sale of capital assets | 0 | 0 | 0 | 0 | 0 | 0 | 132,813 |
| Acquisition and construction of capital assets | (979,392) | (5,228,487) | (1,338,443) | (1,053,931) | (2,368,260) | (10,968,513) | (5,195,955) |
| Net cash provided by (used for) capital and related financing activities | (979,392) | (934,784) | (588,443) | (1,024,193) | (2,368,260) | (5,895,072) | (5,693,142) |
| <u>Cash flows from investing activities</u> | | | | | | | |
| Interest revenue | (11,635) | 349,448 | 54,489 | 320,463 | 136,770 | 849,535 | 2,063,642 |
| Net cash provided by (used for) investing activities | (11,635) | 349,448 | 54,489 | 320,463 | 136,770 | 849,535 | 2,063,642 |
| Net increase (decrease) in cash | 0 | 793,189 | (708,486) | 1,540,825 | (1,041,115) | 584,413 | 3,262,477 |
| Cash, July 1, 2018 | 0 | 11,917,485 | 2,203,916 | 10,812,312 | 5,446,369 | 30,380,082 | 71,657,933 |
| Cash, June 30, 2019 | 0 | 12,710,674 | 1,495,430 | 12,353,137 | 4,405,254 | 30,964,495 | 74,920,410 |

continued

Exhibit 8, continued

| | Business-type Activities Enterprise Funds | | | | | Governmental Activities | |
|--|--|----------------------|---------------------|-----------------------|-----------------------|----------------------------|------------------------------------|
| | Ambulance Transport | Municipal Airport | Parking Services | Stormwater Utility | Wastewater Utility | Totals | Total Internal Service Funds |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities | | | | | | | |
| Operating income (loss) | (2,136,999) | (4,014,046) | (113,086) | (799,742) | (3,146,966) | (10,210,839) | (2,436,116) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | | | | |
| Depreciation | 181,459 | 5,563,099 | 636,015 | 2,329,552 | 4,167,977 | 12,878,102 | 5,164,230 |
| (Increase) Decrease in accounts receivable | (159,107) | 98,011 | (113,518) | (55,741) | 4,971 | (225,384) | (120,463) |
| Increase (Decrease) in allowance for uncollectibles | (20,574) | 1,877 | 15,975 | (118) | 46 | (2,794) | (1,553) |
| (Increase) Decrease in due from other governments | (385,167) | (846,770) | (105,319) | (70,244) | (1,229,858) | (2,637,358) | 15,257 |
| (Increase) Decrease in prepaids and deposits | 0 | 19,524 | 0 | 138,407 | (5,093) | 152,838 | (203,085) |
| (Increase) Decrease in inventories | 0 | 0 | (2,731) | 0 | 0 | (2,731) | 746,445 |
| (Increase) Decrease in deferred outflows related to pensions | (425,360) | (304,954) | (75,694) | (374,397) | (588,272) | (1,768,677) | (761,698) |
| (Increase) Decrease in deferred outflows related to OPEB | 9,302 | 9,068 | 3,717 | 15,205 | 21,488 | 58,780 | 31,075 |
| Increase (Decrease) in deferred inflows related to pensions | 543,738 | 389,822 | 96,760 | 478,592 | 751,988 | 2,260,900 | 973,674 |
| Increase (Decrease) in deferred inflows related to OPEB | 8,642 | 6,908 | 2,150 | 9,890 | 14,511 | 41,901 | 19,751 |
| Increase (Decrease) in net pension liability | 813,029 | 582,886 | 144,682 | 715,620 | 1,124,418 | 3,380,635 | 1,455,898 |
| Increase (Decrease) in accounts payable | 37,721 | 1,728 | 279,891 | (9,103) | 197,054 | 507,291 | (477,290) |
| Increase (Decrease) in wages payable | (38,574) | 58,513 | 18,421 | 57,972 | 97,454 | 193,786 | 120,556 |
| Increase (Decrease) in compensated absences payable | 130,028 | 78,187 | (699) | 53,617 | 81,241 | 342,374 | 60,643 |
| Increase (Decrease) in net OPEB liability | (30,836) | (21,315) | (4,806) | (24,826) | (39,800) | (121,583) | 46,770 |
| Increase (Decrease) in claims payable | 0 | 0 | 0 | 0 | 0 | 0 | 1,383,252 |
| Increase (Decrease) in deposits | 0 | 0 | 1,995 | 0 | 0 | 1,995 | 10,447 |
| Increase (Decrease) in due to other funds | 324,352 | 0 | 0 | 0 | 0 | 324,352 | 0 |
| Increase (Decrease) in due to other governments | 29,636 | (42,025) | (1,361) | 136,114 | 277,418 | 399,782 | (18,845) |
| Increase (Decrease) in unearned revenue | (6,981) | (29,342) | (59,007) | (27,045) | 0 | (122,375) | (337,189) |
| Net cash provided by (used for) operating activities | (1,125,691) | 1,551,171 | 723,385 | 2,573,553 | 1,728,577 | 5,450,995 | 5,671,759 |
| Noncash capital and related financing activities | | | | | | | |
| During the year, \$1,655,540 of capital assets purchased by the Municipal Airport Fund were transferred to the Fleet Services Fund. | | | | | | | |
| During the year, the Stormwater Utility Fund capitalized \$1,338,217 in assets contributed from customers and \$327,584 in assets purchased by governmental funds. | | | | | | | |
| In addition, \$50,545, \$22,871, and \$1,314 in capital assets purchased by the fund were transferred to the Fleet Services Fund, Wastewater Utility Fund, and General Fund, respectively. | | | | | | | |
| During the year, the Wastewater Utility Fund capitalized \$1,055,509 in assets contributed from customers and \$913 and \$22,817 from governmental funds and proprietary funds, respectively. | | | | | | | |
| In addition, \$1,314 in capital assets purchased by the fund were transferred to the General Fund. | | | | | | | |
| During the year, \$15,713 of capital assets purchased by governmental funds were transferred to the Information Systems and Services Fund. | | | | | | | |
| During the year, \$636,256 and \$1,711,011 of capital assets purchased by governmental funds and proprietary funds respectively, were transferred to the Fleet Services Fund. In addition, \$1,314 in capital assets purchased by the fund were transferred to the General Fund. | | | | | | | |
| During the year, \$4,925 of capital assets purchased by the Risk and Benefits Fund were transferred to the Fleet Services Fund. | | | | | | | |
| During the year, \$83,545 of capital assets purchased by governmental funds were transferred to the Ambulance Transport 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, 2019

(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. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, with the objective to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

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

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
- Parks and Recreation Local Option Levy
- 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 using the consumption method.

(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.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(J) Capital Assets, continued

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 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, 2019, no interest was capitalized on proprietary fund capital assets.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(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.

(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.

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 – 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.

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. The primary component of assigned fund balance is the City's unappropriated fund balance which equals two months of expenditures. This reserve enables the City to operate without borrowing money from the start of the fiscal year in July until November when property tax revenue is received.

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 comprised primarily of the City's reserve for revenue shortfall and 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.

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(Q) Fund Balance, continued

Fund balances by classification for the year ended June 30, 2019 were as follows:

| <u>Fund balances</u> | <u>General</u> | <u>Community Development</u> | <u>General Capital Projects</u> | <u>Systems</u> | | <u>Total Governmental Funds</u> |
|----------------------------|----------------------|----------------------------------|---|---|---|---|
| | | | | <u>Development Capital Projects</u> | <u>Other Governmental Funds</u> | |
| Nonspendable: | | | | | | |
| Inventories | \$ 0 | 0 | 0 | 0 | 1,051,173 | 1,051,173 |
| Prepays and deposits | 1,730,503 | 0 | 0 | 0 | 65,000 | 1,795,503 |
| Permanent balance | 0 | 0 | 0 | 0 | 80,000 | 80,000 |
| Restricted: | | | | | | |
| Capital projects | 0 | 0 | 2,655,294 | 36,327,193 | 20,784,838 | 59,767,325 |
| Community development | 0 | 3,127,913 | 0 | 0 | 0 | 3,127,913 |
| Rental housing program | 0 | 0 | 0 | 0 | 378,683 | 378,683 |
| Cultural services | 1,093,903 | 0 | 0 | 0 | 9,471,361 | 10,565,264 |
| Debt service | 0 | 0 | 0 | 0 | 524,898 | 524,898 |
| Road maintenance | 0 | 0 | 0 | 0 | 4,488,351 | 4,488,351 |
| Public safety | | | | | | |
| communications | 0 | 0 | 0 | 0 | 2,480,358 | 2,480,358 |
| Solid waste and recycling | 0 | 0 | 0 | 0 | 864,515 | 864,515 |
| Urban renewal | 0 | 0 | 0 | 0 | 20,991,444 | 20,991,444 |
| Committed: | | | | | | |
| Construction permits | 0 | 0 | 0 | 0 | 10,012,171 | 10,012,171 |
| Special assessments | 0 | 0 | 0 | 0 | 2,574,814 | 2,574,814 |
| Telecommunications | 0 | 0 | 0 | 0 | 5,060,987 | 5,060,987 |
| Assigned: | | | | | | |
| Unappropriated | | | | | | |
| ending fund balance | 27,160,000 | 0 | 0 | 0 | 0 | 27,160,000 |
| Capital projects | 0 | 0 | 52,679,850 | 0 | 0 | 52,679,850 |
| Cultural services | 1,910,091 | 0 | 0 | 0 | 0 | 1,910,091 |
| Encumbrances | 2,538,610 | 0 | 0 | 0 | 0 | 2,538,610 |
| Other reserves | 624,128 | 0 | 0 | 0 | 0 | 624,128 |
| Unassigned | 29,971,871 | 0 | 0 | 0 | 0 | 29,971,871 |
| Total fund balances | \$ 65,029,106 | 3,127,913 | 55,335,144 | 36,327,193 | 78,828,593 | 238,647,949 |

(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.

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 \$25,623,939 difference are as follows:

| | | |
|------------------------------|----|--------------------------|
| Receivables: | | |
| Interest | \$ | 909,696 |
| Taxes | | 4,168,148 |
| Systems development charges | | 1,599,502 |
| Municipal court | | 1,248,133 |
| Assessments | | 232,349 |
| Loans and notes | | <u>19,461,575</u> |
| Subtotal | | 27,619,403 |
| Allowance for uncollectibles | | <u>(1,995,464)</u> |
| Net adjustment | \$ | <u><u>25,623,939</u></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 \$458,969,309 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 | \$ | 124,533,880 |
| Other capital assets (net of accumulated depreciation) | | 366,268,608 |
| Capital assets (net of accumulated depreciation) reported in internal service funds included in the Statement of Net Position - governmental activities column | | <u>(31,833,179)</u> |
| Net adjustment | \$ | <u><u>458,969,309</u></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 \$85,832,929 difference are as follows:

| | | |
|-----------------------------|----|----------------------------|
| Bonds payable | \$ | (69,884,919) |
| Notes and contracts payable | | (5,280,000) |
| Accrued interest payable | | (321,728) |
| Compensated absences | | <u>(10,346,282)</u> |
| Net adjustment | \$ | <u><u>(85,832,929)</u></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 \$106,149,135 difference are as follows:

| | | |
|---------------------------------------|----|-----------------------------|
| Deferred inflows related to pensions | \$ | (9,660,624) |
| Deferred inflows related to OPEB | | (286,324) |
| Deferred outflows related to pensions | | 54,295,610 |
| Deferred outflows related to OPEB | | 1,720,409 |
| Net pension liability | | (144,538,357) |
| Net OPEB liability | | <u>(7,679,849)</u> |
| Net adjustment | \$ | <u><u>(106,149,135)</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

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 \$244,266 difference are as follows:

| | |
|---|----------------------------|
| Change in unavailable revenue from the following sources: | |
| Property taxes receivable | \$ (1,958,169) |
| Special assessments receivable | 2,183,814 |
| System development charges receivable | 78,355 |
| Municipal court receivables | <u>(187,809)</u> |
| Subtotal | 116,191 |
| Change in the allowance for uncollectibles | <u>(360,457)</u> |
| Net adjustment | <u><u>\$ (244,266)</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 \$17,296,168 difference are as follows:

| | |
|-----------------------------|-----------------------------|
| Donations of capital assets | \$ 17,514,168 |
| Sale of capital assets | <u>(218,000)</u> |
| Net adjustment | <u><u>\$ 17,296,168</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 \$12,830,977 difference are as follows:

| | |
|-------------------------------|-------------------------------|
| Compensated absences | \$ (1,368,208) |
| Net OPEB obligation | (952,961) |
| Net pension asset (liability) | (8,265,721) |
| Accrued interest | <u>(2,244,087)</u> |
| Net adjustment | <u><u>\$ (12,830,977)</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 \$4,610,725 difference are as follows:

| | |
|----------------------|----------------------------|
| Capital outlay | \$ 27,092,822 |
| Depreciation expense | <u>(22,482,097)</u> |
| Net adjustment | <u><u>\$ 4,610,725</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 \$28,410,607 difference are as follows:

| | |
|--------------------------------------|------------------------|
| Issuance of general obligation bonds | \$ <u>(42,368,967)</u> |
| Principal payments: | |
| General obligation debt | \$ 13,754,360 |
| Notes payable | <u>204,000</u> |
| Subtotal | <u>13,958,360</u> |
| Net adjustment | <u>\$ (28,410,607)</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>(539,111)</u> |
|--|---------------------|

(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 \$30,946,121.

(B) Deficit Net Position

The Ambulance Transport Enterprise Fund and the Professional Services Internal Service Fund have a deficit net position of \$6,083,887 and \$4,432,069, 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.

(C) Overexpenditures of Appropriations

For the year ended June 30, 2019, the Construction and Rental Housing Fund and the Parking Services Fund had budget-basis expenses in excess of legal appropriations of \$18,133 and \$35,495, respectively.

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, 2019:

| | | |
|------------------------|----|---------------------------|
| Cash on hand | \$ | 30,193 |
| Cash with fiscal agent | | 206,825 |
| Deposits with banks | | 47,677,782 |
| Investments | | <u>300,272,475</u> |
| | \$ | <u><u>348,187,275</u></u> |

Deposits

At June 30, 2019, the City's deposits with various financial institutions were \$47,677,782, 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, 2019, the City had deposits of \$1,000,000 insured by the FDIC, and \$52,628,899 collateralized under the PFCP.

At June 30, 2019, the City had \$206,825 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, 2019, 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 | \$ 23,068,422 | 7.7% | 0.686 |
| Local government investment pool | 49,384,334 | 16.4% | 0.003 |
| Municipal bonds | 7,492,780 | 2.5% | 0.864 |
| U.S. agency securities | 182,466,774 | 60.8% | 0.918 |
| U.S. treasury securities | <u>37,860,165</u> | <u>12.6%</u> | 0.662 |
| Total | \$ <u>300,272,475</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 \$49,500,000, 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, 2019, 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>Not rated</u> |
| Corporate indebtedness | \$ 23,068,422 | 9,743,765 | 13,324,657 | 0 |
| Local government investment pool | 49,384,334 | 0 | 0 | 49,384,334 |
| Municipal bonds | 7,492,780 | 1,095,740 | 6,397,040 | 0 |
| U.S. agency securities | 182,466,774 | 164,303,303 | 0 | 18,163,471 |
| U.S. treasury securities | 37,860,165 | 37,860,165 | 0 | 0 |
| Total | \$ 300,272,475 | 213,002,973 | 19,721,697 | 67,547,805 |

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, 2019, 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/>.

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, 2019, 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, 2019, 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 \$5,127,000. 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, 2019, are as follows:

| Fund description | Interest | Taxes | Accounts | Assessments | Loans and notes | Total gross receivables | Less | | Total net receivables |
|-----------------------------|-------------------|------------------|-------------------|----------------|-------------------|-------------------------|------------------------------|-----------------------|-----------------------|
| | | | | | | | Allowance for uncollectibles | Total net receivables | |
| General | \$ 762,019 | 3,759,219 | 3,831,113 | 0 | 0 | 8,352,351 | (87,085) | 8,265,266 | |
| Community Development | 26,588 | 0 | 35,507 | 0 | 17,300,261 | 17,362,356 | (17,608) | 17,344,748 | |
| Systems Development Capital | 0 | 0 | 1,626,048 | 0 | 0 | 1,626,048 | 0 | 1,626,048 | |
| Ambulance Transport | 0 | 0 | 2,668,739 | 0 | 0 | 2,668,739 | (376,238) | 2,292,501 | |
| Municipal Airport | 0 | 0 | 1,457,875 | 0 | 0 | 1,457,875 | (141,920) | 1,315,955 | |
| Parking Services | 0 | 0 | 467,922 | 0 | 0 | 467,922 | (155,001) | 312,921 | |
| Stormwater Utility | 0 | 0 | 2,580,088 | 0 | 0 | 2,580,088 | (10,564) | 2,569,524 | |
| Wastewater Utility | 0 | 0 | 1,651,945 | 0 | 11,004 | 1,662,949 | (6,070) | 1,656,879 | |
| Internal service funds | 0 | 0 | 354,860 | 0 | 0 | 354,860 | (8,946) | 345,914 | |
| Other governmental funds | 157,684 | 738,676 | 1,126,637 | 230,541 | 2,354,581 | 4,608,119 | (150,447) | 4,457,672 | |
| | <u>\$ 946,291</u> | <u>4,497,895</u> | <u>15,800,734</u> | <u>230,541</u> | <u>19,665,846</u> | <u>41,141,307</u> | <u>(953,879)</u> | <u>40,187,428</u> | |

Government-wide adjustment for uncollectibles

(1,995,464)

Receivables (net of allowance) -

Government-wide Statement of Net Position

38,191,964

continued

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>Wastewater Utility</u> | <u>Internal service funds</u> | <u>Other governmental funds</u> | <u>Total transfers out</u> |
|-----------------------------|---------------------|---------------------------------|----------------------------|---------------------------|-------------------------------|---------------------------------|----------------------------|
| General | \$ 0 | 4,169,300 | 1,432,100 | 0 | 2,010,000 | 36,000 | 7,647,400 |
| Systems Development Capital | 0 | 0 | 0 | 0 | 0 | 81,605 | 81,605 |
| Ambulance Transport | 403,673 | 0 | 0 | 0 | 0 | 0 | 403,673 |
| Municipal Airport | 0 | 0 | 0 | 0 | 1,655,540 | 0 | 1,655,540 |
| Parking Services | 838,350 | 0 | 0 | 0 | 0 | 0 | 838,350 |
| Stormwater Utility | 0 | 270,000 | 0 | 22,871 | 50,545 | 39,645 | 383,061 |
| Wastewater Utility | 0 | 135,000 | 0 | 0 | 0 | 0 | 135,000 |
| Internal service funds | 0 | 0 | 0 | 0 | 4,925 | 0 | 4,925 |
| Other governmental funds | 450,000 | 135,000 | 0 | 0 | 0 | 7,686,275 | 8,271,275 |
| Total transfers in | \$ 1,692,023 | 4,709,300 | 1,432,100 | 22,871 | 3,721,010 | 7,843,525 | 19,420,829 |
| Stormwater Utility | | | | | | | 1,314 |
| Wastewater Utility | | | | | | | 1,314 |
| Internal service funds | | | | | | | 1,314 |
| | | | | | | | <u>19,424,771</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, \$1.4 million transferred from the Airport Fund to the Fleet Services Fund for future replacement of equipment, \$4.2 million transferred from the General Fund to the General Capital Projects Fund for general capital projects and \$3.7 million transferred from the Urban Renewal Agency Riverfront General Fund to the Urban Renewal Agency Riverfront Capital Projects Fund for funding the railroad quiet zone within the Urban Renewal Riverfront District.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(D) Due From Other Governments

Amounts due from other governments at June 30, 2019, 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 | \$ 648,617 | 93,844 | 606,125 | 935,763 | 0 | 642,294 | 2,926,643 |
| Community Development | 0 | 112,720 | 0 | 0 | 0 | 1,283 | 114,003 |
| General Capital Projects | 37,615 | 0 | 0 | 0 | 0 | 0 | 37,615 |
| Ambulance Transport | 78,610 | 0 | 0 | 0 | 0 | 476,679 | 555,289 |
| Municipal/Airport | 0 | 1,598,310 | 0 | 0 | 0 | 25 | 1,598,335 |
| Parking Services | 140,948 | 0 | 0 | 0 | 0 | 0 | 140,948 |
| Stormwater Utility | 1,201 | 167,059 | 31,750 | 0 | 0 | 441 | 200,451 |
| Wastewater Utility | 0 | 16,864 | 0 | 0 | 2,230,761 | 82,731 | 2,330,356 |
| Internal service funds | 215,266 | 1,373 | 94,979 | 0 | 0 | 164,866 | 476,484 |
| Other governmental funds | <u>1,093,747</u> | <u>635,510</u> | <u>1,786,037</u> | <u>23,985</u> | <u>0</u> | <u>272,780</u> | <u>3,812,059</u> |
| Total due from other governments - Government-wide Statement of Net Position | \$ <u>2,216,004</u> | <u>2,625,680</u> | <u>2,518,891</u> | <u>959,748</u> | <u>2,230,761</u> | <u>1,641,099</u> | <u>12,192,183</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, 2019 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 | \$ 77,293,927 | 7,658,256 | (218,000) | 84,734,183 |
| Construction in progress | 18,524,079 | 28,345,065 | (7,069,447) | 39,799,697 |
| Total capital assets, not being depreciated | <u>95,818,006</u> | <u>36,003,321</u> | <u>(7,287,447)</u> | <u>124,533,880</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and equipment | 251,677,561 | 6,358,990 | (1,383,563) | 256,652,988 |
| Improvements other than buildings | 101,934,305 | 1,348,066 | 0 | 103,282,371 |
| Infrastructure | 399,643,583 | 10,833,274 | 0 | 410,476,857 |
| Intangible | 5,078,023 | 4,224,684 | 0 | 9,302,707 |
| Total capital assets being depreciated | <u>758,333,472</u> | <u>22,765,014</u> | <u>(1,383,563)</u> | <u>779,714,923</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and equipment | (117,461,919) | (8,845,295) | 1,306,563 | (125,000,651) |
| Improvements other than buildings | (59,656,084) | (4,077,102) | 0 | (63,733,186) |
| Infrastructure | (209,589,372) | (13,261,717) | 0 | (222,851,089) |
| Intangible | (399,177) | (1,462,212) | 0 | (1,861,389) |
| Total accumulated depreciation | <u>(387,106,552)</u> | <u>(27,646,326)</u> | <u>1,306,563</u> | <u>(413,446,315)</u> |
| Total capital assets, being depreciated, net | <u>371,226,920</u> | <u>(4,881,312)</u> | <u>(77,000)</u> | <u>366,268,608</u> |
| Governmental activities capital assets, net | <u>\$ 467,044,926</u> | <u>31,122,009</u> | <u>(7,364,447)</u> | <u>490,802,488</u> |

continued

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 | 6,944,090 | 4,489,445 | (5,806,753) | 5,626,782 |
| Total capital assets, not being depreciated | <u>24,112,730</u> | <u>4,489,445</u> | <u>(5,806,753)</u> | <u>22,795,422</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and equipment | 98,718,451 | 3,472,166 | (1,929,365) | 100,261,252 |
| Improvements other than buildings | 114,695,876 | 7,035,371 | 0 | 121,731,247 |
| Storm sewers | 81,884,172 | 2,025,762 | 0 | 83,909,934 |
| Trunk sewers | 169,451,963 | 2,758,700 | 0 | 172,210,663 |
| Total capital assets being depreciated | <u>464,750,462</u> | <u>15,291,999</u> | <u>(1,929,365)</u> | <u>478,113,096</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and equipment | (40,475,448) | (2,503,892) | 0 | (42,979,340) |
| Improvements other than buildings | (75,968,641) | (4,354,458) | 0 | (80,323,099) |
| Storm sewers | (25,685,688) | (2,066,122) | 0 | (27,751,810) |
| Trunk sewers | (89,329,087) | (3,953,631) | 0 | (93,282,718) |
| Total accumulated depreciation | <u>(231,458,864)</u> | <u>(12,878,103)</u> | <u>0</u> | <u>(244,336,967)</u> |
| Total capital assets, being depreciated, net | <u>233,291,598</u> | <u>2,413,896</u> | <u>(1,929,365)</u> | <u>233,776,129</u> |
| Business-type activities capital assets, net | <u>\$ 257,404,328</u> | <u>6,903,341</u> | <u>(7,736,118)</u> | <u>256,571,551</u> |

continued

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 | \$ | 383,073 |
| Fire and emergency medical services | | 1,116,147 |
| Library, recreation, and cultural services | | 2,577,744 |
| Planning and development | | 172,577 |
| Police | | 1,073,156 |
| Public works | | 17,159,399 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | | 5,164,230 |
| | \$ | <u>27,646,326</u> |

Business-type activities:

| | | |
|---------------------|----|-------------------|
| Ambulance Transport | \$ | 181,459 |
| Municipal Airport | | 5,563,099 |
| Parking Services | | 636,015 |
| Stormwater Utility | | 2,329,552 |
| Wastewater Utility | | 4,167,977 |
| | \$ | <u>12,878,102</u> |

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(F) Unavailable/Unearned Revenue

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

Unearned revenues are reported as a liability in the proprietary funds 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, 2019 consist of the following:

| <u>Fund by type</u> | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---|----------------------|------------------|-------------------|
| Property taxes receivable: | | | |
| General | \$ 4,191,491 | 0 | 4,191,491 |
| Other governmental funds | 886,355 | 0 | 886,355 |
| Assessments receivable: | | | |
| Other governmental funds | 230,542 | 0 | 230,542 |
| Systems development charges receivable: | | | |
| Systems Development Capital | 1,599,501 | 0 | 1,599,501 |
| Notes receivable: | | | |
| Community Development | 17,112,115 | 0 | 17,112,115 |
| Other governmental funds | 2,349,459 | 0 | 2,349,459 |
| Other: | | | |
| General | 1,248,134 | 4,865,545 | 6,113,679 |
| Community Development | 0 | 171,274 | 171,274 |
| Municipal Airport | 0 | 75,828 | 75,828 |
| Parking Services | 0 | 16,090 | 16,090 |
| Stormwater Utility | 0 | 19,020 | 19,020 |
| Other governmental funds | 1,807 | 325,892 | 327,699 |
| Total unavailable/unearned revenue | <u>\$ 27,619,404</u> | <u>5,473,649</u> | <u>33,093,053</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, 2019 for operating leases was \$1,079,607. 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, 2019:

| <u>Fiscal year</u> <u>ending June 30</u> | <u>Rentals</u> |
|---|---------------------|
| 2020 | \$ 1,248,576 |
| 2021 | 1,217,111 |
| 2022 | 868,349 |
| 2023 | 396,480 |
| 2024 | 190,530 |
| Total minimum future rentals | <u>\$ 3,921,046</u> |

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities

Direct Borrowings

The City enters into direct borrowing agreements in the form of revolving credit facilities to provide temporary financing for voter approved General Obligation (G.O.) bond funded construction projects in governmental activities. 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 draws on the credit facilities are backed by the full faith and credit of the City and are included in the City's G.O. debt limit.

General Obligation Bond and Revolving Credit Facility (Streets 2017)

On November 7, 2017, Eugene voters passed Measure 20-275, authorizing the City to issue a maximum of \$51,200,000 of G.O. bonds. The proceeds from the sale of the bonds are to be used for streets, bicycle and pedestrian projects. The bonds can be issued to provide interim financing for costs of the projects, including costs associated with this facility. As of June 30, 2019, the City had \$48,650,000 in authorized but unissued borrowing remaining.

These bonds were issued through a G.O. and a revolving credit facility with Umpqua Bank, which matures on June 1, 2024 and has an authorized limit of \$5,000,000. The interest rate is a floating rate equal to the prime rate minus 2.55%. Draws on this credit facility are recorded as a financing source in the Transportation Capital Projects Fund. As of June 30, 2019, the City had a \$2,250,000 balance on the credit facility and an unused line of credit amount of \$2,750,000.

In the event of a default the bank may declare that the outstanding balance on the credit facility shall bear interest at the default rate until such event of default is remedied. The default rate is equal to the facility interest rate plus 3.00%.

| <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 2017) | \$ 0 | 2,550,000 | (300,000) | 2,250,000 |

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, 2019, the City had \$0 in authorized but unissued borrowing remaining.

These bonds were issued through a G.O. and revolving credit facility with Bank of America, N.A. which matured on June 1, 2019. Draws on this credit facility are recorded as a financing source in the Transportation Capital Projects Fund. As of June 30, 2019, the City had a \$0 balance on the credit facility.

| <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) | \$ 0 | 8,690,300 | (8,690,300) | 0 |

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, 2019, the City had \$1,750,000 in authorized but unissued borrowing remaining.

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), continued

To issue these bonds, on May 31, 2007, the City entered in to a General Obligation Bond and Revolving Credit Facility with Bank of America, N.A. with a variable interest rate. The credit facility matured on June 1, 2019. Draws on this credit facility are recorded as a financing source in the General Capital Projects Fund. As of June 30, 2019, the City had a \$0 balance on the credit facility.

| <u>Governmental activities</u> | <u>Beginning balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending balance</u> |
|---|--------------------------|------------------|--------------------|-----------------------|
| G.O. bond and revolving credit facility (POS) | \$ <u>0</u> | <u>1,130,000</u> | <u>(1,130,000)</u> | <u>0</u> |

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, 2019, the City had 96.0% of its legal debt capacity available.

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. As of June 30, 2019, the City had \$10,700,000 in authorized but unissued borrowing remaining.

| <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% | 2,085,000 |
| General Obligation and Refunding Bonds, Series 2016 | 10,125,000 | 2.000% to 5.000% | 3,805,000 |
| General Obligation, Series 2019A (tax-exempt) | 23,620,000 | 3.000% to 5.000% | 23,620,000 |
| General Obligation, Series 2019B (taxable) | <u>5,030,000</u> | 2.510% to 2.700% | <u>4,230,000</u> |
| Total general obligation bonds | \$ <u>49,750,000</u> | | <u>33,740,000</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> |
| 2020 | \$ 2,805,000 | 1,134,042 |
| 2021 | 2,815,000 | 1,069,341 |
| 2022 | 2,825,000 | 989,676 |
| 2023 | 1,955,000 | 907,431 |
| 2024 | 1,880,000 | 823,931 |
| 2025-2029 | 8,185,000 | 2,896,505 |
| 2030-2034 | 7,375,000 | 1,576,405 |
| 2035-2038 | <u>5,900,000</u> | <u>462,781</u> |
| | \$ <u>33,740,000</u> | <u>9,860,112</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

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% | 41,033,381 |
| Limited Tax Improvement Bonds, Series 2011 | <u>580,000</u> | 7.050% | <u>154,274</u> |
| Total limited tax bonds governmental activities | <u>\$ 70,193,281</u> | | <u>41,187,655</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>8,638,019</u> |
| Total limited tax bonds business-type activities | <u>14,721,179</u> | | <u>8,638,019</u> |
| Total limited tax bonds | <u>\$ 84,914,460</u> | | <u>49,825,674</u> |

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 | \$ 49,825,674 |
| Less: Accretion of deep discount | <u>(919,975)</u> |
| Total debt service requirements for limited tax bonds | <u>\$ 48,905,699</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> |
| 2020 | \$ 0 | 11,317 | 0 | 0 |
| 2021 | 0 | 11,317 | 0 | 0 |
| 2022 | 0 | 11,317 | 0 | 0 |
| 2023 | 0 | 11,317 | 0 | 0 |
| 2024 | 0 | 11,317 | 0 | 0 |
| 2025-2027 | <u>154,274</u> | <u>28,292</u> | <u>0</u> | <u>0</u> |
| Improvement bonds | <u>\$ 154,274</u> | <u>84,877</u> | <u>0</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

Limited Tax Bonds, continued

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

| Fiscal year ending June 30 | Governmental activities | | Business-type activities | |
|-------------------------------|-------------------------|------------|--------------------------|-----------|
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 2,491,858 | 3,571,174 | 524,567 | 751,775 |
| 2021 | 3,762,871 | 2,588,035 | 792,129 | 544,813 |
| 2022 | 4,324,616 | 2,330,278 | 910,384 | 490,552 |
| 2023 | 4,935,928 | 2,034,042 | 1,039,072 | 428,190 |
| 2024 | 5,605,066 | 1,695,931 | 1,179,934 | 357,014 |
| 2025-2029 | 19,153,053 | 3,728,842 | 4,031,947 | 784,966 |
| Pension bonds | 40,273,392 | 15,948,302 | 8,478,033 | 3,357,310 |
| Total limited tax bonds | \$ 40,427,666 | 16,033,179 | 8,478,033 | 3,357,310 |

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, 2019, \$5,471,616 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% | 751,000 |
| Centre Court Building Rehabilitation | 5,189,000 | 0.280% to 3.500% | 4,529,000 |
| | \$ 7,895,000 | | 5,280,000 |

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Notes Payable, continued

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

| Fiscal year ending June 30 | Governmental activities | |
|-------------------------------|-------------------------|------------------|
| | Principal | Interest |
| 2020 | \$ 204,000 | 166,120 |
| 2021 | 204,000 | 162,183 |
| 2022 | 204,000 | 157,767 |
| 2023 | 204,000 | 152,871 |
| 2024 | 204,000 | 147,516 |
| 2025-2029 | 931,000 | 648,910 |
| 2030-2031 | <u>3,329,000</u> | <u>170,483</u> |
| | <u>\$ 5,280,000</u> | <u>1,605,850</u> |

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

Compensated Absences, Net Pension, and Net OPEB Liability

At June 30, 2019, the City reported compensated absences, net pension liability and net OPEB liability of \$11,407,108, \$161,340,621, \$13,431,386, respectively 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, 2019, internal service fund debt included Limited Tax Pension Bonds (net of unamortized discount) of \$9,013,093, a net pension liability of \$16,802,264, a net OPEB liability of \$5,751,537, and \$1,060,828 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, 2019 was as follows:

| <u>Governmental activities</u> | <u>Beginning balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending balance</u> | <u>Due within one year</u> | <u>Due after one year</u> |
|---|--------------------------|-------------------|---------------------|-----------------------|----------------------------|---------------------------|
| General obligation bonds | \$ 8,695,000 | 28,650,000 | (3,605,000) | 33,740,000 | 2,805,000 | 30,935,000 |
| Limited tax bonds | 43,992,044 | 0 | (2,804,389) | 41,187,655 | 2,491,858 | 38,695,797 |
| Bond premium | 540,009 | 1,348,667 | (168,319) | 1,720,357 | 0 | 1,720,357 |
| Total bonds payable | <u>53,227,053</u> | <u>29,998,667</u> | <u>(6,577,708)</u> | <u>76,648,012</u> | <u>5,296,858</u> | <u>71,351,154</u> |
| General obligation bond and revolving credit facility | 0 | 12,370,300 | (10,120,300) | 2,250,000 | 0 | 2,250,000 |
| Compensated absences payable | 9,978,257 | 10,057,322 | (8,628,471) | 11,407,108 | 11,219,732 | 187,376 |
| Notes and contracts payable | 5,484,000 | 0 | (204,000) | 5,280,000 | 204,000 | 5,076,000 |
| Net Pension liability | 147,681,830 | 13,658,791 | 0 | 161,340,621 | 0 | 161,340,621 |
| Net OPEB liability | 13,834,443 | 0 | (403,057) | 13,431,386 | 0 | 13,431,386 |
| Governmental activities - noncurrent liabilities | <u>\$ 230,205,583</u> | <u>66,085,080</u> | <u>(25,933,536)</u> | <u>270,357,127</u> | <u>16,720,590</u> | <u>253,636,537</u> |
| <u>Business-type activities</u> | | | | | | |
| Limited tax bonds | \$ 9,221,483 | 0 | (583,464) | 8,638,019 | 524,567 | 8,113,452 |
| Total bonds payable | <u>9,221,483</u> | <u>0</u> | <u>(583,464)</u> | <u>8,638,019</u> | <u>524,567</u> | <u>8,113,452</u> |
| Compensated absences payable | 2,156,334 | 2,368,798 | (2,026,424) | 2,498,708 | 2,474,231 | 24,477 |
| Net Pension liability | 35,105,436 | 0 | 3,380,635 | 38,486,071 | 0 | 38,486,071 |
| Net OPEB liability | 3,271,611 | 20,838 | (142,421) | 3,150,028 | 0 | 3,150,028 |
| Business-type activities - noncurrent liabilities | <u>\$ 49,754,864</u> | <u>2,389,636</u> | <u>628,326</u> | <u>52,772,826</u> | <u>2,998,798</u> | <u>49,774,028</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 \$275,000 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, 2019, a total claims liability of \$14,575,865 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> |
|---|--|--|--------------------------|---|
| 2018 | \$ 12,876,992 | 26,669,139 | (26,353,518) | 13,192,613 |
| 2019 | 13,192,613 | 28,147,917 | (26,764,665) | 14,575,865 |

(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, 2019, the City provided billable operations to MWMC costing \$15,114,726 and MWMC owed the City \$2,230,761 for unreimbursed costs at year-end. WMC's most recently published financial statement was for the year ended June 30, 2018, which reflected net income of \$6,702,761 and net position of \$166,580,554. 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

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, 2019 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, 2019 were \$18,597,007.

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

At June 30, 2019, the City reported (\$199,826,692) for its proportionate share of the net pension asset (liability). The net pension asset (liability) was measured as of June 30, 2018, and the total pension asset used to calculate the net pension asset (liability) was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2018, the City's proportion was 1.3191%, which was a decrease from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense (income) of \$38,117,383. At June 30, 2019, 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 | \$ | 1,121,150 | 1,357,579 |
| Changes of assumptions or other inputs | | 46,459,327 | 0 |
| Changes in proportionate share | | 1,533,728 | 3,223,823 |
| Contributions subsequent to the measurement date | | 18,597,007 | 0 |
| Difference between expected and actual experience with regard to economic or demographic factors | | 6,797,506 | 0 |
| Net difference between projected and actual earnings on pension plan investments | | 0 | 8,873,434 |
| | \$ | <u>74,508,718</u> | <u>13,454,836</u> |

The \$18,597,007 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, 2020. 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> |
|--------------------------------------|---|
| 2020 | \$ 24,387,858 |
| 2021 | 17,541,458 |
| 2022 | (2,242,849) |
| 2023 | 1,760,599 |
| 2024 | 1,009,809 |

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, 2016 actuarial valuation was determined using the following:

| | |
|--------------------------|---|
| Valuation Date: | December 31, 2016 |
| Measurement Date: | June 30, 2018 |
| Experience Study Report: | 2016, published July 26, 2017 |
| 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: | 7.20% |
| Discount Rate: | 7.20% |
| Projected salary increases: | 3.50% |
| Cost of living adjustments | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service. |
| Mortality: | Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale. |

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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

GASB Statement No. 68 reporting requirements allows for the measurement date (June 30, 2018) to be 12 months prior to the reporting date (June 30, 2019) and the actuarial valuation date (December 31, 2016) 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, 2017 actuarial valuation date.

Discount Rate

The discount rate used to measure the total pension liability was 7.20% 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% | 3.49% |
| Short-term bonds | 8.00% | 3.38% |
| Bank/Leveraged loans | 3.00% | 5.09% |
| High yield bonds | 1.00% | 6.45% |
| Large/Mid cap US equities | 15.75% | 6.30% |
| Small cap US equities | 1.30% | 6.69% |
| Micro cap US equities | 1.30% | 6.80% |
| Developed foreign equities | 13.13% | 6.71% |
| Emerging foreign equities | 4.12% | 7.45% |
| Non-US small cap equities | 1.88% | 7.01% |
| Private equity | 17.50% | 7.82% |
| Real estate (Property) | 10.00% | 5.51% |
| Real estate (REITS) | 2.50% | 6.37% |
| Hedge fund of funds - diversified | 2.50% | 4.09% |
| Hedge fund - event-driven | 0.63% | 5.86% |
| Timber | 1.88% | 5.62% |
| Farmland | 1.88% | 6.15% |
| Infrastructure | 3.75% | 6.60% |
| Commodities | 1.88% | 3.84% |
| | <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 7.2%, 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 (6.2%) or 1 percentage-point higher (8.2%) than the current rate:

| | 1% decrease <u>(6.2%)</u> | Current discount rate <u>(7.2%)</u> | 1% increase <u>(8.2%)</u> |
|--|------------------------------|---|------------------------------|
| City's proportionate share of the net pension asset (liability) | \$ (333,948,154) | (199,826,692) | (89,120,402) |

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, 2016 valuation are described in the 2016 Experience Study (Study), published September 2017.

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>.

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, 2019, the City's contributions and IAFF covered employees' contributions to the IAP were \$5,492,105 and \$1,285,149, 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, 2016 actuarial valuation which became effective July 1, 2018. The rates in effect for the fiscal year ended June 30, 2019 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, 2019 were \$516,738.

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, 2018, the inactive RHIA plan participants currently receiving benefits totaled 46,033, and there were 56,200 active and 61,248 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, 2019, the City reported \$1,140,586 for its proportionate share of the net OPEB asset (liability). The net OPEB asset (liability) was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset (liability) was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2018, the City's proportion was 1.02178%, which was an increase from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized OPEB expense (income) of (\$106,351). At June 30, 2019, 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 of assumptions or other inputs | \$ 0 | 3,619 |
| Changes in proportionate share | 0 | 6,505 |
| Contributions subsequent to the measurement date | 516,738 | 0 |
| Difference between expected and actual experience | 0 | 64,640 |
| Net difference between projected and actual earnings on investments | 0 | 245,908 |
| | <u>\$ 516,738</u> | <u>320,672</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 \$516,738 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, 2020. 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 ending June 30 | Deferred outflows and (inflows) of resources |
|-------------------------------|--|
| 2020 | \$ (107,113) |
| 2021 | (106,209) |
| 2022 | (82,903) |
| 2023 | (24,447) |

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, 2018) to be 12 months prior to the reporting date (June 30, 2019) and the actuarial valuation date (December 31, 2016) to be 30 months prior to the reporting date. The new OPEB asset (liability) for the June 30, 2020 reporting data will be based on the December 31, 2017 actuarial valuation date.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.2%. 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 7.2%, 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 (6.2%) or 1 percentage-point higher (8.2%) than the current rate:

| | 1% decrease (6.2%) | Current discount rate (7.2%) | 1% increase (8.2%) |
|---|-----------------------|------------------------------------|-----------------------|
| City's proportionate share of the net OPEB asset (liability) | \$ 664,105 | 1,140,586 | 1,546,166 |

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, 2016 valuation are described in the 2016 Experience Study (Study), published September 2017.

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>.

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, 2019, the City's combined plan contributions were \$1,063,799. As of June 30, 2018 there were 1,512 active and 183 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, 2019, the City has set aside \$3,882,679 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, 2019, the City reported a (\$17,722,000) net OPEB asset (liability). The net OPEB asset (liability) was measured as of June 30, 2018, and the net OPEB asset (liability) was determined by an actuarial valuation as of July 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), 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, 2019, the City recognized OPEB expense (income) of \$1,634,159. At June 30, 2019, 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 of assumptions or other input | \$ 0 | 86,313 |
| Contributions subsequent to the measurement date | 1,063,799 | 0 |
| Differences between expected and actual experience | 974,243 | 0 |
| | <u>\$ 2,038,042</u> | <u>86,313</u> |

The \$1,063,799 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense (income) as follows:

| Fiscal year <u>ending June 30</u> | Deferred outflows and (inflows) <u>of resources</u> |
|--------------------------------------|---|
| 2020 | \$ 126,847 |
| 2021 | 126,847 |
| 2022 | 126,847 |
| 2023 | 126,847 |
| 2024 | 126,847 |
| Thereafter | 253,695 |

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, 2018
 Measurement Date: June 30, 2018
 Actuarial cost method: Entry Age Normal

Actuarial assumptions

Inflation rate: 2.50%
 Discount Rate: 4.00% per year, based on all years discounted at municipal bond rate.
 Projected salary increases: 3.5% 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.

| Duration | General Service | Police & Fire |
|----------|-----------------|---------------|
| 0 | 3.38% | 4.44% |
| 5 | 1.94% | 2.39% |
| 10 | 0.99% | 1.23% |
| 15 | 0.43% | 0.69% |
| 20 | 0.14% | 0.52% |
| 25 | 0.02% | 0.44% |
| 30 + | -0.04% | 0.21% |

Healthcare cost trend rate: Healthcare rates decrease 0.1% annually from 7.0% from the year ended June 30, 2019 to 6.0% for those years ending beyond June 30, 2029.

Mortality: Basic table: RP 2014, Employee/Healthy Annuitant, sex distinct, generational.
 Improvement Scale: Unisex Social Security Data Scale (60 year average).
 Male Adjustment: Blended 50% blue collar/50% white collar, setback 12 Months.
 Female Adjustment: Blended 50% blue collar/50% white collar, no set back.

Disabled mortality: Basic table: RP 2014, Disabled Retiree, sex distinct, generational, no collar adjustment, no set back.
 Improvement Scale: Unisex Social Security Data Scale (60 year average).

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, 2018) to be 12 months prior to the reporting date (June 30, 2019) and the actuarial valuation date (July 1, 2018) 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 4.00%, 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 4.00%, 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 (3.00%) or one percentage-point higher (5.00%) than the current rate:

| | 1% decrease (3.00%) | Current discount rate (4.00%) | 1% increase (5.00%) |
|--|------------------------|-------------------------------------|------------------------|
| City's proportionate share of the net OPEB asset (liability) | \$ (19,233,260) | (17,722,000) | (16,333,291) |

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) | \$ (15,654,635) | (17,722,000) | (19,672,332) |

Changes in OPEB Liability (RHLI)

| | |
|---|----------------------------|
| Balance at 6/30/18 | (17,528,794) |
| Changes for the year: | |
| Service cost | (861,347) |
| Interest | (645,964) |
| Differences between expected and actual experience | (1,113,421) |
| Changes of assumptions or other input | 98,644 |
| Benefit payments | 2,328,882 |
| Net changes | <u>(193,206)</u> |
| Balance at 6/30/19 | <u><u>(17,722,000)</u></u> |
| Estimated covered payroll | 102,474,145 |
| Total OPEB Liability as a percentage of covered payroll | 17.29% |

(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, 2019, the City has encumbered the following significant commitments:

| <u>Fund</u> | <u>Amount</u> |
|--------------------------------|----------------------|
| General | \$ 2,404,579 |
| Community Development | 1,513,278 |
| General Capital Projects | 2,837,867 |
| Systems Development Capital | 2,364,802 |
| Ambulance Transport | 41,532 |
| Municipal Airport | 9,914,221 |
| Parking Services | 892,948 |
| Stormwater Utility | 1,222,026 |
| Wastewater Utility | 1,982,773 |
| Internal service funds | 3,302,553 |
| Other governmental funds | <u>7,737,706</u> |
| Total outstanding encumbrances | <u>\$ 34,214,285</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, 2019, the property tax impacts from tax abatements are as follows:

| <u>Property Tax Impact</u> | | <u>LIRHPTE</u> | <u>MUPTE</u> | <u>Property Tax Differential</u> | <u>West Eugene Enterprise Zone</u> |
|----------------------------|----|----------------|--------------|--------------------------------------|--|
| Revenue Loss | \$ | 450,423 | 905,362 | 54,576 | 167,811 |
| Revenue Shift | | 83,876 | 168,593 | 3,066 | 31,249 |

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.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | Budget | | Actual | | GAAP basis |
|--|--------------------|--------------------|--------------------|---------------------|--------------------|
| | Original | Final | Budget basis | Adjustment | |
| Revenues | | | | | |
| Taxes | 119,349,000 | 120,024,000 | 121,044,498 | 0 | 121,044,498 |
| Licenses and permits | 8,723,816 | 8,793,816 | 9,482,201 | 0 | 9,482,201 |
| Intergovernmental | 5,277,000 | 6,124,189 | 6,379,936 | 0 | 6,379,936 |
| Rental income | 562,830 | 562,830 | 523,497 | 0 | 523,497 |
| Charges for services | 15,232,123 | 16,144,861 | 16,263,806 | (951,862) | 15,311,944 |
| Fines and forfeits | 1,894,575 | 1,894,575 | 1,672,792 | 0 | 1,672,792 |
| Miscellaneous | 1,756,914 | 1,756,914 | 2,429,443 | 484,582 | 2,914,025 |
| Total revenues | 152,796,258 | 155,301,185 | 157,796,173 | (467,280) | 157,328,893 |
| Expenditures | | | | | |
| Current - departmental: | | | | | |
| Central services | 26,047,835 | 33,691,686 | 27,462,858 | (8,946,257) | 18,516,601 |
| Fire and emergency medical services | 30,777,064 | 31,519,191 | 31,389,848 | 0 | 31,389,848 |
| Library, recreation, and cultural services | 31,123,351 | 32,381,930 | 31,635,183 | 67,336 | 31,702,519 |
| Planning and development | 7,723,477 | 10,076,160 | 7,650,997 | (682,447) | 6,968,550 |
| Police | 55,144,120 | 60,398,666 | 56,631,852 | (532,549) | 56,099,303 |
| Public works | 6,492,151 | 6,717,618 | 6,567,243 | 15,000 | 6,582,243 |
| Special payments | 700,000 | 700,000 | 268,936 | (249,415) | 19,521 |
| Total expenditures | 158,007,998 | 175,485,251 | 161,606,917 | (10,328,332) | 151,278,585 |
| Excess (deficiency) of revenues over expenditures | (5,211,740) | (20,184,066) | (3,810,744) | 9,861,052 | 6,050,308 |
| Other financing sources (uses) | | | | | |
| Transfers in | 10,850,023 | 10,850,023 | 10,850,023 | (9,158,000) | 1,692,023 |
| Transfers out | (5,865,300) | (7,947,400) | (7,647,400) | 0 | (7,647,400) |
| Total other financing sources (uses) | 4,984,723 | 2,902,623 | 3,202,623 | (9,158,000) | (5,955,377) |
| Net change in fund balance | (227,017) | (17,281,443) | (608,121) | 703,052 | 94,931 |
| Fund balance, July 1, 2018 | 52,088,221 | 63,738,160 | 63,738,160 | 1,196,015 | 64,934,175 |
| Fund balance, June 30, 2019 | 51,861,204 | 46,456,717 | 63,130,039 | 1,899,067 | 65,029,106 |

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | Budget | | Actual | | GAAP basis |
|--|--------------------|--------------------|--------------------|------------------|------------------|
| | Original | Final | Budget basis | Adjustment | |
| Revenues | | | | | |
| Intergovernmental | 5,451,912 | 6,894,392 | 3,013,566 | 0 | 3,013,566 |
| Charges for services | 5,000 | 55,000 | 41,710 | 0 | 41,710 |
| Repayment of revolving loans | 0 | 0 | 0 | 1,079,792 | 1,079,792 |
| Miscellaneous | 709,720 | 709,720 | 547,113 | 24,526 | 571,639 |
| Total revenues | 6,166,632 | 7,659,112 | 3,602,389 | 1,104,318 | 4,706,707 |
| Expenditures | | | | | |
| Current - departmental: | | | | | |
| Central services | 0 | 0 | 0 | 127,000 | 127,000 |
| Planning and development | 3,244,642 | 3,543,661 | 1,755,737 | 3,440,633 | 5,196,370 |
| Debt service | 373,395 | 373,395 | 373,395 | 0 | 373,395 |
| Capital outlay | 730,256 | 868,972 | 0 | 0 | 0 |
| Special payments | 8,795,847 | 8,407,064 | 3,440,633 | (3,440,633) | 0 |
| Total expenditures | 13,144,140 | 13,193,092 | 5,569,765 | 127,000 | 5,696,765 |
| Excess (deficiency) of revenues over expenditures | (6,977,508) | (5,533,980) | (1,967,376) | 977,318 | (990,058) |
| Other financing sources (uses) | | | | | |
| Principal payments received | 2,995,600 | 2,995,600 | 1,079,792 | (1,079,792) | 0 |
| Transfers out | (127,000) | (127,000) | (127,000) | 127,000 | 0 |
| Total other financing sources (uses) | 2,868,600 | 2,868,600 | 952,792 | (952,792) | 0 |
| Net change in fund balance | (4,108,908) | (2,665,380) | (1,014,584) | 24,526 | (990,058) |
| Fund balance, July 1, 2018 | 5,550,480 | 4,136,516 | 4,136,516 | (18,545) | 4,117,971 |
| Fund balance, June 30, 2019 | 1,441,572 | 1,471,136 | 3,121,932 | 5,981 | 3,127,913 |

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

June 30, 2019

(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 | 2019 |
|---|-----------------|------------|--------------|---------------|---------------|---------------|
| Proportion of the net pension asset (liability) | 1.35% | 1.35% | 1.31% | 1.34% | 1.36% | 1.32% |
| Proportionate share of the net pension asset (liability) | \$ (69,360,287) | 30,504,733 | (75,419,692) | (201,536,828) | (182,787,266) | (199,826,692) |
| Covered payroll | 92,904,027 | 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 | -74.66% | 33.00% | -78.80% | -201.28% | -176.66% | -186.63% |
| Plan fiduciary net position as a percentage of the total pension asset (liability) | N/A | 103.60% | 91.90% | 80.50% | 83.10% | 82.10% |

Schedule of City Contributions

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 11,751,145 | 12,098,455 | 14,860,759 | 15,180,903 | 17,914,297 | 18,597,007 |
| Contributions in relation to the contractually required contribution | (11,751,145) | (12,098,455) | (14,860,759) | (15,180,903) | (17,914,297) | (18,597,007) |
| Contribution deficiency (excesses) | \$ 0 | 0 | 0 | 0 | 0 | 0 |
| Covered payroll | 92,451,727 | 95,710,435 | 100,127,793 | 103,471,224 | 107,069,591 | 112,855,413 |
| Contributions as a percentage of covered payroll | 12.71% | 12.64% | 14.84% | 14.67% | 16.73% | 16.48% |

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 | 2019 |
|---|--------------|-------------|-------------|
| Proportion of the net OPEB asset (liability) | 1.05% | 1.01% | 1.02% |
| Proportionate share of the net OPEB asset (liability) | \$ (286,227) | 422,740 | 1,140,586 |
| Covered payroll | 100,127,793 | 103,471,224 | 107,069,591 |
| Proportionate share of the net OPEB asset (liability) as a percentage of its covered payroll | -0.29% | 0.41% | 1.07% |
| Plan fiduciary net position as a percentage of the total OPEB asset (liability) | 94.20% | 108.90% | 108.90% |

Schedule of City Contributions

| | 2017 | 2018 | 2019 |
|--|-------------|-------------|-------------|
| Contractually required contribution | \$ 307,063 | 494,750 | 516,738 |
| Contributions in relation to the contractually required contribution | (307,063) | (494,750) | (516,738) |
| Contribution deficiency (excesses) | \$ 0 | 0 | 0 |
| Covered payroll | 103,471,224 | 107,069,591 | 112,855,413 |
| Contributions as a percentage of covered payroll | 0.30% | 0.46% | 0.46% |

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

| | |
|--|-----------------|
| Service cost | \$ (861,347) |
| Interest | (645,964) |
| Differences between expected and actual experience | (1,113,421) |
| Changes of assumptions or other input | 98,644 |
| Benefit payments | 2,328,882 |
| Net change in total OPEB liability | (193,206) |
| Total OPEB liability - beginning | (17,528,794) |
| Total OPEB liability - ending | \$ (17,722,000) |

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 | \$ (608,121) | (1,014,584) |
| <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. | 10,109,862 | 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. | 484,583 | 24,526 |
| <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. | (10,109,862) | 0 |
| Prepaid expenses are recorded in the year paid on a budget basis. However, such expenses are matched to the accounting period benefited under GAAP. | <u>218,469</u> | <u>0</u> |
| Net change in fund balance - GAAP basis. | \$ <u><u>94,931</u></u> | <u><u>(990,058)</u></u> |

Principal payments received of \$1,079,792 and loans granted of \$3,440,633 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, 2019

(amounts in dollars)

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total |
|--|-----------------------------|--------------------------|------------------------------|-------------------|
| Assets | | | | |
| Equity in pooled cash and investments | 40,608,293 | 4,015,402 | 31,349,170 | 75,972,865 |
| Receivables: | | | | |
| Interest | 29,394 | 128,290 | 0 | 157,684 |
| Taxes | 187,906 | 550,770 | 0 | 738,676 |
| Accounts | 1,126,637 | 0 | 0 | 1,126,637 |
| Assessments | 70,797 | 115,787 | 43,957 | 230,541 |
| Loans and notes | 2,354,581 | 0 | 0 | 2,354,581 |
| Allowance for uncollectibles | (150,447) | 0 | 0 | (150,447) |
| Due from other governments | 2,544,802 | 89,595 | 1,177,662 | 3,812,059 |
| Inventories | 1,051,173 | 0 | 0 | 1,051,173 |
| Prepays and deposits | 65,000 | 0 | 0 | 65,000 |
| Assets held for resale | 0 | 1,541 | 3,059,064 | 3,060,605 |
| Total assets | 47,888,136 | 4,901,385 | 35,629,853 | 88,419,374 |
| Liabilities | | | | |
| Accounts payable | 405,062 | 0 | 1,857,773 | 2,262,835 |
| Wages payable | 971,687 | 0 | 0 | 971,687 |
| Due to other governments | 286,799 | 0 | 33,324 | 320,123 |
| Deposits | 17,111 | 0 | 1,144,970 | 1,162,081 |
| Interfund loans payable | 120,000 | 0 | 0 | 120,000 |
| Unearned revenue | 77,196 | 0 | 248,696 | 325,892 |
| Total liabilities | 1,877,855 | 0 | 3,284,763 | 5,162,618 |
| Deferred inflows of resources | | | | |
| Advances from other funds | 960,000 | 0 | 0 | 960,000 |
| Unavailable revenue | 2,627,551 | 796,389 | 44,223 | 3,468,163 |
| Total deferred inflows of resources | 3,587,551 | 796,389 | 44,223 | 4,428,163 |
| Fund balances | | | | |
| Nonspendable | 1,196,173 | 0 | 0 | 1,196,173 |
| Restricted | 25,007,793 | 4,104,996 | 30,871,659 | 59,984,448 |
| Committed | 16,218,764 | 0 | 1,429,208 | 17,647,972 |
| Total fund balances | 42,422,730 | 4,104,996 | 32,300,867 | 78,828,593 |
| Total liabilities, deferred inflows of resources, and fund balances | 47,888,136 | 4,901,385 | 35,629,853 | 88,419,374 |

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

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total |
|--|-----------------------------|--------------------------|------------------------------|-------------------|
| <u>Revenues</u> | | | | |
| Taxes | 7,864,420 | 16,249,043 | 3,156,006 | 27,269,469 |
| Licenses and permits | 12,204,704 | 0 | 0 | 12,204,704 |
| Intergovernmental | 14,782,660 | 0 | 10,046,426 | 24,829,086 |
| Rental income | 222,631 | 0 | 35,000 | 257,631 |
| Charges for services | 6,968,028 | 0 | 626,541 | 7,594,569 |
| Fines and forfeits | 41,656 | 0 | 0 | 41,656 |
| Special assessments | 3,086 | 40,894 | 2,776 | 46,756 |
| Repayment of revolving loans | 119,019 | 0 | 0 | 119,019 |
| Miscellaneous | 2,083,632 | 252,643 | 421,496 | 2,757,771 |
| Total revenues | 44,289,836 | 16,542,580 | 14,288,245 | 75,120,661 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Central services | 4,777,110 | 0 | 0 | 4,777,110 |
| Fire and emergency medical services | 358,372 | 0 | 0 | 358,372 |
| Library, recreation, and cultural services | 2,145,664 | 0 | 0 | 2,145,664 |
| Planning and development | 9,037,836 | 0 | 0 | 9,037,836 |
| Police | 1,937,077 | 0 | 0 | 1,937,077 |
| Public works | 14,554,728 | 0 | 0 | 14,554,728 |
| Debt service: | | | | |
| Principal | 0 | 13,754,360 | 0 | 13,754,360 |
| Interest | 25,320 | 525,281 | 0 | 550,601 |
| Issuance costs | 0 | 0 | 24,085 | 24,085 |
| Capital outlay | 28,414 | 0 | 18,367,827 | 18,396,241 |
| Total expenditures | 32,864,521 | 14,279,641 | 18,391,912 | 65,536,074 |
| Excess (deficiency) of revenues over expenditures | 11,425,315 | 2,262,939 | (4,103,667) | 9,584,587 |
| <u>Other financing sources (uses)</u> | | | | |
| Proceeds of debt issuance | 0 | 0 | 11,240,300 | 11,240,300 |
| Proceeds of sale of assets | 0 | 0 | 3,048,674 | 3,048,674 |
| Transfers in | 982,275 | 0 | 6,861,250 | 7,843,525 |
| Transfers out | (6,395,000) | (1,876,275) | 0 | (8,271,275) |
| Total other financing sources (uses) | (5,412,725) | (1,876,275) | 21,150,224 | 13,861,224 |
| Net change in fund balances | 6,012,590 | 386,664 | 17,046,557 | 23,445,811 |
| Fund balances, July 1, 2018 | 36,410,140 | 3,718,332 | 15,254,310 | 55,382,782 |
| Fund balances, June 30, 2019 | 42,422,730 | 4,104,996 | 32,300,867 | 78,828,593 |

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.

Parks and Recreation Local Option Levy Fund - To account for local option levy property taxes for Parks and Recreation operations and maintenance.

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, 2019
 (amounts in dollars)

| | Construction and Rental Housing | Library Local Option Levy | Library, Parks, and Recreation | Parks and Recreation Levy | Public Safety Communications | Road | Solid Waste and Recycling | Special Assessment Management | Telecom Registration and Licensing | Urban Renewal Agency Riverfront Program Revenue | Urban Renewal Agency Riverfront Program Revenue | Total |
|--|---------------------------------|---------------------------|--------------------------------|---------------------------|------------------------------|------------------|---------------------------|-------------------------------|------------------------------------|---|---|-------------------|
| Assets | | | | | | | | | | | | |
| Equity in pooled cash and investments | 10,564,201 | 2,350,668 | 5,784,499 | 1,637,193 | 2,125,253 | 3,310,518 | 877,197 | 1,150,275 | 5,646,128 | 2,355,259 | 1,535,372 | 40,608,293 |
| Receivables: | | | | | | | | | | | | |
| Interest | 0 | 7,116 | 0 | 790 | 0 | 0 | 0 | 0 | 0 | 10,007 | 11,481 | 29,394 |
| Taxes | 0 | 71,757 | 0 | 45,069 | 0 | 0 | 0 | 0 | 0 | 0 | 71,080 | 187,906 |
| Accounts | 139,512 | 0 | 0 | 0 | 0 | 283,441 | 0 | 0 | 555,944 | 147,740 | 0 | 1,126,637 |
| Assessments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 70,797 | 0 | 0 | 0 | 70,797 |
| Loans and notes | 0 | 0 | 8,960 | 0 | 0 | 0 | 0 | 0 | 0 | 2,345,621 | 0 | 2,354,581 |
| Allowance for uncollectibles | 0 | 0 | 0 | 0 | 0 | (3,707) | 0 | 0 | (1,000) | (145,740) | 0 | (150,447) |
| Due from other governments | 169,820 | 11,364 | 0 | 9,572 | 427,545 | 1,628,118 | 28,000 | 0 | 82,641 | 177,465 | 10,277 | 2,544,802 |
| Inventories | 0 | 0 | 0 | 0 | 0 | 1,051,173 | 0 | 0 | 0 | 0 | 0 | 1,051,173 |
| Prepays and deposits | 0 | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 15,000 | 0 | 0 | 65,000 |
| Total assets | 10,873,533 | 2,490,905 | 5,793,459 | 1,692,624 | 2,552,798 | 6,269,543 | 905,197 | 1,221,072 | 6,298,713 | 4,890,352 | 1,628,210 | 47,888,136 |
| Liabilities | | | | | | | | | | | | |
| Accounts payable | 15,962 | 2,766 | 12,051 | 92,611 | 0 | 239,979 | 3,022 | 0 | 10,381 | 28,290 | 0 | 405,062 |
| Wages payable | 354,271 | 73,420 | 0 | 41,858 | 72,440 | 385,848 | 25,564 | 4,669 | 13,617 | 0 | 0 | 971,687 |
| Due to other governments | 112,446 | 0 | 0 | 18,782 | 0 | 82,081 | 1,200 | 0 | 57,875 | 11,182 | 3,233 | 286,799 |
| Deposits | 0 | 0 | 0 | 0 | 0 | 17,111 | 0 | 0 | 0 | 0 | 0 | 17,111 |
| Interfund loans payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 120,000 | 0 | 0 | 120,000 |
| Unearned revenue | 0 | 0 | 447 | 0 | 0 | 5,000 | 10,896 | 0 | 60,853 | 0 | 0 | 77,196 |
| Total liabilities | 482,679 | 76,186 | 12,498 | 153,251 | 72,440 | 730,019 | 40,682 | 4,669 | 262,726 | 39,472 | 3,233 | 1,877,855 |
| Deferred inflows of resources | | | | | | | | | | | | |
| Advances from other funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 960,000 | 0 | 0 | 960,000 |
| Unavailable revenue | 0 | 78,873 | 8,960 | 45,859 | 0 | 0 | 0 | 70,797 | 0 | 2,340,500 | 82,562 | 2,627,551 |
| Total deferred inflows of resources | 0 | 78,873 | 8,960 | 45,859 | 0 | 0 | 0 | 70,797 | 960,000 | 2,340,500 | 82,562 | 3,587,551 |
| Fund balances | | | | | | | | | | | | |
| Nonspendable | 0 | 50,000 | 80,000 | 0 | 0 | 1,051,173 | 0 | 0 | 15,000 | 0 | 0 | 1,196,173 |
| Restricted | 378,683 | 2,285,846 | 5,692,001 | 1,493,514 | 2,480,358 | 4,488,351 | 864,515 | 0 | 0 | 2,510,380 | 1,542,415 | 25,007,793 |
| Committed | 10,012,171 | 0 | 0 | 0 | 0 | 0 | 0 | 1,145,606 | 5,060,987 | 0 | 0 | 16,218,764 |
| Total fund balances | 10,390,854 | 2,335,846 | 5,772,001 | 1,493,514 | 2,480,358 | 5,539,524 | 864,515 | 1,145,606 | 5,075,987 | 2,510,380 | 1,542,415 | 42,422,730 |
| Total liabilities, deferred inflows of resources, and fund balances | 10,873,533 | 2,490,905 | 5,793,459 | 1,692,624 | 2,552,798 | 6,269,543 | 905,197 | 1,221,072 | 6,298,713 | 4,890,352 | 1,628,210 | 47,888,136 |

City of Eugene, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
 For the fiscal year ended June 30, 2019
 (amounts in dollars)

| Revenues | Construction and Rental Housing | Library Local Option Levy | Library Parks, and Recreation | Parks and Recreation Local Option Levy | Public Safety Communications | Road | Solid Waste and Recycling | Special Assessment Management and Licensing | Telecom Registration | Urban Renewal Agency | Urban Renewal Agency Riverfront Program Revenue | Total |
|------------------------------|---------------------------------|---------------------------|-------------------------------|--|------------------------------|-------------------|---------------------------|---|----------------------|----------------------|---|-------------------|
| Taxes | 0 | 2,530,828 | 0 | 3,005,545 | 0 | 0 | 0 | 0 | 0 | 2,328,047 | 0 | 7,864,420 |
| Licenses and permits | 6,143,330 | 0 | 0 | 0 | 0 | 2,423,960 | 1,017,268 | 0 | 2,620,146 | 0 | 0 | 12,204,704 |
| Intergovernmental | 0 | 0 | 0 | 0 | 1,722,250 | 12,973,662 | 0 | 0 | 16,057 | 70,691 | 0 | 14,782,660 |
| Rental income | 0 | 0 | 40,715 | 0 | 0 | 181,916 | 0 | 0 | 0 | 0 | 0 | 222,631 |
| Charges for services | 6,404,158 | 0 | 19,782 | 0 | 136,404 | 273,824 | 137 | 45,730 | 27,000 | 60,993 | 0 | 6,968,028 |
| Fines and forfeits | 41,656 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 41,656 |
| Special assessments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,086 | 0 | 0 | 0 | 3,086 |
| Repayment of revolving loans | 0 | 0 | 2,572 | 0 | 0 | 0 | 0 | 0 | 0 | 116,447 | 0 | 119,019 |
| Miscellaneous | 237,911 | 64,470 | 655,471 | 32,036 | 60,920 | 471,766 | 31,973 | 42,271 | 165,586 | 114,514 | 90,226 | 2,083,632 |
| Total revenues | 12,827,055 | 2,595,298 | 718,540 | 3,037,581 | 1,919,574 | 16,325,128 | 1,049,378 | 91,087 | 2,828,789 | 2,444,535 | 90,226 | 44,289,836 |

| Expenditures | Construction and Rental Housing | Library Local Option Levy | Library Parks, and Recreation | Parks and Recreation Local Option Levy | Public Safety Communications | Road | Solid Waste and Recycling | Special Assessment Management and Licensing | Telecom Registration | Urban Renewal Agency | Urban Renewal Agency Riverfront Program Revenue | Total |
|--|---------------------------------|---------------------------|-------------------------------|--|------------------------------|-------------------|---------------------------|---|----------------------|----------------------|---|-------------------|
| Current - departmental: | | | | | | | | | | | | |
| Central services | 984,000 | 0 | 0 | 0 | 180,000 | 985,000 | 108,000 | 104,508 | 2,415,602 | 0 | 0 | 4,777,110 |
| Fire and emergency medical services | 358,372 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 358,372 |
| Library, recreation, and cultural services | 0 | 1,965,788 | 179,876 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,145,664 |
| Planning and development | 6,163,433 | 0 | 0 | 0 | 0 | 0 | 824,370 | 0 | 0 | 1,481,332 | 568,701 | 9,037,836 |
| Police | 0 | 0 | 0 | 297,898 | 1,639,179 | 0 | 0 | 0 | 0 | 0 | 0 | 1,937,077 |
| Public works | 481,074 | 0 | 0 | 1,246,169 | 0 | 12,827,485 | 0 | 0 | 0 | 0 | 0 | 14,554,728 |
| Debt service: | | | | | | | | | | | | |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,320 | 0 | 0 | 25,320 |
| Capital outlay | 0 | 0 | 28,414 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,414 |
| Total expenditures | 7,986,879 | 1,965,788 | 208,290 | 1,544,067 | 1,819,179 | 13,812,485 | 932,370 | 104,508 | 2,440,922 | 1,481,332 | 568,701 | 32,864,521 |

| | | | | | | | | | | | | | |
|---|-----------|---------|---------|-----------|---------|-----------|---------|----------|---------|-------------|-----------|--------|------------|
| Excess (deficiency) of revenues over expenditures | 4,840,176 | 629,510 | 510,250 | 1,493,514 | 100,395 | 2,512,643 | 117,008 | (13,421) | 387,867 | (1,118,687) | 1,875,834 | 90,226 | 11,425,315 |
|---|-----------|---------|---------|-----------|---------|-----------|---------|----------|---------|-------------|-----------|--------|------------|

| Other financing sources (uses) | Transfers in | Transfers out | Total other financing sources (uses) | Net change in fund balances | Fund balances, July 1, 2018 | Fund balances, June 30, 2019 |
|--------------------------------|--------------|---------------|--------------------------------------|-----------------------------|-----------------------------|------------------------------|
| 0 | 0 | 0 | 0 | 4,840,176 | 5,550,678 | 10,390,854 |
| 0 | 0 | 0 | 0 | 629,510 | 1,706,336 | 2,335,846 |
| 0 | 0 | 0 | 0 | 510,250 | 5,261,751 | 5,772,001 |
| 0 | 0 | 0 | 0 | 1,493,514 | 0 | 1,493,514 |
| 0 | 0 | 0 | 0 | 106,395 | 2,373,963 | 2,480,358 |
| 0 | 0 | 0 | 0 | 267,643 | 5,271,881 | 5,539,524 |
| 0 | 0 | 0 | 0 | 117,008 | 747,507 | 864,515 |
| 0 | 0 | 0 | 0 | (13,421) | 1,159,027 | 1,145,606 |
| 0 | 0 | 0 | 0 | (142,412) | 2,652,792 | 2,510,380 |
| 0 | 0 | 0 | 0 | (1,824,166) | 3,366,581 | 1,542,415 |
| 0 | 0 | 0 | 0 | 90,226 | 3,181,504 | 3,271,730 |
| 0 | 0 | 0 | 0 | 6,012,590 | 36,410,140 | 42,422,730 |
| 0 | 0 | 0 | 0 | 982,275 | (6,395,000) | (5,412,725) |

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

For the fiscal year ended June 30, 2019

(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 | 4,296,500 | 6,143,330 | 0 | 6,143,330 |
| Charges for services | 5,453,250 | 7,256,797 | (852,639) | 6,404,158 |
| Fines and forfeits | 25,000 | 41,656 | 0 | 41,656 |
| Miscellaneous | 86,000 | 186,181 | 51,730 | 237,911 |
| Total revenues | 9,860,750 | 13,627,964 | (800,909) | 12,827,055 |
| Expenditures | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 984,000 | 984,000 |
| Fire and emergency medical services | 340,239 | 358,372 | 0 | 358,372 |
| Planning and development | 7,865,834 | 6,135,433 | 28,000 | 6,163,433 |
| Public works | 481,074 | 481,074 | 0 | 481,074 |
| Special payments | 1,050,000 | 852,639 | (852,639) | 0 |
| Total expenditures | 9,737,147 | 7,827,518 | 159,361 | 7,986,879 |
| Excess (deficiency) of revenues over expenditures | 123,603 | 5,800,446 | (960,270) | 4,840,176 |
| Other financing sources (uses) | | | | |
| Transfers out | (984,000) | (984,000) | 984,000 | 0 |
| Total other financing sources (uses) | (984,000) | (984,000) | 984,000 | 0 |
| Net change in fund balance | (860,397) | 4,816,446 | 23,730 | 4,840,176 |
| Fund balance, July 1, 2018 | 5,549,604 | 5,549,604 | 1,074 | 5,550,678 |
| Fund balance, June 30, 2019 | 4,689,207 | 10,366,050 | 24,804 | 10,390,854 |

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

For the fiscal year ended June 30, 2019

(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 | 2,576,000 | 2,530,828 | 0 | 2,530,828 |
| Miscellaneous | 14,000 | 51,042 | 13,428 | 64,470 |
| Total revenues | 2,590,000 | 2,581,870 | 13,428 | 2,595,298 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Library, recreation, and cultural services | 2,407,582 | 2,015,788 | (50,000) | 1,965,788 |
| Total expenditures | 2,407,582 | 2,015,788 | (50,000) | 1,965,788 |
| Excess (deficiency) of revenues over expenditures | 182,418 | 566,082 | 63,428 | 629,510 |
| Total other financing sources (uses) | 0 | 0 | 0 | 0 |
| Net change in fund balance | 182,418 | 566,082 | 63,428 | 629,510 |
| Fund balance, July 1, 2018 | 1,714,244 | 1,714,244 | (7,908) | 1,706,336 |
| Fund balance, June 30, 2019 | 1,896,662 | 2,280,326 | 55,520 | 2,335,846 |

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

For the fiscal year ended June 30, 2019

(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> | | | | |
| Rental income | 35,920 | 40,715 | 0 | 40,715 |
| Charges for services | 25,000 | 19,782 | 0 | 19,782 |
| Repayment of revolving loans | 0 | 0 | 2,572 | 2,572 |
| Miscellaneous | 453,116 | 617,376 | 38,095 | 655,471 |
| Total revenues | 514,036 | 677,873 | 40,667 | 718,540 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Library, recreation, and cultural services | 377,000 | 179,876 | 0 | 179,876 |
| Capital outlay | 845,568 | 28,414 | 0 | 28,414 |
| Special payments | 103,545 | 0 | 0 | 0 |
| Total expenditures | 1,326,113 | 208,290 | 0 | 208,290 |
| Excess (deficiency) of revenues over expenditures | (812,077) | 469,583 | 40,667 | 510,250 |
| <u>Other financing sources (uses)</u> | | | | |
| Principal payments received | 7,710 | 2,572 | (2,572) | 0 |
| Total other financing sources (uses) | 7,710 | 2,572 | (2,572) | 0 |
| Net change in fund balance | (804,367) | 472,155 | 38,095 | 510,250 |
| Fund balance, July 1, 2018 | 5,286,261 | 5,286,261 | (24,510) | 5,261,751 |
| Fund balance, June 30, 2019 | 4,481,894 | 5,758,416 | 13,585 | 5,772,001 |

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | <u>Budget</u> | <u>Actual</u> | | <u>GAAP basis</u> |
|--|------------------|-------------------------|-------------------|-----------------------|
| | | <u>Budget basis</u> | <u>Adjustment</u> | |
| <u>Revenues</u> | | | | |
| Taxes | 2,977,000 | 3,005,545 | 0 | 3,005,545 |
| Miscellaneous | 0 | 28,191 | 3,845 | 32,036 |
| Total revenues | 2,977,000 | 3,033,736 | 3,845 | 3,037,581 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Police | 430,000 | 297,898 | 0 | 297,898 |
| Public works | 2,000,000 | 1,246,169 | 0 | 1,246,169 |
| Total expenditures | 2,430,000 | 1,544,067 | 0 | 1,544,067 |
| Excess (deficiency) of revenues over expenditures | 547,000 | 1,489,669 | 3,845 | 1,493,514 |
| Total other financing sources (uses) | 0 | 0 | 0 | 0 |
| Net change in fund balance | 547,000 | 1,489,669 | 3,845 | 1,493,514 |
| Fund balance, July 1, 2018 | 0 | 0 | 0 | 0 |
| Fund balance, June 30, 2019 | 547,000 | 1,489,669 | 3,845 | 1,493,514 |

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | Actual | | | GAAP basis |
|--|------------------|------------------|----------------|------------------|
| | Budget | Budget basis | Adjustment | |
| Revenues | | | | |
| Intergovernmental | 1,600,000 | 1,722,250 | 0 | 1,722,250 |
| Charges for services | 107,595 | 136,404 | 0 | 136,404 |
| Miscellaneous | 13,500 | 47,114 | 13,806 | 60,920 |
| Total revenues | 1,721,095 | 1,905,768 | 13,806 | 1,919,574 |
| Expenditures | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 180,000 | 180,000 |
| Police | 2,219,619 | 1,639,179 | 0 | 1,639,179 |
| Total expenditures | 2,219,619 | 1,639,179 | 180,000 | 1,819,179 |
| Excess (deficiency) of revenues over expenditures | (498,524) | 266,589 | (166,194) | 100,395 |
| Other financing sources (uses) | | | | |
| Transfers in | 306,000 | 6,000 | 0 | 6,000 |
| Transfers out | (180,000) | (180,000) | 180,000 | 0 |
| Total other financing sources (uses) | 126,000 | (174,000) | 180,000 | 6,000 |
| Net change in fund balance | (372,524) | 92,589 | 13,806 | 106,395 |
| Fund balance, July 1, 2018 | 2,382,777 | 2,382,777 | (8,814) | 2,373,963 |
| Fund balance, June 30, 2019 | 2,010,253 | 2,475,366 | 4,992 | 2,480,358 |

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

For the fiscal year ended June 30, 2019

(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 | 2,058,000 | 2,423,960 | 0 | 2,423,960 |
| Intergovernmental | 12,692,057 | 12,973,662 | 0 | 12,973,662 |
| Rental income | 103,000 | 181,916 | 0 | 181,916 |
| Charges for services | 347,500 | 273,824 | 0 | 273,824 |
| Miscellaneous | 183,800 | 448,426 | 23,340 | 471,766 |
| Total revenues | 15,384,357 | 16,301,788 | 23,340 | 16,325,128 |
| Expenditures | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 985,000 | 985,000 |
| Public works | 15,215,394 | 12,838,032 | (10,547) | 12,827,485 |
| Total expenditures | 15,215,394 | 12,838,032 | 974,453 | 13,812,485 |
| Excess (deficiency) of revenues over expenditures | 168,963 | 3,463,756 | (951,113) | 2,512,643 |
| Other financing sources (uses) | | | | |
| Transfers out | (3,230,000) | (3,230,000) | 985,000 | (2,245,000) |
| Total other financing sources (uses) | (3,230,000) | (3,230,000) | 985,000 | (2,245,000) |
| Net change in fund balance | (3,061,037) | 233,756 | 33,887 | 267,643 |
| Fund balance, July 1, 2018 | 4,246,860 | 4,246,860 | 1,025,021 | 5,271,881 |
| Fund balance, June 30, 2019 | 1,185,823 | 4,480,616 | 1,058,908 | 5,539,524 |

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

For the fiscal year ended June 30, 2019

(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 | 983,000 | 1,017,268 | 0 | 1,017,268 |
| Charges for services | 0 | 137 | 0 | 137 |
| Miscellaneous | 12,000 | 26,373 | 5,600 | 31,973 |
| Total revenues | 995,000 | 1,043,778 | 5,600 | 1,049,378 |
| Expenditures | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 108,000 | 108,000 |
| Planning and development | 1,147,169 | 816,870 | 7,500 | 824,370 |
| Total expenditures | 1,147,169 | 816,870 | 115,500 | 932,370 |
| Excess (deficiency) of revenues over expenditures | (152,169) | 226,908 | (109,900) | 117,008 |
| Other financing sources (uses) | | | | |
| Transfers out | (108,000) | (108,000) | 108,000 | 0 |
| Total other financing sources (uses) | (108,000) | (108,000) | 108,000 | 0 |
| Net change in fund balance | (260,169) | 118,908 | (1,900) | 117,008 |
| Fund balance, July 1, 2018 | 743,551 | 743,551 | 3,956 | 747,507 |
| Fund balance, June 30, 2019 | 483,382 | 862,459 | 2,056 | 864,515 |

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

For the fiscal year ended June 30, 2019

(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> | | | | |
| Charges for services | 47,000 | 45,730 | 0 | 45,730 |
| Special assessments | 0 | 0 | 3,086 | 3,086 |
| Miscellaneous | 17,040 | 34,166 | 8,105 | 42,271 |
| Total revenues | 64,040 | 79,896 | 11,191 | 91,087 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Central services | 104,728 | 95,508 | 9,000 | 104,508 |
| Special payments | 30,000 | 0 | 0 | 0 |
| Total expenditures | 134,728 | 95,508 | 9,000 | 104,508 |
| Excess (deficiency) of revenues over expenditures | (70,688) | (15,612) | 2,191 | (13,421) |
| <u>Other financing sources (uses)</u> | | | | |
| Principal payments received | 4,600 | 3,086 | (3,086) | 0 |
| Transfers in | 30,000 | 0 | 0 | 0 |
| Transfers out | (9,000) | (9,000) | 9,000 | 0 |
| Total other financing sources (uses) | 25,600 | (5,914) | 5,914 | 0 |
| Net change in fund balance | (45,088) | (21,526) | 8,105 | (13,421) |
| Fund balance, July 1, 2018 | 1,164,430 | 1,164,430 | (5,403) | 1,159,027 |
| Fund balance, June 30, 2019 | 1,119,342 | 1,142,904 | 2,702 | 1,145,606 |

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

For the fiscal year ended June 30, 2019

(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 | 2,800,000 | 2,620,146 | 0 | 2,620,146 |
| Intergovernmental | 1,854,522 | 16,057 | 0 | 16,057 |
| Charges for services | 0 | 27,000 | 0 | 27,000 |
| Miscellaneous | 60,000 | 124,927 | 40,659 | 165,586 |
| Total revenues | 4,714,522 | 2,788,130 | 40,659 | 2,828,789 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Central services | 7,001,165 | 2,383,133 | 32,469 | 2,415,602 |
| Debt service | 42,000 | 25,320 | 0 | 25,320 |
| Special payments | 120,000 | 120,000 | (120,000) | 0 |
| Total expenditures | 7,163,165 | 2,528,453 | (87,531) | 2,440,922 |
| Excess (deficiency) of revenues over expenditures | (2,448,643) | 259,677 | 128,190 | 387,867 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers out | (476,000) | (476,000) | 26,000 | (450,000) |
| Total other financing sources (uses) | (476,000) | (476,000) | 26,000 | (450,000) |
| Net change in fund balance | (2,924,643) | (216,323) | 154,190 | (62,133) |
| Fund balance, July 1, 2018 | 6,344,049 | 6,344,049 | (1,205,929) | 5,138,120 |
| Fund balance, June 30, 2019 | 3,419,406 | 6,127,726 | (1,051,739) | 5,075,987 |

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

For the fiscal year ended June 30, 2019

(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 | 70,691 | 0 | 70,691 |
| Charges for services | 0 | 60,993 | 0 | 60,993 |
| Repayment of revolving loans | 0 | 0 | 116,447 | 116,447 |
| Miscellaneous | 82,000 | 97,986 | 16,528 | 114,514 |
| Total revenues | 82,000 | 229,670 | 132,975 | 362,645 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Planning and development | 3,077,248 | 981,332 | 500,000 | 1,481,332 |
| Special payments | 2,912,476 | 500,000 | (500,000) | 0 |
| Total expenditures | 5,989,724 | 1,481,332 | 0 | 1,481,332 |
| Excess (deficiency) of revenues over expenditures | (5,907,724) | (1,251,662) | 132,975 | (1,118,687) |
| <u>Other financing sources (uses)</u> | | | | |
| Principal payments received | 250,000 | 116,447 | (116,447) | 0 |
| Transfers in | 3,077,248 | 976,275 | 0 | 976,275 |
| Total other financing sources (uses) | 3,327,248 | 1,092,722 | (116,447) | 976,275 |
| Net change in fund balance | (2,580,476) | (158,940) | 16,528 | (142,412) |
| Fund balance, July 1, 2018 | 2,665,476 | 2,665,476 | (12,684) | 2,652,792 |
| Fund balance, June 30, 2019 | 85,000 | 2,506,536 | 3,844 | 2,510,380 |

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

For the fiscal year ended June 30, 2019

(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 | 2,375,000 | 2,328,047 | 0 | 2,328,047 |
| Miscellaneous | 50,000 | 96,321 | 20,167 | 116,488 |
| Total revenues | 2,425,000 | 2,424,368 | 20,167 | 2,444,535 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Planning and development | 1,113,663 | 568,701 | 0 | 568,701 |
| Total expenditures | 1,113,663 | 568,701 | 0 | 568,701 |
| Excess (deficiency) of revenues over expenditures | 1,311,337 | 1,855,667 | 20,167 | 1,875,834 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers out | (3,700,000) | (3,700,000) | 0 | (3,700,000) |
| Total other financing sources (uses) | (3,700,000) | (3,700,000) | 0 | (3,700,000) |
| Net change in fund balance | (2,388,663) | (1,844,333) | 20,167 | (1,824,166) |
| Fund balance, July 1, 2018 | 3,382,097 | 3,382,097 | (15,516) | 3,366,581 |
| Fund balance, June 30, 2019 | 993,434 | 1,537,764 | 4,651 | 1,542,415 |

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, 2019

(amounts in dollars)

| | <u>Budget</u> | <u>Actual</u> | | <u>GAAP basis</u> |
|--|---------------|-------------------------|-------------------|-----------------------|
| | | <u>Budget basis</u> | <u>Adjustment</u> | |
| <u>Revenues</u> | | | | |
| Miscellaneous | 48,000 | 67,766 | 22,460 | 90,226 |
| Total revenues | 48,000 | 67,766 | 22,460 | 90,226 |
| <u>Expenditures</u> | | | | |
| Special payments | 3,244,279 | 0 | 0 | 0 |
| Total expenditures | 3,244,279 | 0 | 0 | 0 |
| Excess (deficiency) of revenues over expenditures | (3,196,279) | 67,766 | 22,460 | 90,226 |
| Total other financing sources (uses) | 0 | 0 | 0 | 0 |
| Net change in fund balance | (3,196,279) | 67,766 | 22,460 | 90,226 |
| Fund balance, July 1, 2018 | 3,196,279 | 3,196,279 | (14,775) | 3,181,504 |
| Fund balance, June 30, 2019 | 0 | 3,264,045 | 7,685 | 3,271,730 |

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, 2019

(amounts in dollars)

| | General <u>Obligation</u> | Special Assessment <u>Bond</u> | Urban Renewal <u>Agency</u> | <u>Total</u> |
|--|------------------------------|--------------------------------------|-----------------------------------|------------------|
| <u>Assets</u> | | | | |
| Equity in pooled cash and investments | 369,432 | 77,416 | 3,568,554 | 4,015,402 |
| Receivables: | | | | |
| Interest | 109,249 | 0 | 19,041 | 128,290 |
| Taxes | 467,522 | 0 | 83,248 | 550,770 |
| Assessments | 0 | 115,787 | 0 | 115,787 |
| Due from other governments | 78,051 | 0 | 11,544 | 89,595 |
| Assets held for resale | 0 | 1,541 | 0 | 1,541 |
| Total assets | 1,024,254 | 194,744 | 3,682,387 | 4,901,385 |
| <u>Total liabilities</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>Deferred inflows of resources</u> | | | | |
| Unavailable revenue | 576,771 | 117,329 | 102,289 | 796,389 |
| Total deferred inflows of resources | 576,771 | 117,329 | 102,289 | 796,389 |
| <u>Fund balances</u> | | | | |
| Restricted | 447,483 | 77,415 | 3,580,098 | 4,104,996 |
| Total fund balances | 447,483 | 77,415 | 3,580,098 | 4,104,996 |
| Total liabilities, deferred inflows of resources, and fund balances | 1,024,254 | 194,744 | 3,682,387 | 4,901,385 |

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

Nonmajor Debt Service Funds

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | General Obligation | Special Assessment Bond | Urban Renewal Agency | Total |
|--|-----------------------|-------------------------------|----------------------------|--------------------|
| Revenues | | | | |
| Taxes | 13,736,684 | 0 | 2,512,359 | 16,249,043 |
| Special assessments | 0 | 40,894 | 0 | 40,894 |
| Miscellaneous | 131,513 | 2,964 | 118,166 | 252,643 |
| Total revenues | 13,868,197 | 43,858 | 2,630,525 | 16,542,580 |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | 13,725,300 | 29,060 | 0 | 13,754,360 |
| Interest | 513,151 | 12,130 | 0 | 525,281 |
| Total expenditures | 14,238,451 | 41,190 | 0 | 14,279,641 |
| Excess (deficiency) of revenues over expenditures | (370,254) | 2,668 | 2,630,525 | 2,262,939 |
| Other financing sources (uses) | | | | |
| Transfers out | 0 | 0 | (1,876,275) | (1,876,275) |
| Total other financing sources (uses) | 0 | 0 | (1,876,275) | (1,876,275) |
| Net change in fund balances | (370,254) | 2,668 | 754,250 | 386,664 |
| Fund balances, July 1, 2018 | 817,737 | 74,747 | 2,825,848 | 3,718,332 |
| Fund balances, June 30, 2019 | 447,483 | 77,415 | 3,580,098 | 4,104,996 |

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

For the fiscal year ended June 30, 2019

(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 | 13,388,556 | 13,736,684 | 0 | 13,736,684 |
| Miscellaneous | 60,000 | 128,806 | 2,707 | 131,513 |
| Total revenues | 13,448,556 | 13,865,490 | 2,707 | 13,868,197 |
| <u>Expenditures</u> | | | | |
| Debt service | 14,268,132 | 14,238,451 | 0 | 14,238,451 |
| Total expenditures | 14,268,132 | 14,238,451 | 0 | 14,238,451 |
| Excess (deficiency) of revenues over expenditures | (819,576) | (372,961) | 2,707 | (370,254) |
| Total other financing sources (uses) | 0 | 0 | 0 | 0 |
| Net change in fund balance | (819,576) | (372,961) | 2,707 | (370,254) |
| Fund balance, July 1, 2018 | 819,576 | 819,576 | (1,839) | 817,737 |
| Fund balance, June 30, 2019 | 0 | 446,615 | 868 | 447,483 |

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, 2019

(amounts in dollars)

| | Actual | | | GAAP basis |
|--|----------------|-----------------|-----------------|---------------|
| | Budget | Budget basis | Adjustment | |
| <u>Revenues</u> | | | | |
| Special assessments | 0 | 0 | 40,894 | 40,894 |
| Miscellaneous | 28,270 | 2,435 | 529 | 2,964 |
| Total revenues | 28,270 | 2,435 | 41,423 | 43,858 |
| <u>Expenditures</u> | | | | |
| Debt service | 225,000 | 41,190 | 0 | 41,190 |
| Total expenditures | 225,000 | 41,190 | 0 | 41,190 |
| Excess (deficiency) of revenues over expenditures | (196,730) | (38,755) | 41,423 | 2,668 |
| <u>Other financing sources (uses)</u> | | | | |
| Principal payments received | 200,160 | 40,894 | (40,894) | 0 |
| Transfers out | (10,000) | 0 | 0 | 0 |
| Total other financing sources (uses) | 190,160 | 40,894 | (40,894) | 0 |
| Net change in fund balance | (6,570) | 2,139 | 529 | 2,668 |
| Fund balance, July 1, 2018 | 75,094 | 75,094 | (347) | 74,747 |
| Fund balance, June 30, 2019 | 68,524 | 77,233 | 182 | 77,415 |

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, 2019

(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 | 2,256,000 | 2,512,359 | 0 | 2,512,359 |
| Miscellaneous | 48,000 | 94,568 | 23,598 | 118,166 |
| Total revenues | 2,304,000 | 2,606,927 | 23,598 | 2,630,525 |
| <hr/> | | | | |
| Total expenditures | 0 | 0 | 0 | 0 |
| <hr/> | | | | |
| Excess (deficiency) of revenues over expenditures | 2,304,000 | 2,606,927 | 23,598 | 2,630,525 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers out | (3,977,248) | (1,876,275) | 0 | (1,876,275) |
| Total other financing sources (uses) | (3,977,248) | (1,876,275) | 0 | (1,876,275) |
| <hr/> | | | | |
| Net change in fund balance | (1,673,248) | 730,652 | 23,598 | 754,250 |
| Fund balance, July 1, 2018 | 2,838,771 | 2,838,771 | (12,923) | 2,825,848 |
| Fund balance, June 30, 2019 | 1,165,523 | 3,569,423 | 10,675 | 3,580,098 |

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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, 2019

(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 | 2,574,179 | 21,521,435 | 186,249 | 7,067,307 | 31,349,170 |
| Receivables: | | | | | |
| Assessments | 43,957 | 0 | 0 | 0 | 43,957 |
| Due from other governments | 0 | 1,177,662 | 0 | 0 | 1,177,662 |
| Assets held for resale | 265 | 0 | 0 | 3,058,799 | 3,059,064 |
| Total assets | 2,618,401 | 22,699,097 | 186,249 | 10,126,106 | 35,629,853 |
| Liabilities | | | | | |
| Accounts payable | 0 | 1,639,043 | 0 | 218,730 | 1,857,773 |
| Due to other governments | 0 | 26,520 | 0 | 6,804 | 33,324 |
| Deposits | 1,144,970 | 0 | 0 | 0 | 1,144,970 |
| Unearned revenue | 0 | 248,696 | 0 | 0 | 248,696 |
| Total liabilities | 1,144,970 | 1,914,259 | 0 | 225,534 | 3,284,763 |
| Deferred inflows of resources | | | | | |
| Unavailable revenue | 44,223 | 0 | 0 | 0 | 44,223 |
| Total deferred inflows of resources | 44,223 | 0 | 0 | 0 | 44,223 |
| Fund balances | | | | | |
| Restricted | 0 | 20,784,838 | 186,249 | 9,900,572 | 30,871,659 |
| Committed | 1,429,208 | 0 | 0 | 0 | 1,429,208 |
| Total fund balances | 1,429,208 | 20,784,838 | 186,249 | 9,900,572 | 32,300,867 |
| Total liabilities, deferred inflows of resources, and fund balances | 2,618,401 | 22,699,097 | 186,249 | 10,126,106 | 35,629,853 |

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

Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | Special Assessment | Transportation | Urban Renewal Agency | Urban Renewal Agency Riverfront | Total |
|--|-----------------------|-------------------|----------------------------|--|-------------------|
| <u>Revenues</u> | | | | | |
| Taxes | 0 | 3,156,006 | 0 | 0 | 3,156,006 |
| Intergovernmental | 0 | 10,046,426 | 0 | 0 | 10,046,426 |
| Rental income | 0 | 35,000 | 0 | 0 | 35,000 |
| Charges for services | 86,935 | 539,606 | 0 | 0 | 626,541 |
| Special assessments | 2,776 | 0 | 0 | 0 | 2,776 |
| Miscellaneous | 42,672 | 259,138 | 3,435 | 116,251 | 421,496 |
| Total revenues | 132,383 | 14,036,176 | 3,435 | 116,251 | 14,288,245 |
| <u>Expenditures</u> | | | | | |
| Debt service: | | | | | |
| Issuance costs | 0 | 24,085 | 0 | 0 | 24,085 |
| Capital outlay | 0 | 15,279,854 | 1,250,715 | 1,837,258 | 18,367,827 |
| Total expenditures | 0 | 15,303,939 | 1,250,715 | 1,837,258 | 18,391,912 |
| Excess (deficiency) of revenues over expenditures | 132,383 | (1,267,763) | (1,247,280) | (1,721,007) | (4,103,667) |
| <u>Other financing sources (uses)</u> | | | | | |
| Proceeds of debt issuance | 0 | 11,240,300 | 0 | 0 | 11,240,300 |
| Proceeds of sale of assets | 0 | 0 | 0 | 3,048,674 | 3,048,674 |
| Transfers in | 0 | 2,261,250 | 900,000 | 3,700,000 | 6,861,250 |
| Total other financing sources (uses) | 0 | 13,501,550 | 900,000 | 6,748,674 | 21,150,224 |
| Net change in fund balances | 132,383 | 12,233,787 | (347,280) | 5,027,667 | 17,046,557 |
| Fund balances, July 1, 2018 | 1,296,825 | 8,551,051 | 533,529 | 4,872,905 | 15,254,310 |
| Fund balances, June 30, 2019 | 1,429,208 | 20,784,838 | 186,249 | 9,900,572 | 32,300,867 |

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | Actual | | | GAAP basis |
|--|-------------------|-------------------|----------------|-------------------|
| | Budget | Budget basis | Adjustment | |
| <u>Revenues</u> | | | | |
| Intergovernmental | 0 | 255,926 | 0 | 255,926 |
| Rental income | 10,000 | 0 | 0 | 0 |
| Charges for services | 32,256 | 32,256 | 0 | 32,256 |
| Miscellaneous | 77,327 | 6,182,218 | 226,278 | 6,408,496 |
| Total revenues | 119,583 | 6,470,400 | 226,278 | 6,696,678 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Library, recreation, and cultural services | 20,000 | 5,198 | 0 | 5,198 |
| Debt service | 380,000 | 281,130 | 0 | 281,130 |
| Capital outlay | 35,072,627 | 7,205,477 | 0 | 7,205,477 |
| Total expenditures | 35,472,627 | 7,491,805 | 0 | 7,491,805 |
| Excess (deficiency) of revenues over expenditures | (35,353,044) | (1,021,405) | 226,278 | (795,127) |
| <u>Other financing sources (uses)</u> | | | | |
| Proceeds of debt issuance | 12,000,000 | 31,128,667 | 0 | 31,128,667 |
| Transfers in | 4,709,300 | 4,709,300 | 0 | 4,709,300 |
| Total other financing sources (uses) | 16,709,300 | 35,837,967 | 0 | 35,837,967 |
| Net change in fund balance | (18,643,744) | 34,816,562 | 226,278 | 35,042,840 |
| Fund balance, July 1, 2018 | 20,387,761 | 20,387,761 | (95,457) | 20,292,304 |
| Fund balance, June 30, 2019 | 1,744,017 | 55,204,323 | 130,821 | 55,335,144 |

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | Actual | | | GAAP basis |
|--|------------------|------------------|----------------|------------------|
| | Budget | Budget basis | Adjustment | |
| Revenues | | | | |
| Charges for services | 0 | 86,935 | 0 | 86,935 |
| Special assessments | 0 | 0 | 2,776 | 2,776 |
| Miscellaneous | 35,300 | 25,413 | 17,259 | 42,672 |
| Total revenues | 35,300 | 112,348 | 20,035 | 132,383 |
| <hr/> | | | | |
| Total expenditures | 0 | 0 | 0 | 0 |
| <hr/> | | | | |
| Excess (deficiency) of revenues over expenditures | 35,300 | 112,348 | 20,035 | 132,383 |
| Other financing sources (uses) | | | | |
| Principal payments received | 3,200 | 2,776 | (2,776) | 0 |
| Transfers out | (20,000) | 0 | 0 | 0 |
| Total other financing sources (uses) | (16,800) | 2,776 | (2,776) | 0 |
| <hr/> | | | | |
| Net change in fund balance | 18,500 | 115,124 | 17,259 | 132,383 |
| Fund balance, July 1, 2018 | 1,308,038 | 1,308,038 | (11,213) | 1,296,825 |
| Fund balance, June 30, 2019 | 1,326,538 | 1,423,162 | 6,046 | 1,429,208 |

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | Actual | | | GAAP basis |
|--|-------------------|-------------------|----------------|-------------------|
| | Budget | Budget basis | Adjustment | |
| <u>Revenues</u> | | | | |
| Intergovernmental | 0 | 57,713 | 0 | 57,713 |
| Rental income | 97,740 | 66,721 | 0 | 66,721 |
| Charges for services | 4,917,780 | 8,815,201 | 0 | 8,815,201 |
| Miscellaneous | 330,819 | 763,066 | 232,509 | 995,575 |
| Total revenues | 5,346,339 | 9,702,701 | 232,509 | 9,935,210 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 58,000 | 58,000 |
| Planning and development | 166,511 | 150,044 | 0 | 150,044 |
| Public works | 506,821 | 318,125 | 0 | 318,125 |
| Capital outlay | 24,891,501 | 4,398,104 | 0 | 4,398,104 |
| Total expenditures | 25,564,833 | 4,866,273 | 58,000 | 4,924,273 |
| Excess (deficiency) of revenues over expenditures | (20,218,494) | 4,836,428 | 174,509 | 5,010,937 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers out | (139,605) | (139,605) | 58,000 | (81,605) |
| Total other financing sources (uses) | (139,605) | (139,605) | 58,000 | (81,605) |
| Net change in fund balance | (20,358,099) | 4,696,823 | 232,509 | 4,929,332 |
| Fund balance, July 1, 2018 | 31,544,353 | 31,544,353 | (146,492) | 31,397,861 |
| Fund balance, June 30, 2019 | 11,186,254 | 36,241,176 | 86,017 | 36,327,193 |

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

For the fiscal year ended June 30, 2019

(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 | 3,156,006 | 0 | 3,156,006 |
| Intergovernmental | 24,721,803 | 10,046,426 | 0 | 10,046,426 |
| Rental income | 0 | 35,000 | 0 | 35,000 |
| Charges for services | 182,000 | 539,606 | 0 | 539,606 |
| Miscellaneous | 7,130,000 | 173,164 | 85,974 | 259,138 |
| Total revenues | 35,033,803 | 13,950,202 | 85,974 | 14,036,176 |
| <u>Expenditures</u> | | | | |
| Current - departmental: | | | | |
| Debt service | 30,000 | 24,085 | 0 | 24,085 |
| Capital outlay | 53,529,131 | 15,279,854 | 0 | 15,279,854 |
| Total expenditures | 53,559,131 | 15,303,939 | 0 | 15,303,939 |
| Excess (deficiency) of revenues over expenditures | (18,525,328) | (1,353,737) | 85,974 | (1,267,763) |
| <u>Other financing sources (uses)</u> | | | | |
| Proceeds of debt issuance | 9,229,503 | 11,240,300 | 0 | 11,240,300 |
| Transfers in | 2,261,250 | 2,261,250 | 0 | 2,261,250 |
| Total other financing sources (uses) | 11,490,753 | 13,501,550 | 0 | 13,501,550 |
| Net change in fund balance | (7,034,575) | 12,147,813 | 85,974 | 12,233,787 |
| Fund balance, July 1, 2018 | 8,586,478 | 8,586,478 | (35,427) | 8,551,051 |
| Fund balance, June 30, 2019 | 1,551,903 | 20,734,291 | 50,547 | 20,784,838 |

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, 2019

(amounts in dollars)

| | Actual | | | GAAP basis |
|--|---------------|-------------------------|-------------------|---------------|
| | <u>Budget</u> | <u>Budget basis</u> | <u>Adjustment</u> | |
| <u>Revenues</u> | | | | |
| Miscellaneous | 5,000 | 521 | 2,914 | 3,435 |
| Total revenues | 5,000 | 521 | 2,914 | 3,435 |
| <u>Expenditures</u> | | | | |
| Capital outlay | 1,400,000 | 1,250,715 | 0 | 1,250,715 |
| Total expenditures | 1,400,000 | 1,250,715 | 0 | 1,250,715 |
| Excess (deficiency) of revenues over expenditures | (1,395,000) | (1,250,194) | 2,914 | (1,247,280) |
| <u>Other financing sources</u> | | | | |
| Transfers in | 900,000 | 900,000 | 0 | 900,000 |
| Total other financing sources (uses) | 900,000 | 900,000 | 0 | 900,000 |
| Net change in fund balance | (495,000) | (350,194) | 2,914 | (347,280) |
| Fund balance, July 1, 2018 | 536,006 | 536,006 | (2,477) | 533,529 |
| Fund balance, June 30, 2019 | 41,006 | 185,812 | 437 | 186,249 |

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, 2019

(amounts in dollars)

| | Actual | | | GAAP basis |
|--|------------------|------------------|--------------------|------------------|
| | Budget | Budget basis | Adjustment | |
| <u>Revenues</u> | | | | |
| Miscellaneous | 8,000 | 3,295,278 | (3,179,027) | 116,251 |
| Total revenues | 8,000 | 3,295,278 | (3,179,027) | 116,251 |
| <u>Expenditures</u> | | | | |
| Capital outlay | 4,774,413 | 1,837,258 | 0 | 1,837,258 |
| Total expenditures | 4,774,413 | 1,837,258 | 0 | 1,837,258 |
| Excess (deficiency) of revenues over expenditures | (4,766,413) | 1,458,020 | (3,179,027) | (1,721,007) |
| <u>Other financing sources</u> | | | | |
| Proceeds of sale of assets | 0 | 0 | 3,048,674 | 3,048,674 |
| Transfers in | 3,700,000 | 3,700,000 | 0 | 3,700,000 |
| Total other financing sources (uses) | 3,700,000 | 3,700,000 | 3,048,674 | 6,748,674 |
| Net change in fund balance | (1,066,413) | 5,158,020 | (130,353) | 5,027,667 |
| Fund balance, July 1, 2018 | 1,667,153 | 1,667,153 | 3,205,752 | 4,872,905 |
| Fund balance, June 30, 2019 | 600,740 | 6,825,173 | 3,075,399 | 9,900,572 |

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, 2019

(amounts in dollars)

| | <u>Budget</u> | <u>Actual</u> | | <u>GAAP basis</u> |
|--|-------------------|-------------------------|--------------------|-----------------------|
| | | <u>Budget basis</u> | <u>Adjustment</u> | |
| Revenues | | | | |
| Intergovernmental | 1,322,708 | 1,315,708 | 0 | 1,315,708 |
| Charges for services | 9,131,280 | 9,333,642 | 0 | 9,333,642 |
| Miscellaneous | 638,507 | 759,280 | (8,503) | 750,777 |
| Total revenues | 11,092,495 | 11,408,630 | (8,503) | 11,400,127 |
| Expenses | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 786,000 | 786,000 |
| Fire and emergency medical services | 11,608,179 | 11,423,860 | (158,266) | 11,265,594 |
| Debt service | 0 | 0 | 116,785 | 116,785 |
| Depreciation | 0 | 0 | 181,459 | 181,459 |
| Total expenses | 11,608,179 | 11,423,860 | 925,978 | 12,349,838 |
| Excess (deficiency) of revenues over expenses | (515,684) | (15,230) | (934,481) | (949,711) |
| Other financing sources (uses) | | | | |
| Transfers in | 1,432,100 | 1,432,100 | 83,545 | 1,515,645 |
| Transfers out | (1,189,673) | (1,189,673) | 786,000 | (403,673) |
| Total other financing sources (uses) | 242,427 | 242,427 | 869,545 | 1,111,972 |
| Change in net position | (273,257) | 227,197 | (64,936) | 162,261 |
| Total net position, July 1, 2018 | 642,911 | 642,911 | (6,889,059) | (6,246,148) |
| Total net position, June 30, 2019 | 369,654 | 870,108 | (6,953,995) | (6,083,887) |

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

For the fiscal year ended June 30, 2019

(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 | 43,700 | 38,070 | 0 | 38,070 |
| Intergovernmental | 3,723,127 | 2,031,331 | (1,998,482) | 32,849 |
| Rental income | 989,284 | 1,100,221 | 0 | 1,100,221 |
| Charges for services | 19,602,646 | 14,367,423 | (2,288,397) | 12,079,026 |
| Fines and forfeits | 3,200 | 15,240 | 0 | 15,240 |
| Miscellaneous | 20,000 | 282,479 | 78,410 | 360,889 |
| Total revenues | 24,381,957 | 17,834,764 | (4,208,469) | 13,626,295 |
| Expenses | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 632,000 | 632,000 |
| Fire and emergency medical services | 1,235,585 | 1,195,230 | 119,493 | 1,314,723 |
| Police | 709,000 | 697,284 | 71,565 | 768,849 |
| Public works | 8,822,783 | 8,398,586 | 580,787 | 8,979,373 |
| Debt service | 0 | 0 | 104,668 | 104,668 |
| Capital outlay | 15,430,097 | 5,445,700 | (5,445,700) | 0 |
| Depreciation | 0 | 0 | 5,563,099 | 5,563,099 |
| Total expenses | 26,197,465 | 15,736,800 | 1,625,912 | 17,362,712 |
| Excess (deficiency) of revenues over expenses | (1,815,508) | 2,097,964 | (5,834,381) | (3,736,417) |
| Other financing sources (uses) | | | | |
| Capital contributions | 0 | 0 | 4,293,703 | 4,293,703 |
| Transfers out | (632,000) | (632,000) | (1,023,540) | (1,655,540) |
| Total other financing sources (uses) | (632,000) | (632,000) | 3,270,163 | 2,638,163 |
| Change in net position | (2,447,508) | 1,465,964 | (2,564,218) | (1,098,254) |
| Total net position, July 1, 2018 | 13,465,167 | 13,465,167 | 84,498,725 | 97,963,892 |
| Total net position, June 30, 2019 | 11,017,659 | 14,931,131 | 81,934,507 | 96,865,638 |

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | <u>Budget</u> | <u>Actual</u> | | <u>GAAP basis</u> |
|--|------------------|-------------------------|-------------------|-----------------------|
| | | <u>Budget basis</u> | <u>Adjustment</u> | |
| Revenues | | | | |
| Rental income | 520,605 | 530,967 | 58,584 | 589,551 |
| Charges for services | 5,530,140 | 5,544,632 | 0 | 5,544,632 |
| Fines and forfeits | 1,351,500 | 1,059,185 | 0 | 1,059,185 |
| Miscellaneous | 185,000 | 153,858 | 13,696 | 167,554 |
| Total revenues | 7,587,245 | 7,288,642 | 72,280 | 7,360,922 |
| Expenses | | | | |
| Current - departmental: | | | | |
| Central services | 395,512 | 368,088 | 298,402 | 666,490 |
| Planning and development | 5,943,844 | 5,979,339 | 66,376 | 6,045,715 |
| Public works | 90,061 | 69,298 | 2,001 | 71,299 |
| Capital outlay | 2,097,389 | 1,312,498 | (1,312,498) | 0 |
| Debt service | 26,250 | 7,913 | 26,127 | 34,040 |
| Depreciation | 0 | 0 | 636,015 | 636,015 |
| Total expenses | 8,553,056 | 7,737,136 | (283,577) | 7,453,559 |
| Excess (deficiency) of revenues over expenses | (965,811) | (448,494) | 355,857 | (92,637) |
| Other financing sources (uses) | | | | |
| Interfund loans | 750,000 | 750,000 | (750,000) | 0 |
| Transfers out | (1,119,350) | (1,119,350) | 281,000 | (838,350) |
| Total other financing sources (uses) | (369,350) | (369,350) | (469,000) | (838,350) |
| Change in net position | (1,335,161) | (817,844) | (113,143) | (930,987) |
| Total net position, July 1, 2018 | 2,168,098 | 2,168,098 | 12,136,844 | 14,304,942 |
| Total net position, June 30, 2019 | 832,937 | 1,350,254 | 12,023,701 | 13,373,955 |

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

For the fiscal year ended June 30, 2019

(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 | 274,488 | 0 | 274,488 |
| Intergovernmental | 1,065,229 | 302,625 | (29,739) | 272,886 |
| Rental income | 0 | 4,855 | 0 | 4,855 |
| Charges for services | 19,320,239 | 19,536,706 | (250) | 19,536,456 |
| Miscellaneous | 71,125 | 279,434 | 79,107 | 358,541 |
| Total revenues | 20,611,593 | 20,398,108 | 49,118 | 20,447,226 |
| Expenses | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 1,081,000 | 1,081,000 |
| Public works | 16,958,058 | 15,087,389 | 2,155,678 | 17,243,067 |
| Capital outlay | 8,852,629 | 2,489,940 | (2,489,940) | 0 |
| Debt service | 0 | 0 | 154,704 | 154,704 |
| Depreciation | 0 | 0 | 2,329,552 | 2,329,552 |
| Special payments | 15,000 | 250 | (250) | 0 |
| Total expenses | 25,825,687 | 17,577,579 | 3,230,744 | 20,808,323 |
| Excess (deficiency) of revenues over expenses | (5,214,094) | 2,820,529 | (3,181,626) | (361,097) |
| Other financing sources (uses) | | | | |
| Capital contributions | 0 | 0 | 1,695,539 | 1,695,539 |
| Transfers out | (1,390,645) | (1,390,645) | 1,006,270 | (384,375) |
| Total other financing sources (uses) | (1,390,645) | (1,390,645) | 2,701,809 | 1,311,164 |
| Change in net position | (6,604,739) | 1,429,884 | (479,817) | 950,067 |
| Total net position, July 1, 2018 | 12,700,011 | 12,700,011 | 58,929,387 | 71,629,398 |
| Total net position, June 30, 2019 | 6,095,272 | 14,129,895 | 58,449,570 | 72,579,465 |

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

For the fiscal year ended June 30, 2019

(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 | 16,000 | 26,148 | 0 | 26,148 |
| Intergovernmental | 9,000 | 16,864 | 0 | 16,864 |
| Rental income | 0 | 6,132 | 0 | 6,132 |
| Charges for services | 56,359,416 | 53,951,661 | (27,723,864) | 26,227,797 |
| Fines and forfeits | 5,000 | 2,350 | 0 | 2,350 |
| Miscellaneous | 62,800 | 116,518 | 35,180 | 151,698 |
| Total revenues | 56,452,216 | 54,119,673 | (27,688,684) | 26,430,989 |
| Expenses | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 1,730,000 | 1,730,000 |
| Public works | 25,318,226 | 22,523,173 | 1,003,171 | 23,526,344 |
| Capital outlay | 6,270,915 | 2,431,015 | (2,431,015) | 0 |
| Debt service | 0 | 0 | 231,366 | 231,366 |
| Depreciation | 0 | 0 | 4,167,977 | 4,167,977 |
| Special payments | 27,845,000 | 27,723,864 | (27,723,864) | 0 |
| Total expenses | 59,434,141 | 52,678,052 | (23,022,365) | 29,655,687 |
| Excess (deficiency) of revenues over expenses | (2,981,925) | 1,441,621 | (4,666,319) | (3,224,698) |
| Other financing sources (uses) | | | | |
| Capital contributions | 0 | 0 | 1,056,422 | 1,056,422 |
| Transfers in | 0 | 0 | 22,871 | 22,871 |
| Transfers out | (1,865,000) | (1,865,000) | 1,728,686 | (136,314) |
| Total other financing sources (uses) | (1,865,000) | (1,865,000) | 2,807,979 | 942,979 |
| Change in net position | (4,846,925) | (423,379) | (1,858,340) | (2,281,719) |
| Total net position, July 1, 2018 | 6,048,533 | 6,048,533 | 71,493,177 | 77,541,710 |
| Total net position, June 30, 2019 | 1,201,608 | 5,625,154 | 69,634,837 | 75,259,991 |

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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, 2019

(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 | 3,824,816 | 22,432,990 | 5,971,353 | 1,333,393 | 41,357,858 | 74,920,410 |
| Receivables: | | | | | | |
| Accounts | 0 | 14,165 | 0 | 38,580 | 302,115 | 354,860 |
| Allowance for uncollectibles | 0 | (5,434) | 0 | (768) | (2,744) | (8,946) |
| Due from other governments | 1,373 | 94,979 | 164,526 | 62,935 | 152,671 | 476,484 |
| Interfund loans receivable | 150,000 | 120,000 | 0 | 0 | 0 | 270,000 |
| Prepays and deposits | 0 | 0 | 271,421 | 0 | 0 | 271,421 |
| Total current assets | 3,976,189 | 22,656,700 | 6,407,300 | 1,434,140 | 41,809,900 | 76,284,229 |
| Noncurrent assets | | | | | | |
| Advances to other funds | 600,000 | 960,000 | 0 | 0 | 0 | 1,560,000 |
| 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 | 5,438,960 | 58,009,236 | 1,110,983 | 374,644 | 114,086 | 65,047,909 |
| Intangibles | 0 | 0 | 9,302,708 | 0 | 0 | 9,302,708 |
| Construction in progress | 55,411 | 0 | 0 | 0 | 0 | 55,411 |
| Accumulated depreciation | (2,172,260) | (37,816,903) | (2,752,794) | (309,202) | (29,437) | (43,080,596) |
| Total noncurrent assets | 3,922,111 | 21,660,080 | 7,660,897 | 65,442 | 84,649 | 33,393,179 |
| Deferred outflows of resources | | | | | | |
| Related to pensions | 1,594,655 | 972,992 | 756,014 | 1,988,522 | 759,114 | 6,071,297 |
| Related to OPEB | 83,918 | 47,845 | 47,739 | 70,708 | 25,867 | 276,077 |
| Total deferred outflows of resources | 1,678,573 | 1,020,837 | 803,753 | 2,059,230 | 784,981 | 6,347,374 |
| Total assets and deferred outflows of resources | 9,576,873 | 45,337,617 | 14,871,950 | 3,558,812 | 42,679,530 | 116,024,782 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | 45,475 | 219,969 | 88,834 | 15,070 | 50,299 | 419,647 |
| Wages payable | 257,357 | 169,233 | 172,581 | 325,242 | 155,863 | 1,080,276 |
| Compensated absences payable | 224,650 | 176,853 | 150,153 | 293,415 | 117,199 | 962,270 |
| Due to other governments | 182,250 | 42,288 | 1,142 | 3,971 | 0 | 229,651 |
| Claims payable | 0 | 0 | 0 | 0 | 14,575,865 | 14,575,865 |
| Deposits | 2,380 | 0 | 0 | 0 | 100,025 | 102,405 |
| Interest payable | 6,605 | 3,905 | 3,130 | 7,055 | 27,385 | 48,080 |
| Bonds payable | 72,060 | 42,492 | 34,302 | 76,722 | 321,767 | 547,343 |
| Total current liabilities | 790,777 | 654,740 | 450,142 | 721,475 | 15,348,403 | 17,965,537 |
| Noncurrent liabilities | | | | | | |
| Compensated absences payable | 1,069 | 12,389 | 12,031 | 30,345 | 42,724 | 98,558 |
| Bonds payable (net of unamortized discount/premium) | 1,114,558 | 657,218 | 530,543 | 1,186,667 | 4,976,764 | 8,465,750 |
| Net pension liability | 4,477,835 | 2,747,773 | 2,294,546 | 5,304,616 | 1,977,494 | 16,802,264 |
| Net OPEB liability | 501,680 | 277,163 | 283,731 | 400,260 | 4,288,703 | 5,751,537 |
| Total noncurrent liabilities | 6,095,142 | 3,694,543 | 3,120,851 | 6,921,888 | 11,285,685 | 31,118,109 |
| Deferred inflows of resources | | | | | | |
| Related to pensions | 313,840 | 181,367 | 181,856 | 336,716 | 128,695 | 1,142,474 |
| Related to OPEB | 10,812 | 6,238 | 6,370 | 10,802 | 3,925 | 38,147 |
| Total deferred inflows of resources | 324,652 | 187,605 | 188,226 | 347,518 | 132,620 | 1,180,621 |
| Total liabilities and deferred inflows of resources | 7,210,571 | 4,536,888 | 3,759,219 | 7,990,881 | 26,766,708 | 50,264,267 |
| Net position | | | | | | |
| Net investment in capital assets | 3,322,111 | 20,700,080 | 7,660,897 | 65,442 | 84,649 | 31,833,179 |
| Unrestricted | (955,809) | 20,100,649 | 3,451,834 | (4,497,511) | 15,828,173 | 33,927,336 |
| Total net position | 2,366,302 | 40,800,729 | 11,112,731 | (4,432,069) | 15,912,822 | 65,760,515 |

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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, 2019

(amounts in dollars)

| | Facilities Services | Fleet Services | Information Systems and Services | Professional Services | Risk and Benefits | Total |
|---|------------------------|--------------------|--|--------------------------|----------------------|--------------------|
| <u>Operating revenues</u> | | | | | | |
| Rental income | 682,449 | 47,672 | 0 | 0 | 0 | 730,121 |
| Charges for services | 10,164,405 | 10,029,185 | 7,919,737 | 6,943,949 | 38,132,263 | 73,189,539 |
| Miscellaneous | 1,277 | 64,985 | 58 | 0 | 149,218 | 215,538 |
| Total operating revenues | 10,848,131 | 10,141,842 | 7,919,795 | 6,943,949 | 38,281,481 | 74,135,198 |
| <u>Operating expenses</u> | | | | | | |
| Personnel services | 4,572,062 | 2,663,152 | 2,642,524 | 4,904,081 | 1,783,873 | 16,565,692 |
| Contractual services | 1,028,793 | 892,790 | 2,140,484 | 102,930 | 2,056,856 | 6,221,853 |
| Materials and supplies | 741,125 | 2,854,358 | 2,007,961 | 218,696 | 329,764 | 6,151,904 |
| Maintenance | 766,487 | 654,114 | 430,623 | 212,831 | 124,738 | 2,188,793 |
| Utilities | 2,285,142 | 4,855 | 167,345 | 36,129 | 13,179 | 2,506,650 |
| Rent | 42,650 | 1,028 | 80,967 | 177,134 | 132,436 | 434,215 |
| Insurance | 42,453 | 435,957 | 12,557 | 26,273 | 2,661,318 | 3,178,558 |
| Claims | 0 | 0 | 0 | 0 | 28,731,447 | 28,731,447 |
| Central business functions | 507,000 | 380,000 | 364,000 | 684,000 | 236,000 | 2,171,000 |
| Depreciation | 139,079 | 3,419,136 | 1,555,159 | 33,901 | 16,955 | 5,164,230 |
| Pension expense | 901,649 | 515,321 | 538,300 | 941,266 | 360,436 | 3,256,972 |
| Total operating expenses | 11,026,440 | 11,820,711 | 9,939,920 | 7,337,241 | 36,447,002 | 76,571,314 |
| Operating income (loss) | (178,309) | (1,678,869) | (2,020,125) | (393,292) | 1,834,479 | (2,436,116) |
| <u>Nonoperating revenues (expenses)</u> | | | | | | |
| Interest revenue | 119,156 | 620,997 | 194,878 | 28,462 | 1,100,150 | 2,063,643 |
| Interest expense | (86,503) | (51,563) | (40,608) | (92,989) | (393,558) | (665,221) |
| Gain (loss) on sale of assets | 0 | 132,813 | 0 | 0 | 0 | 132,813 |
| Intergovernmental | 1,373 | 187,651 | 0 | 0 | 173,228 | 362,252 |
| Total nonoperating revenues (expenses) | 34,026 | 889,898 | 154,270 | (64,527) | 879,820 | 1,893,487 |
| Income (loss) before capital contributions and transfers | (144,283) | (788,971) | (1,865,855) | (457,819) | 2,714,299 | (542,629) |
| Capital contributions | 0 | 636,256 | 15,713 | 0 | 0 | 651,969 |
| Transfers in | 0 | 3,721,010 | 0 | 0 | 0 | 3,721,010 |
| Transfers out | 0 | (1,314) | 0 | 0 | (4,925) | (6,239) |
| Change in net position | (144,283) | 3,566,981 | (1,850,142) | (457,819) | 2,709,374 | 3,824,111 |
| Total net position, July 1, 2018 | 2,510,585 | 37,233,748 | 12,962,873 | (3,974,250) | 13,203,448 | 61,936,404 |
| Total net position, June 30, 2019 | 2,366,302 | 40,800,729 | 11,112,731 | (4,432,069) | 15,912,822 | 65,760,515 |

Combining Statement of Cash Flows*All Internal Service Funds*

For the fiscal year ended June 30, 2019
(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 | 680,368 | 67,322 | 6,848,257 | 412,692 | 3,592,393 | 11,601,032 |
| Cash received from interfund services provided | 10,127,232 | 9,748,009 | 1,045,237 | 6,686,159 | 34,512,690 | 62,119,327 |
| Cash paid to suppliers for goods and services | (4,462,489) | (2,963,888) | (5,281,126) | (521,842) | (32,581,804) | (45,811,149) |
| Cash paid to employees for services | (3,998,446) | (2,324,757) | (2,323,893) | (4,316,061) | (1,511,101) | (14,474,258) |
| Cash paid for interfund services used | (1,484,627) | (1,544,278) | (963,679) | (1,147,829) | (451,780) | (5,592,193) |
| Cash paid for central business functions | (507,000) | (380,000) | (364,000) | (684,000) | (236,000) | (2,171,000) |
| Net cash provided by (used for) operating activities | 355,038 | 2,602,408 | (1,039,204) | 429,119 | 3,324,398 | 5,671,759 |
| <u>Cash flows from noncapital financing activities</u> | | | | | | |
| Transfers in | 0 | 2,010,000 | 0 | 0 | 0 | 2,010,000 |
| Transfers out | 0 | (1,314) | 0 | 0 | 0 | (1,314) |
| Principal payments on pension bonds | (88,076) | (51,883) | (40,652) | (93,691) | 266,097 | (8,205) |
| Interest payments on pension bonds | (79,219) | (46,665) | (37,653) | (84,267) | (894,711) | (1,142,515) |
| Subsidy from grant | 1,373 | 187,651 | 0 | 0 | 173,228 | 362,252 |
| Net cash provided by (used for) noncapital financing activities | (165,922) | 2,097,789 | (78,305) | (177,958) | (455,386) | 1,220,218 |
| <u>Cash flows from capital and related financing activities</u> | | | | | | |
| Advances to other funds | (750,000) | 120,000 | 0 | 0 | 0 | (630,000) |
| Proceeds from sale of capital assets | 0 | 132,813 | 0 | 0 | 0 | 132,813 |
| Acquisition and construction of capital assets | (69,485) | (3,220,470) | (1,881,220) | 0 | (24,780) | (5,195,955) |
| Net cash provided by (used for) capital and related financing activities | (819,485) | (2,967,657) | (1,881,220) | 0 | (24,780) | (5,693,142) |
| <u>Cash flows from investing activities</u> | | | | | | |
| Interest revenue | 119,156 | 620,996 | 194,878 | 28,462 | 1,100,150 | 2,063,642 |
| Net cash provided by (used for) investing activities | 119,156 | 620,996 | 194,878 | 28,462 | 1,100,150 | 2,063,642 |
| Net increase (decrease) in cash | (511,213) | 2,353,536 | (2,803,851) | 279,623 | 3,944,382 | 3,262,477 |
| Cash, July 1, 2018 | 4,336,029 | 20,079,454 | 8,775,204 | 1,053,770 | 37,413,476 | 71,657,933 |
| Cash, June 30, 2019 | 3,824,816 | 22,432,990 | 5,971,353 | 1,333,393 | 41,357,858 | 74,920,410 |

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) | (178,309) | (1,678,869) | (2,020,125) | (393,292) | 1,834,479 | (2,436,116) |
| <u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u> | | | | | | |
| Depreciation | 139,079 | 3,419,136 | 1,555,159 | 33,901 | 16,955 | 5,164,230 |
| (Increase) Decrease in accounts receivable | 60 | (8,412) | 0 | 16,197 | (128,308) | (120,463) |
| (Increase) Decrease in allowance for uncollectibles | 0 | 178 | 0 | (1,731) | 0 | (1,553) |
| (Increase) Decrease in due from other governments | (1,373) | (36,923) | (26,301) | 140,436 | (60,582) | 15,257 |
| (Increase) Decrease in prepaids and deposits | 18,662 | 0 | (258,922) | 0 | 37,175 | (203,085) |
| (Increase) Decrease in inventories | 0 | 746,445 | 0 | 0 | 0 | 746,445 |
| (Increase) Decrease in deferred outflows related to pensions | (210,873) | (120,521) | (125,896) | (220,111) | (84,297) | (761,698) |
| (Increase) Decrease in deferred outflows related to OPEB | 9,586 | 4,836 | 5,558 | 8,122 | 2,973 | 31,075 |
| (Increase) Decrease in deferred inflows related to pensions | 269,558 | 154,061 | 160,931 | 281,368 | 107,756 | 973,674 |
| (Increase) Decrease in deferred inflows related to OPEB | 5,760 | 3,101 | 3,388 | 5,455 | 2,047 | 19,751 |
| (Increase) Decrease in net pension liability | 403,060 | 230,362 | 240,634 | 420,718 | 161,124 | 1,455,898 |
| (Increase) Decrease in accounts payable | (9,631) | 88,351 | (505,642) | 5,314 | (55,682) | (477,290) |
| (Increase) Decrease in wages payable | 17,220 | 24,609 | (12,603) | 80,480 | 10,850 | 120,556 |
| (Increase) Decrease in compensated absences payable | (45,400) | 23,131 | (1,662) | 63,155 | 21,419 | 60,643 |
| (Increase) Decrease in net OPEB liability | (13,645) | (8,011) | (8,200) | (14,864) | 91,490 | 46,770 |
| (Increase) Decrease in claims payable | 0 | 0 | 0 | 0 | 1,383,252 | 1,383,252 |
| (Increase) Decrease in deposits | (2,045) | 0 | 0 | 0 | 12,492 | 10,447 |
| (Increase) Decrease in due to other governments | 9,164 | 42,288 | (45,523) | 3,971 | (28,745) | (18,845) |
| (Increase) Decrease in unearned revenue | (55,835) | (281,354) | 0 | 0 | 0 | (337,189) |
| <u>Net cash provided by (used for) operating activities</u> | <u>355,038</u> | <u>2,602,408</u> | <u>(1,039,204)</u> | <u>429,119</u> | <u>3,324,398</u> | <u>5,671,759</u> |

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

For the fiscal year ended June 30, 2019

(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 | 1,373 | 0 | 1,373 |
| Rental income | 588,600 | 632,379 | 50,070 | 682,449 |
| Charges for services | 10,502,397 | 10,164,405 | 0 | 10,164,405 |
| Miscellaneous | 32,050 | 91,385 | 29,049 | 120,434 |
| Total revenues | 11,123,047 | 10,889,542 | 79,119 | 10,968,661 |
| <u>Expenses</u> | | | | |
| Current - departmental: | | | | |
| Central services | 10,248,899 | 9,658,142 | 763,483 | 10,421,625 |
| Planning and development | 483,904 | 421,347 | 44,390 | 465,737 |
| Debt service | 0 | 0 | 86,503 | 86,503 |
| Capital outlay | 750,406 | 100,944 | (100,944) | 0 |
| Depreciation | 0 | 0 | 139,079 | 139,079 |
| Special payments | 750,000 | 750,000 | (750,000) | 0 |
| Total expenses | 12,233,209 | 10,930,433 | 182,511 | 11,112,944 |
| Excess (deficiency) of revenues over expenses | (1,110,162) | (40,891) | (103,392) | (144,283) |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers out | (507,000) | (507,000) | 507,000 | 0 |
| Total other financing sources (uses) | (507,000) | (507,000) | 507,000 | 0 |
| Change in net position | (1,617,162) | (547,891) | 403,608 | (144,283) |
| Total net position, July 1, 2018 | 3,877,617 | 3,877,617 | (1,367,032) | 2,510,585 |
| Total net position, June 30, 2019 | 2,260,455 | 3,329,726 | (963,424) | 2,366,302 |

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

For the fiscal year ended June 30, 2019

(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 | 187,651 | 0 | 187,651 |
| Rental income | 25,000 | 47,672 | 0 | 47,672 |
| Charges for services | 9,674,286 | 9,747,832 | 281,353 | 10,029,185 |
| Miscellaneous | 855,000 | 673,347 | 12,635 | 685,982 |
| Total revenues | 10,554,286 | 10,656,502 | 293,988 | 10,950,490 |
| <u>Expenses</u> | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 380,000 | 380,000 |
| Public works | 17,756,757 | 10,308,504 | (2,286,928) | 8,021,576 |
| Debt service | 0 | 0 | 51,563 | 51,563 |
| Depreciation | 0 | 0 | 3,419,136 | 3,419,136 |
| Total expenses | 17,756,757 | 10,308,504 | 1,563,771 | 11,872,275 |
| Excess (deficiency) of revenues over expenses | (7,202,471) | 347,998 | (1,269,783) | (921,785) |
| <u>Other financing sources (uses)</u> | | | | |
| Capital contributions | 0 | 0 | 636,256 | 636,256 |
| Interfund loans | 120,000 | 120,000 | (120,000) | 0 |
| Gain on sale of assets | 0 | 0 | 132,813 | 132,813 |
| Transfers in | 2,010,000 | 2,010,000 | 1,711,011 | 3,721,011 |
| Transfers out | (380,000) | (380,000) | 378,686 | (1,314) |
| Total other financing sources (uses) | 1,750,000 | 1,750,000 | 2,738,766 | 4,488,766 |
| Change in net position | (5,452,471) | 2,097,998 | 1,468,983 | 3,566,981 |
| Total net position, July 1, 2018 | 19,954,688 | 19,954,688 | 17,279,060 | 37,233,748 |
| Total net position, June 30, 2019 | 14,502,217 | 22,052,686 | 18,748,043 | 40,800,729 |

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, 2019

(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 | 7,568,501 | 7,919,737 | 0 | 7,919,737 |
| Miscellaneous | 5,000 | 140,320 | 54,616 | 194,936 |
| Total revenues | 7,573,501 | 8,060,057 | 54,616 | 8,114,673 |
| <u>Expenses</u> | | | | |
| Current - departmental: | | | | |
| Central services | 11,590,679 | 9,964,454 | (1,579,693) | 8,384,761 |
| Debt service | 0 | 0 | 40,608 | 40,608 |
| Depreciation | 0 | 0 | 1,555,159 | 1,555,159 |
| Total expenses | 11,590,679 | 9,964,454 | 16,074 | 9,980,528 |
| Excess (deficiency) of revenues over expenses | (4,017,178) | (1,904,397) | 38,542 | (1,865,855) |
| <u>Other financing sources (uses)</u> | | | | |
| Capital contributions | 0 | 0 | 15,713 | 15,713 |
| Transfers out | (364,000) | (364,000) | 364,000 | 0 |
| Total other financing sources (uses) | (364,000) | (364,000) | 379,713 | 15,713 |
| Change in net position | (4,381,178) | (2,268,397) | 418,255 | (1,850,142) |
| Total net position, July 1, 2018 | 8,127,747 | 8,127,747 | 4,835,126 | 12,962,873 |
| Total net position, June 30, 2019 | 3,746,569 | 5,859,350 | 5,253,381 | 11,112,731 |

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | <u>Budget</u> | <u>Actual</u> | | <u>GAAP basis</u> |
|--|------------------|-------------------------|--------------------|-----------------------|
| | | <u>Budget basis</u> | <u>Adjustment</u> | |
| Revenues | | | | |
| Charges for services | 7,680,586 | 6,943,950 | 0 | 6,943,950 |
| Miscellaneous | 14,000 | 20,475 | 7,986 | 28,461 |
| Total revenues | 7,694,586 | 6,964,425 | 7,986 | 6,972,411 |
| Expenses | | | | |
| Current - departmental: | | | | |
| Central services | 0 | 0 | 684,000 | 684,000 |
| Public works | 6,997,126 | 6,253,455 | 365,885 | 6,619,340 |
| Debt service | 0 | 0 | 92,989 | 92,989 |
| Depreciation | 0 | 0 | 33,901 | 33,901 |
| Total expenses | 6,997,126 | 6,253,455 | 1,176,775 | 7,430,230 |
| Excess (deficiency) of revenues over expenses | 697,460 | 710,970 | (1,168,789) | (457,819) |
| Other financing sources (uses) | | | | |
| Transfers out | (684,000) | (684,000) | 684,000 | 0 |
| Total other financing sources (uses) | (684,000) | (684,000) | 684,000 | 0 |
| Change in net position | 13,460 | 26,970 | (484,789) | (457,819) |
| Total net position, July 1, 2018 | 1,059,767 | 1,059,767 | (5,034,017) | (3,974,250) |
| Total net position, June 30, 2019 | 1,073,227 | 1,086,737 | (5,518,806) | (4,432,069) |

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

For the fiscal year ended June 30, 2019

(amounts in dollars)

| | <u>Budget</u> | <u>Actual</u> | | <u>GAAP basis</u> |
|--|-------------------|-------------------------|--------------------|-----------------------|
| | | <u>Budget basis</u> | <u>Adjustment</u> | |
| Revenues | | | | |
| Intergovernmental | 220,000 | 332,854 | (159,626) | 173,228 |
| Charges for services | 44,345,716 | 45,622,076 | (7,489,813) | 38,132,263 |
| Miscellaneous | 412,160 | 1,528,889 | (279,519) | 1,249,370 |
| Total revenues | 44,977,876 | 47,483,819 | (7,928,958) | 39,554,861 |
| Expenses | | | | |
| Current - departmental: | | | | |
| Central services | 39,337,581 | 37,805,259 | (1,375,211) | 36,430,048 |
| Debt service | 6,999,400 | 6,999,373 | (6,605,814) | 393,559 |
| Depreciation | 0 | 0 | 16,955 | 16,955 |
| Total expenses | 46,336,981 | 44,804,632 | (7,964,070) | 36,840,562 |
| Excess (deficiency) of revenues over expenses | (1,359,105) | 2,679,187 | 35,112 | 2,714,299 |
| Other financing sources (uses) | | | | |
| Transfers out | (236,000) | (236,000) | 231,075 | (4,925) |
| Total other financing sources (uses) | (236,000) | (236,000) | 231,075 | (4,925) |
| Change in net position | (1,595,105) | 2,443,187 | 266,187 | 2,709,374 |
| Total net position, July 1, 2018 | 20,504,978 | 20,504,978 | (7,301,530) | 13,203,448 |
| Total net position, June 30, 2019 | 18,909,873 | 22,948,165 | (7,035,343) | 15,912,822 |

OTHER SUPPLEMENTARY SCHEDULES

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Schedule of Bonded Debt Transactions

For the fiscal year ended June 30, 2019
(amounts in dollars)

| | Interest rates | Issue date | Maturity date | Amount issued/ authorized | Outstanding June 30, 2018 | | Fiscal Year 2018-2019 | | | Outstanding June 30, 2019 | |
|---|------------------|------------|---------------|---------------------------|---------------------------|-------------|-----------------------|-------------|-------------|---------------------------|-------------|
| | | | | | Matured | Unmatured | Incurred | Matured | Redeemed | Matured | Unmatured |
| | | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | | |
| <u>General obligation bonds</u> | | | | | | | | | | | |
| General Obligation Refunding Bonds, Series 2011 | 2.000% to 3.000% | 12/1/11 | 6/1/22 | 10,975,000 | 0 | 2,740,000 | 0 | 655,000 | 655,000 | 0 | 2,085,000 |
| Interest | | | | 1,418,138 | 0 | 152,450 | 0 | 63,125 | 63,125 | 0 | 89,325 |
| Premium | | | | 489,606 | 0 | 57,882 | 0 | 24,220 | 24,220 | 0 | 33,662 |
| General Obligation and Refunding Bonds, Series 2016 | 2.000% to 5.000% | 6/28/16 | 6/1/26 | 10,125,000 | 0 | 5,955,000 | 0 | 2,150,000 | 2,150,000 | 0 | 3,805,000 |
| Interest | | | | 1,229,363 | 0 | 569,100 | 0 | 159,400 | 159,400 | 0 | 409,700 |
| Premium | | | | 808,196 | 0 | 482,127 | 0 | 144,099 | 144,099 | 0 | 338,028 |
| General Obligation, Series 2019A (tax-exempt) | 3.000% to 5.000% | 2/6/19 | 6/1/38 | 23,620,000 | 0 | 0 | 23,620,000 | 0 | 0 | 0 | 23,620,000 |
| Interest | | | | 9,377,166 | 0 | 0 | 9,377,166 | 241,820 | 241,820 | 0 | 9,135,346 |
| Premium | | | | 1,348,667 | 0 | 0 | 1,348,667 | 0 | 0 | 0 | 1,348,667 |
| General Obligation, Series 2019B (taxable) | 2.510% to 2.700% | 2/6/19 | 6/1/22 | 5,030,000 | 0 | 0 | 5,030,000 | 800,000 | 800,000 | 0 | 4,230,000 |
| Interest | | | | 262,863 | 0 | 0 | 262,863 | 37,122 | 37,122 | 0 | 225,741 |
| G.O. Bond and Revolving Credit Facility (POS) | 0.750% | 5/13/07 | 6/1/17 | 3,000,000 | 0 | 0 | 1,130,000 | 1,130,000 | 1,130,000 | 0 | 0 |
| Interest | | | | 0 | 0 | 0 | 2,578 | 2,578 | 2,578 | 0 | 0 |
| G.O. Bond and Revolving Credit Facility (Street 2012) | 1.040% | 5/6/14 | 6/1/17 | 5,000,000 | 0 | 0 | 8,690,300 | 8,690,300 | 8,690,300 | 0 | 0 |
| Interest | | | | 0 | 0 | 0 | 9,106 | 9,106 | 9,106 | 0 | 0 |
| G.O. Bond and Revolving Credit Facility (Street 2017) | 2.950% | 5/22/19 | 6/1/24 | 5,000,000 | 0 | 0 | 2,550,000 | 300,000 | 300,000 | 0 | 2,250,000 |
| Subtotal general obligation bonds | | | | 77,683,999 | 0 | 9,956,559 | 52,020,680 | 14,406,770 | 14,406,770 | 0 | 47,570,469 |
| <u>Limited tax bonds</u> | | | | | | | | | | | |
| Limited Tax Pension Bonds, Series 2002 | 2.000% to 7.410% | 3/15/02 | 6/1/28 | 69,613,281 | 0 | 44,151,494 | 0 | 3,878,102 | 3,878,102 | 0 | 40,273,392 |
| Interest | | | | 85,352,417 | 0 | 20,851,064 | 0 | 4,902,762 | 4,902,762 | 0 | 15,948,302 |
| Discount | | | | (13,653,848) | 0 | (2,997,796) | 0 | (2,164,615) | (2,164,615) | 0 | (833,181) |
| Limited Tax Improvement Bonds, Series 2011 | 7.050% | 6/28/11 | 12/1/26 | 580,000 | 0 | 183,334 | 0 | 29,060 | 29,060 | 0 | 154,274 |
| Interest | | | | 633,795 | 0 | 97,007 | 0 | 12,130 | 12,130 | 0 | 84,877 |
| Subtotal limited tax bonds | | | | 142,525,645 | 0 | 62,285,103 | 0 | 6,657,439 | 6,657,439 | 0 | 55,627,664 |
| <hr/> | | | | | | | | | | | |
| Total bonded debt - governmental activities | | | | | 0 | 72,241,662 | 52,020,680 | 21,064,209 | 21,064,209 | 0 | 103,198,133 |
| <hr/> | | | | | | | | | | | |
| <u>Bonded debt - governmental activities</u> | | | | | | | | | | | |
| Principal | | | | 121,935,902 | 0 | 50,572,041 | 42,368,967 | 15,636,166 | 15,636,166 | 0 | 77,304,842 |
| Interest | | | | 98,273,742 | 0 | 21,669,621 | 9,651,713 | 5,428,043 | 5,428,043 | 0 | 25,893,291 |
| Total bonded debt - governmental activities | | | | 220,209,644 | 0 | 72,241,662 | 52,020,680 | 21,064,209 | 21,064,209 | 0 | 103,198,133 |

continued

| | Issued interest rates | Issue date | Maturity date | Amount issued/ authorized | Outstanding June 30, 2018 | | Fiscal Year 2018-2019 | | | Outstanding June 30, 2019 | |
|---|-----------------------|------------|---------------|---------------------------|---------------------------|------------|-----------------------|------------|------------|---------------------------|-------------|
| | | | | | Matured | Unmatured | Incurred | Matured | Redeemed | Matured | Unmatured |
| | | | | | | | | | | | |
| Business-type Activities | | | | | | | | | | | |
| <u>Limited tax bonds</u> | | | | | | | | | | | |
| Limited Tax Pension Bonds, Series 2002 | 2.000% to 7.410% | 3/15/02 | 6/1/28 | 14,721,719 | 0 | 9,293,506 | 0 | 815,473 | 815,473 | 0 | 8,478,033 |
| Interest | | | | 18,050,209 | 0 | 4,389,029 | 0 | 1,031,719 | 1,031,719 | 0 | 3,357,310 |
| Discount | | | | (2,887,496) | 0 | (630,888) | 0 | (455,493) | (455,493) | 0 | (175,395) |
| Subtotal limited tax bonds | | | | 29,884,432 | 0 | 13,051,647 | 0 | 1,391,699 | 1,391,699 | 0 | 11,659,948 |
| <hr/> | | | | | | | | | | | |
| Total bonded debt - business-type activities | | | | 29,884,432 | 0 | 13,051,647 | 0 | 1,391,699 | 1,391,699 | 0 | 11,659,948 |
| <hr/> | | | | | | | | | | | |
| <u>Bonded debt - business-type activities</u> | | | | | | | | | | | |
| Principal | | | | 11,834,223 | 0 | 8,662,618 | 0 | 359,980 | 359,980 | 0 | 8,302,638 |
| Interest | | | | 18,050,209 | 0 | 4,389,029 | 0 | 1,031,719 | 1,031,719 | 0 | 3,357,310 |
| Total bonded debt - business-type activities | | | | 29,884,432 | 0 | 13,051,647 | 0 | 1,391,699 | 1,391,699 | 0 | 11,659,948 |
| <hr/> | | | | | | | | | | | |
| <u>Total bonded debt</u> | | | | | | | | | | | |
| Principal | | | | 133,770,125 | 0 | 59,234,659 | 42,368,967 | 15,996,145 | 15,996,145 | 0 | 85,607,480 |
| Interest | | | | 116,323,951 | 0 | 26,058,650 | 9,651,713 | 6,459,762 | 6,459,762 | 0 | 29,250,601 |
| Total bonded debt | | | | 250,094,076 | 0 | 85,293,309 | 52,020,680 | 22,455,907 | 22,455,907 | 0 | 114,858,081 |

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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.

City of Eugene, Oregon
Net Position by Component
Last ten fiscal years - unaudited
 (amounts in dollars)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | 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 | 422,441,689 |
| Restricted for: | | | | | | | | | | |
| Capital projects | 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 | 136,657,334 |
| Debt service | 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 | 1,147,169 |
| Community development | 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 | 13,560,404 |
| Urban renewal | 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 | 23,391,069 |
| Other purposes | 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 | 17,623,105 |
| Unrestricted | 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) | (23,076,561) |
| Total governmental activities net position | 506,489,274 | 521,636,495 | 534,755,983 | 543,821,193 | 568,840,787 | 534,542,475 | 519,116,446 | 551,543,694 | 545,313,505 | 591,744,209 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 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 | 256,571,551 |
| Restricted for: | | | | | | | | | | |
| Capital projects | 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 | 9,140,965 |
| Debt service | 725,324 | 7,211 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrestricted | 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) | (8,441,915) |
| Total business-type activities net position | 272,148,562 | 278,149,512 | 282,307,285 | 280,591,980 | 282,037,861 | 264,047,975 | 255,934,395 | 259,894,070 | 260,671,038 | 257,270,601 |
| Total government | 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 | 679,013,240 |
| Restricted for: | | | | | | | | | | |
| Capital projects | 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 | 145,798,299 |
| Debt service | 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 | 1,147,169 |
| Community development | 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 | 13,560,404 |
| Urban renewal | 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 | 23,391,069 |
| Other purposes | 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 | 17,623,105 |
| Unrestricted | 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) | (31,518,476) |
| Total government net position | 778,637,836 | 799,786,007 | 817,063,288 | 824,413,173 | 850,878,648 | 798,590,450 | 775,050,841 | 811,437,764 | 805,984,543 | 849,014,810 |

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 | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Central services | 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 | 9,643,577 |
| Fire and emergency medical services | 26,737,259 | 27,280,063 | 28,641,938 | 29,471,662 | 28,734,323 | 23,051,781 | 44,127,222 | 36,551,518 | 39,456,301 | 39,705,861 |
| Library, recreation, and cultural services | 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 | 40,412,585 |
| Planning and development | 19,833,161 | 32,208,704 | 19,651,543 | 16,982,125 | 19,855,392 | 14,945,561 | 21,803,208 | 20,167,006 | 20,226,682 | 21,083,295 |
| Police | 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 | 70,307,846 |
| Public works | 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 | 41,541,215 |
| Interest on long term debt | 6,415,984 | 6,280,158 | 6,650,862 | 6,227,473 | 5,827,465 | 4,463,026 | 4,480,488 | 3,860,425 | 3,456,197 | 3,853,302 |
| Total governmental activities expenses | 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 | 226,547,681 |
| Business-type activities: | | | | | | | | | | |
| Ambulance transport | 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 | 12,358,312 |
| Municipal airport | 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 | 17,357,563 |
| Parking services | 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 | 7,397,757 |
| Stormwater utility | 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 | 21,005,874 |
| Wastewater utility | 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 | 29,712,420 |
| Total business-type activities expenses | 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 | 87,831,926 |
| Total government expenses | 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 | 314,379,607 |
| Program revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Fees, fines, and charges for services: | | | | | | | | | | |
| Central services | 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 | 5,133,057 |
| Fire and emergency medical services | 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 | 4,254,751 |
| Library, recreation, and cultural services | 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 | 8,881,595 |
| Planning and development | 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 | 17,070,361 |
| Police | 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 | 3,254,951 |
| Public works | 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 | 14,017,106 |
| Operating grants and contributions | 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 | 18,838,857 |
| Capital grants and contributions | 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 | 27,874,233 |
| Total governmental activities program revenues | 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 | 99,324,911 |
| Business-type activities: | | | | | | | | | | |
| Fees, fines, and charges for services: | | | | | | | | | | |
| Ambulance transport | 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 | 10,096,055 |
| Municipal airport | 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 | 13,243,998 |
| Parking services | 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 | 7,306,434 |
| Stormwater utility | 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 | 19,853,877 |
| Wastewater utility | 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 | 26,277,355 |
| Operating grants and contributions | 147,102 | 295,559 | 50,920 | 88,815 | 370,304 | 563,211 | 141,927 | 914,402 | 452,897 | 1,638,307 |
| Capital grants and contributions | 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 | 6,717,167 |
| Total business-type activities program revenues | 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 | 85,133,193 |
| Total government program revenues | 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 | 184,458,104 |

continued

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Net (expense) revenue | | | | | | | | | | |
| Governmental activities | (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) | (127,222,770) |
| Business-type activities | 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 | (2,698,733) |
| Total government net (expense) revenue | (99,371,823) | (110,967,949) | (114,109,795) | (120,437,778) | (108,108,289) | (185,635,095) | (185,635,095) | (118,176,955) | (149,884,776) | (129,921,503) |
| General revenues and transfers | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | 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 | 126,181,426 |
| Transient room tax | 1,518,030 | 1,658,169 | 1,886,458 | 1,747,280 | 1,898,464 | 2,162,751 | 2,463,206 | 2,801,491 | 3,024,441 | 2,998,379 |
| Local motor vehicle fuel tax | 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 | 3,156,006 |
| Local marijuana tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 936,078 | 1,195,311 |
| Contributions in lieu of taxes | 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 | 12,824,676 |
| Franchise fees on telecom providers revenues | 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 | 11,424,731 |
| Grants and contributions not restricted to specific programs | 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 | 5,699,558 |
| Unrestricted investment earnings | 1,823,094 | 1,170,778 | 1,219,164 | 543,569 | 812,369 | 765,440 | 1,120,714 | 1,195,391 | 3,334,383 | 8,622,148 |
| Transfers | 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 | 1,551,239 |
| Total governmental activities general revenues and transfers | 131,195,974 | 128,871,863 | 131,578,586 | 130,475,787 | 136,513,723 | 139,006,524 | 163,746,181 | 155,974,393 | 160,265,351 | 173,653,474 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 292,139 | 198,099 | 161,900 | 83,972 | 130,195 | 119,126 | 151,851 | 144,731 | 253,145 | 849,535 |
| Transfers | (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) | (1,551,239) |
| Total business-type activities general revenues and transfers | (899,648) | 3,244,257 | (191,530) | (1,862,104) | (1,939,959) | (2,083,774) | (1,650,695) | (1,410,515) | (275,119) | (701,704) |
| Total government general revenues and transfers | 130,296,326 | 132,116,120 | 131,387,056 | 128,613,683 | 134,573,764 | 136,922,750 | 162,095,486 | 154,563,878 | 159,990,232 | 172,951,770 |
| Change in net position: | | | | | | | | | | |
| Governmental activities | 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 | 46,430,704 |
| Business-type activities | 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 | (3,400,437) |
| Total government change in net position | 30,924,503 | 21,148,171 | 17,277,261 | 8,175,905 | 26,465,475 | (48,712,345) | (23,539,609) | 36,386,923 | 10,105,456 | 43,030,267 |

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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City of Eugene, Oregon
Fund Balances - Governmental Funds
Last ten fiscal years - unaudited
 (amounts in dollars)

| | <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>2019</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable | 736,386 | 1,066,473 | 1,399,020 | 762,321 | 623,852 | 837,243 | 953,774 | 1,200,987 | 1,512,034 | 1,730,503 |
| Restricted | 833,887 | 914,813 | 1,041,185 | 1,058,040 | 1,088,331 | 1,107,064 | 1,168,970 | 1,336,519 | 921,003 | 1,093,903 |
| Assigned | 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 | 58,828,662 |
| Unassigned | 6,122,604 | 5,792,870 | 3,330,380 | 2,961,405 | 6,822,503 | 901,143 | 19,803,948 | 5,184,963 | 11,420,867 | 3,376,038 |
| Total General Fund | 39,904,705 | 46,044,066 | 43,090,866 | 39,549,856 | 42,968,062 | 41,033,614 | 58,190,094 | 60,372,648 | 64,934,175 | 65,029,106 |
| All other governmental funds: | | | | | | | | | | |
| Nonspendable | 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 | 1,196,173 |
| Restricted | 34,464,276 | 31,260,096 | 35,767,355 | 42,856,626 | 48,547,775 | 53,834,774 | 60,042,342 | 70,445,986 | 75,744,039 | 102,094,848 |
| Committed | 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 | 17,647,972 |
| Assigned | 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 | 52,679,850 |
| Unassigned | (108,342) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total all other governmental funds | 56,113,159 | 56,772,497 | 57,523,491 | 61,755,631 | 80,812,915 | 87,666,047 | 90,797,149 | 102,882,068 | 111,190,918 | 173,618,843 |

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

City of Eugene, Oregon
Changes in Fund Balances - Governmental Funds

Last ten fiscal years - unaudited
 (amounts in dollars)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | | | | | | | | | |
| Taxes | 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 | 148,313,967 |
| Licenses and permits | 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 | 21,686,905 |
| Intergovernmental | 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 | 34,536,227 |
| Rental income | 355,002 | 383,266 | 432,660 | 470,709 | 473,986 | 510,614 | 550,688 | 578,538 | 911,124 | 847,849 |
| Charges for services | 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 | 31,795,680 |
| Fines and forfeits | 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 | 1,714,448 |
| Special assessments | 498,370 | 1,100,252 | 269,691 | 300,439 | 157,176 | 120,081 | 103,170 | 46,147 | 24,127 | 46,756 |
| Repayment of revolving loans | 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 | 1,198,811 |
| Miscellaneous | 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 | 13,647,506 |
| Total revenues | 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 | 253,788,149 |
| Expenditures | | | | | | | | | | |
| Central services | 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 | 23,478,711 |
| Fire and emergency medical services | 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 | 31,748,220 |
| Library, recreation, and cultural services | 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 | 33,853,381 |
| Planning and development | 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 | 21,352,800 |
| Police | 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 | 58,036,380 |
| Public works | 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 | 21,455,231 |
| Debt service: | | | | | | | | | | |
| Principal | 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 | 13,958,360 |
| Interest | 1,780,068 | 1,571,175 | 2,071,130 | 1,501,826 | 1,300,697 | 1,091,065 | 981,532 | 786,735 | 622,644 | 719,996 |
| Arbitrage fee | 15,070 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Issuance costs | 18,975 | 50,696 | 137,276 | 11,149 | 28,728 | 8,788 | 117,490 | 0 | 0 | 305,215 |
| Capital outlay | 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 | 29,999,687 |
| Contribution of land held for resale | 0 | 538,929 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental | 0 | 8,000,000 | 0 | 0 | 500,000 | 236,151 | 0 | 0 | 0 | 0 |
| Loss on sale of capital asset | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 465,278 | 0 |
| Special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 321 | 28,045 | 19,521 |
| Total expenditures | 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 | 234,927,502 |
| Excess (deficiency) of revenues over expenditures | (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 | 18,860,647 |

continued

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|--------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|
| <u>Other financing sources (uses)</u> | | | | | | | | | | |
| Proceeds of debt issuance | 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 | 42,368,967 |
| Proceeds of note issuance | 0 | 3,412,000 | 1,777,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds of refunding bonds issuance | 0 | 0 | 11,464,606 | 0 | 0 | 0 | 8,929,918 | 0 | 0 | 0 |
| Gain on sale of assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,048,674 |
| Transfers in | 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 | 14,244,848 |
| Transfers out | (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) | (16,000,280) |
| Total other financing sources (uses) | 18,490,416 | 15,781,424 | 22,332,339 | 8,869,241 | 19,453,993 | 9,923,728 | 18,905,238 | 9,430,443 | 9,651,811 | 43,662,209 |
| Net change in fund balances | 11,787,078 | 6,798,699 | (3,062,366) | 1,351,130 | 22,475,490 | 4,918,684 | 23,742,268 | 14,267,473 | 12,870,377 | 62,522,856 |
| Debt service as a percentage of noncapital expenditures | 6.34% | 8.16% | 15.16% | 9.37% | 10.03% | 10.14% | 7.97% | 7.97% | 7.24% | 7.21% |

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)

| <u>Fiscal year</u> | <u>Real property</u> | | <u>Personal property</u> | | <u>Total</u> | | <u>Direct tax rate</u> |
|--------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|------------------------|
| | <u>Taxable assessed value</u> | <u>Real market value</u> | <u>Taxable assessed value</u> | <u>Real market value</u> | <u>Taxable assessed value</u> | <u>Real market value</u> | |
| 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 |
| 2019 | 14,826,099,777 | 28,336,823,381 | 510,166,509 | 544,121,284 | 15,336,266,286 | 28,880,944,665 | 8.48 |

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)

| <u>Fiscal year</u> | <u>City direct rates</u> | | | <u>Overlapping rates</u> | | | | <u>Total</u> |
|--------------------|--------------------------|---------------------|--------------------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------|
| | <u>Operating</u> | <u>Debt service</u> | <u>Total direct rate</u> | <u>County</u> | <u>School districts</u> | <u>Community college</u> | <u>overlapping rate</u> | |
| 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 |
| 2019 | 7.58 | 0.90 | 8.48 | 1.78 | 7.90 | 0.83 | 10.51 | 18.99 |

Notes

- a) Tax rates are for a representative tax code area (4-00) within the City.
- b) Overlapping rates are those of other local governments that apply to property owners within the City of Eugene who are located within the other local government's boundaries.

Data source

Lane County Department of Assessment and Taxation

Property Tax Levies and Collections

Last seven fiscal years - unaudited

(amounts in dollars)

| <u>Fiscal year</u> | <u>Taxes levied for the fiscal year</u> | <u>Adjustments</u> | <u>Total adjusted levy</u> | <u>Collected within the fiscal year of the levy</u> | | | <u>Collections/ adjustments in subsequent years</u> | <u>Total collections to date</u> | | <u>Outstanding taxes</u> | |
|--------------------|---|--------------------|----------------------------|---|---------------------------------|------------------------------------|---|----------------------------------|------------------------------------|--------------------------|------------------------------------|
| | | | | <u>Amount</u> | <u>Percentage of gross levy</u> | <u>Percentage of adjusted levy</u> | | <u>Amount</u> | <u>Percentage of adjusted levy</u> | <u>Amount</u> | <u>Percentage of adjusted levy</u> |
| 2013 | 101,892,411 | (2,830,768) | 99,061,643 | 95,995,981 | 94.2% | 96.9% | 3,029,685 | 99,025,666 | 100.0% | 35,977 | 0.0% |
| 2014 | 104,883,335 | (2,967,388) | 101,915,947 | 99,010,678 | 94.4% | 97.1% | 2,850,254 | 101,860,932 | 99.9% | 55,015 | 0.1% |
| 2015 | 109,269,488 | (3,328,182) | 105,941,306 | 103,161,668 | 94.4% | 97.4% | 2,698,179 | 105,859,847 | 99.9% | 81,459 | 0.1% |
| 2016 | 114,746,177 | (3,558,988) | 111,187,189 | 108,179,994 | 94.3% | 97.3% | 2,849,101 | 111,029,095 | 99.9% | 158,094 | 0.1% |
| 2017 | 119,616,037 | (3,341,779) | 116,274,258 | 113,353,377 | 94.8% | 97.5% | 2,385,636 | 115,739,013 | 99.5% | 535,245 | 0.5% |
| 2018 | 124,122,551 | (3,681,816) | 120,440,735 | 118,344,913 | 95.3% | 98.3% | 1,128,116 | 119,473,029 | 99.2% | 967,706 | 0.8% |
| 2019 | 132,743,074 | (4,165,912) | 128,577,162 | 126,674,281 | 95.4% | 98.5% | 0 | 126,674,281 | 98.5% | 1,902,881 | 1.5% |

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 2019 | | | FY 2010 | | |
|--------------------------------------|---------------------|----------------------------|---|---------------------|----------------------------|---|
| | Total taxes paid | Total assessed value | Percentage of total assessed value | Total taxes paid | Total assessed value | Percentage of total assessed value |
| Valley River Center | 2,052,034 | 118,256,977 | 0.77% | 1,844,078 | 99,460,548 | 0.87% |
| Century Link (formerly QWEST Corp.) | 1,475,808 | 86,654,000 | 0.57% | 988,182 | 59,544,400 | 0.52% |
| Comcast Corporation | 1,452,097 | 85,182,500 | 0.56% | 1,639,582 | 98,140,500 | 0.86% |
| Verizon Communications | 1,447,613 | 86,192,000 | 0.56% | 807,226 | 46,613,500 | 0.41% |
| Shepard Investment Group LLC | 1,273,770 | 70,401,259 | 0.46% | - | - | - |
| McKay Investment Company LLC | 1,208,087 | 65,106,378 | 0.42% | 872,881 | 48,079,548 | 0.00 |
| Weyerhaeuser NR Company | 936,685 | 55,991,363 | 0.37% | - | - | - |
| Chase Village LLC | 812,102 | 42,801,284 | 0.28% | 601,129 | 32,421,941 | 0.28% |
| Northwest Natural Gas Company | 741,768 | 43,690,000 | 0.28% | 866,697 | 51,793,900 | 0.45% |
| ACC OP LLC Garden Avenue | 718,430 | 37,822,341 | 0.25% | - | - | - |
| Peacehealth | - | - | - | 617,163 | 158,087,842 | 1.38% |
| Hynix Semiconductor MFG Amercia Inc. | - | - | - | 9,721,008 | 258,542,806 | 2.25% |
| Molecular Probes, Inc. | - | - | - | 688,373 | 38,586,997 | 0.34% |
| Subtotal | 12,118,394 | 692,098,102 | 4.52% | 18,646,319 | 891,271,982 | 7.78% |
| All other taxpayers | | 14,644,168,184 | 95.48% | | 10,575,215,782 | 92.22% |
| Total taxpayers | | <u>15,336,266,286</u> | <u>100.00%</u> | | <u>11,466,487,764</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

City of Eugene, Oregon
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 | Total government | | | |
| 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 | |
| 2019 | 37,710,357 | 0 | 41,187,655 | 0 | 5,280,000 | 8,638,019 | 92,816,031 | 0.32% | 547 | |

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 | | | | | |
| 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 | |
| 2019 | 37,710,357 | 0 | 49,825,674 | 0 | 87,536,031 | (1,147,169) | 86,388,862 | 0.30% | 509 | |

Notes

- Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- All debt is shown net of unamortized premiums and discounts.
- Percentage of real market value was calculated using property value information from Schedule I-5.
- 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, 2019 - 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) | 91,896,056 | 100.00% | 91,896,056 |
| Total direct debt | | | <u>91,896,056</u> |
| Lane Community College | 49,898,947 | 46.73% | 27,534,966 |
| Lane County | 34,137,019 | 47.46% | 10,089,953 |
| Lane Education Service District | 2,917,869 | 47.52% | 2,917,869 |
| School District 4J | 353,951,543 | 79.53% | 353,951,543 |
| School District 52 | 39,406,110 | 77.02% | 39,406,110 |
| School District 69 | 1,186,053 | 4.35% | 1,186,053 |
| River Road Park & Recreation District | 552 | 0.07% | 342 |
| Total overlapping debt | | | <u>435,086,836</u> |
| Total direct and overlapping debt | | | <u><u>526,982,892</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

City of Eugene, Oregon
Legal Debt Margin - General Obligation Bonded Debt

Last ten fiscal years - unaudited
 (amounts in dollars)

| | Fiscal Year | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Real market value | 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 | 28,880,944,665 |
| Legal debt margin: | | | | | | | | | | |
| Debt limit (3% of real market value) | 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 | 866,428,340 |
| Debt applicable to limit: | | | | | | | | | | |
| General Obligation Bonds | 35,369,414 | 32,844,164 | 28,910,000 | 25,820,000 | 23,245,000 | 18,990,300 | 15,625,000 | 12,185,000 | 8,695,000 | 35,990,000 |
| Less: Amount reserved for repayment of general obligation debt | (619,761) | (961,919) | (552,614) | (395,162) | (76,235) | (354,949) | (290,445) | (574,151) | (817,737) | (447,483) |
| Total debt applicable to limit | 34,769,653 | 31,882,245 | 28,357,386 | 25,424,838 | 23,168,765 | 18,635,351 | 15,334,555 | 11,610,849 | 7,877,263 | 35,542,517 |
| Legal debt margin | 642,053,119 | 606,815,038 | 607,897,802 | 588,075,313 | 599,009,379 | 656,033,031 | 687,947,695 | 717,944,837 | 793,153,593 | 830,885,823 |
| Total debt applicable to the limit as a percentage of debt limit | 5% | 5% | 4% | 4% | 4% | 3% | 2% | 2% | 1% | 4% |

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.

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> |
| 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 | 4.30% | 365,940 | 16,275,162 | 43,430 |
| 2018 | 167,780 | 4.10% | 370,600 | 16,095,158 | 43,430 |
| 2019 | 169,695 | 4.20% | 375,120 | 16,291,462 | 43,430 |

Notes

- a) Personal income information is not available for the City.
- b) The 2018 and 2019 per capita income was not available and has been estimated to be the same as 2017.
- c) Population is certified as of July 1 of each fiscal year by Portland State University Population Research Center.
- d) Unemployment rates presented are 12-month averages from July to June for each respective fiscal year.

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> | <u>FY 2019</u> | | <u>FY 2010</u> | |
|------------------------------------|------------------|---|------------------|---|
| | <u>Employees</u> | <u>Percentage of total employment</u> | <u>Employees</u> | <u>Percentage of total employment</u> |
| PeaceHealth Medical Group | 5,855 | 3.40% | 4,893 | 3.07% |
| University of Oregon | 5,573 | 3.23% | 4,038 | 2.54% |
| Eugene School District 4J | 2,283 | 1.32% | 2,794 | 1.76% |
| US Government | 1,747 | 1.01% | 1,777 | 1.12% |
| Lane Community College | 1,500 | 0.87% | 1,118 | 0.70% |
| Lane County | 1,678 | 0.97% | 2,000 | 1.26% |
| City of Eugene | 1,531 | 0.89% | 1,404 | 0.88% |
| State of Oregon | 1,715 | 0.99% | 2,205 | 1.39% |
| Springfield School District | 1,670 | 0.97% | 1,500 | 0.94% |
| McKenzie-Willamette Medical Center | 1,066 | 0.62% | - | - |
| Walmart | - | - | 1,100 | 0.69% |
| Total | <u>24,618</u> | <u>14.28%</u> | <u>22,829</u> | <u>14.34%</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

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> | |
| 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 |
| 2019 | 236 | 226 | 192 | 115 | 331 | 431 | 1,531 |

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 | | | | | | | | | |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| <u>Central services:</u> | | | | | | | | | | |
| Number of risk claims managed | 258 | 296 | 269 | 259 | 266 | 237 | 227 | 220 | 238 | 252 |
| Number of purchase orders issued | 15,513 | 15,936 | 15,544 | 15,625 | 15,485 | 15,910 | 15,364 | 16,409 | 10,730 | 5,946 |
| Job applications processed | 6,257 | 7,778 | 8,602 | 9,372 | 8,865 | 8,809 | 10,032 | 10,590 | 13,531 | 13,496 |
| Building square footage maintained | 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 | 1,933,377 |
| Municipal Court cases processed | 26,273 | 23,623 | 22,078 | 26,076 | 21,714 | 19,697 | 17,569 | 13,817 | 14,460 | 12,282 |
| <u>Fire and emergency medical services:</u> | | | | | | | | | | |
| Emergency responses | 20,130 | 21,539 | 21,186 | 21,111 | 22,258 | 25,933 | 26,655 | 28,014 | 27,974 | 29,388 |
| Fire inspections | 943 | 1,576 | 2,393 | 2,270 | 4,816 | 4,989 | 3,042 | 2,435 | 2,286 | 2,175 |
| <u>Library, recreation, and cultural services:</u> | | | | | | | | | | |
| Number of library patron visits | 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 | 1,106,089 |
| Volume of library collection borrowed | 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 | 2,644,527 |
| Hult Center attendees | 174,275 | 187,388 | 144,102 | 143,578 | 136,941 | 135,728 | 176,244 | 156,347 | 177,547 | 181,724 |
| Recreation services | 795,407 | 773,162 | 625,520 | 622,194 | 616,129 | 661,090 | 641,877 | 660,286 | 686,297 | 685,043 |
| <u>Planning and development:</u> | | | | | | | | | | |
| Construction permits issued | 9,653 | 9,812 | 10,260 | 9,934 | 10,594 | 11,481 | 12,128 | 13,040 | 13,549 | 11,782 |
| Land use applications reviewed | 168 | 139 | 208 | 205 | 233 | 265 | 264 | 352 | 338 | 379 |
| Parking permits issued | 21,000 | 16,200 | 16,800 | 13,750 | 15,000 | 32,493 | 33,730 | 35,500 | 37,936 | 41,374 |
| Parking citations issued | 62,605 | 56,379 | 57,885 | 44,615 | 52,374 | 65,433 | 63,981 | 62,655 | 64,826 | 59,025 |
| <u>Police:</u> | | | | | | | | | | |
| Calls for service | 102,426 | 103,219 | 109,097 | 123,099 | 127,782 | 125,867 | 126,770 | 133,322 | 131,686 | 133,285 |
| Eugene crime index | 6,009 | 4,857 | 5,282 | 5,337 | 5,209 | 5,251 | 4,515 | 4,190 | 4,196 | 4,116 |
| U.S. median city crime index | 2,520 | 2,419 | 3,769 | 3,845 | 3,618 | 3,591 | 3,419 | 3,318 | 3,268 | 3,194 |
| <u>Public works:</u> | | | | | | | | | | |
| Number of municipal airport passengers | 724,855 | 789,620 | 806,541 | 840,048 | 891,936 | 907,810 | 938,895 | 1,011,875 | 1,120,925 | 1,151,193 |
| Gallons of wastewater treated (in billions) | 13.1 | 14.7 | 13.6 | 11.4 | 11.7 | 11.4 | 12.5 | 12.5 | 11.0 | 11.6 |

Notes

- a) 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.
- b) Recreation services include participants in the City's recreational programs and patron visits to the City's recreational facilities.
- c) Construction permits issued has a more comprehensive methodology starting in FY15 and going forward.
- d) The Eugene crime index is based on the number of offenses, reported on a fiscal year basis (per 100,000 population).
- e) 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 | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <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>2019</u> |
| <u>Fire and emergency medical services:</u> | | | | | | | | | | |
| Ambulances | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 13 | 10 |
| Fire stations | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Fire apparatus | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 24 |
| <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 | 43 | 43 | 43 | 52 | 52 | 52 | 52 | 53 | 53 |
| <u>Public works:</u> | | | | | | | | | | |
| Jogging and hiking trails (miles) | 28 | 28 | 28 | 38 | 39 | 44 | 47 | 48 | 48 | 44 |
| On/off street biking trails (miles) | 157 | 157 | 159 | 159 | 159 | 304 | 248 | 245 | 245 | 264 |
| Park acreage | 3,671 | 3,987 | 4,283 | 4,506 | 4,576 | 4,677 | 4,800 | 4,800 | 4,800 | 4,800 |
| Streets maintained (miles) | 533 | 533 | 533 | 533 | 540 | 538 | 543 | 547 | 547 | 550 |
| Alleys (miles) | 42 | 42 | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 |
| Sidewalks (miles) | 738 | 772 | 772 | 791 | 791 | 792 | 756 | 767 | 767 | 770 |
| Drainage Lines (miles) | 601 | 601 | 601 | 601 | 601 | 601 | 601 | 601 | 601 | 601 |
| Wastewater collection lines (miles) | 815 | 811 | 812 | 821 | 821 | 821 | 821 | 842 | 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, 2019, and have issued our report thereon dated November 8, 2019. 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 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 the 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*.
2. Over-expenditures of appropriations are described in Note (3) (C) to the financial statements, *Stewardship, Compliance, and Accountability – Over-expenditures of appropriations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the 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



By: Paul Nielson, CPA, a member of the firm
Eugene, Oregon
November 8, 2019

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
541.342.5161
www.islercpa.com

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, 2019, 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 8, 2019.

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 "Paul R. Nielson". The signature is written in a cursive style with a long, sweeping tail on the letter "n".

By Paul Nielson, CPA, a member of the firm
Eugene, Oregon
November 8, 2019

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

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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, 2019. 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, 2019.

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



By Paul Nielson, CPA, a member of the firm
Eugene, Oregon
November 8, 2019

CITY OF EUGENE, OREGON

Schedule of Findings and Questioned Costs

June 30, 2019

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:

HOME Investment Partnerships Program, CFDA #14.239
Assistance to Firefighters Grant, CFDA #97.044
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. The City of Eugene qualified as a low-risk auditee.

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2019

(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 | 91,687 |
| Total U.S. Department of Commerce | | | 0 | 91,687 |
| U.S. Department of Housing and Urban Development | | | | |
| Direct program: | | | | |
| HOME Investment Partnerships Program | 14.239 | M-18-DC-41-0200 | 0 | 1,099,752 |
| CDBG - Entitlement Grants Cluster: | | | | |
| Direct program: | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-18-MC-41-0001 | 368,322 | 1,727,623 |
| Total CDBG - Entitlement Grants Cluster | | | 368,322 | 1,727,623 |
| Total U.S. Department of Housing and Urban Development | | | 368,322 | 2,827,375 |
| U.S. Department of the Interior | | | | |
| Direct program: | | | | |
| BLM Wildland Urban Interface Community Fire Assistance | 15.228 | L15AC00129 | 0 | 86,440 |
| Fish, Wildlife and Plant Conservation Resource Management | 15.231 | L15AC00189 | 0 | 29,738 |
| Total U.S. Department of the Interior | | | 0 | 116,178 |
| U.S. Department of Justice | | | | |
| Direct program: | | | | |
| Equitable Sharing Program | 16.922 | NA | 0 | 41,381 |
| Total U.S. Department of Justice | | | 0 | 41,381 |
| U.S. Department of Transportation | | | | |
| Direct program: | | | | |
| Airport Improvement Program | 20.106 | 3-41-0018-052 | 0 | 58,017 |
| Airport Improvement Program | 20.106 | 3-41-0018-055 | 0 | 909,377 |
| Airport Improvement Program | 20.106 | 3-41-0018-056 | 0 | 611,421 |
| Airport Improvement Program | 20.106 | 3-41-0018-057 | 0 | 399,207 |
| Airport Improvement Program | 20.106 | 3-41-0018-058 | 0 | 4,189 |
| Airport Improvement Program | 20.106 | 3-41-0018-059 | 0 | 16,272 |
| Grants passed through State of Oregon: | | | | |
| Formula Grants for Rural Areas and Tribal Transit Program | 20.509 | 31674 | 0 | 85,825 |
| Grants passed through Oregon Impact: | | | | |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 20.608 | 2018/2019 | 0 | 6,931 |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 20.608 | 2017-2018 | 0 | 2,527 |
| Highway Planning and Construction Cluster: | | | | |
| Grants passed through State of Oregon: | | | | |
| Highway Planning and Construction | 20.205 | 30312 | 0 | 877,370 |
| Highway Planning and Construction | 20.205 | 30316 | 0 | 12,506 |
| Highway Planning and Construction | 20.205 | 30440 | 0 | 863,467 |
| Highway Planning and Construction | 20.205 | 31271 | 0 | 95,605 |
| Highway Planning and Construction | 20.205 | 32420 | 0 | 249,909 |
| Highway Planning and Construction | 20.205 | 32427 | 0 | 69,834 |
| Highway Planning and Construction | 20.205 | 32445 | 0 | 145 |
| Highway Planning and Construction | 20.205 | 32446 | 0 | 14,470 |

continued

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2019

(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 | 32762 | 0 | 9,515 |
| Highway Planning and Construction | 20.205 | 32886 | 0 | 2,087 |
| Highway Planning and Construction | 20.205 | 32893 | 0 | 32,937 |
| Highway Planning and Construction | 20.205 | 33023 | 0 | 911 |
| Highway Planning and Construction | 20.205 | 33281 | 0 | 2,002 |
| Highway Planning and Construction | 20.205 | 1719WKZN-421 QQQ | 0 | 591 |
| Grants passed through Lane Transit District: | | | | |
| Highway Planning and Construction | 20.205 | 18755 | 0 | 45,819 |
| Highway Planning and Construction | 20.205 | 2016-00227 | 0 | 3,279 |
| Grants passed through Lane Council of Governments: | | | | |
| Highway Planning and Construction | 20.205 | NA | 0 | 45,000 |
| Total Highway Planning and Construction Cluster | | | <u>0</u> | 2,325,447 |
| Federal Transit Cluster: | | | | |
| Grants passed through Lane Council of Governments: | | | | |
| Federal Transit Capital Investment Grants | 20.500 | NA | 0 | 204,129 |
| Total Federal Transit Cluster | | | <u>0</u> | 204,129 |
| Highway Safety Cluster: | | | | |
| Grants passed through State of Oregon: | | | | |
| State and Community Highway Safety | 20.600 | SC-18-35-12 BBB | 0 | 13,187 |
| State and Community Highway Safety | 20.600 | OP-18-45-03 BBB | 0 | 9,953 |
| State and Community Highway Safety | 20.600 | OP-19-45-03 GGG | 0 | 12,960 |
| National Priority Safety Programs | 20.616 | M8SE-19-35-12 DDD | 0 | 3,220 |
| Grants passed through Oregon Impact: | | | | |
| State and Community Highway Safety | 20.600 | NA | 0 | 1,343 |
| Grants passed through Lane Council of Governments: | | | | |
| National Priority Safety Programs | 20.616 | 2018-00217 | 0 | 3,589 |
| Total Highway Safety Cluster | | | <u>0</u> | 44,252 |
| Total U.S. Department of Transportation | | | <u>0</u> | 4,667,594 |
| <u>U.S. Environmental Protection Agency</u> | | | | |
| Direct program: | | | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-01J40201 | 0 | 186,192 |
| Total U.S. Environmental Protection Agency | | | <u>0</u> | 186,192 |
| <u>U.S. Department of Education</u> | | | | |
| Grants passed through Eugene School District 4J: | | | | |
| Twenty-First Century Community Learning Centers | 84.287 | 16923 | 0 | 46,666 |
| Total U.S. Department of Education | | | <u>0</u> | 46,666 |
| <u>U.S. Department of Health and Human Services</u> | | | | |
| Grants passed through State of Oregon: | | | | |
| National Bioterrorism Hospital Preparedness Program | 93.889 | 158082 | 0 | 61,162 |

continued

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2019

(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, continued</u> | | | | |
| Grants passed through Lane County, Oregon: | | | | |
| Low-Income Home Energy Assistance | 93.568 | NA | 0 | 23,219 |
| Block Grants for Community Mental Health Services | 93.958 | 51582 | 0 | 12,391 |
| Total U.S. Department of Health and Human Services | | | 0 | 96,772 |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Direct program: | | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2016-FO-03109 | 0 | 14,261 |
| Assistance to Firefighters Grant | 97.044 | EMW-2017-FP-04108 | 0 | 1,254,546 |
| Grants passed through State of Oregon: | | | | |
| Emergency Management Performance Grants | 97.042 | 18-539 | 0 | 135,176 |
| Homeland Security Grant Program | 97.067 | 17-212 | 0 | 27,532 |
| Homeland Security Grant Program | 97.067 | 17-213 | 0 | 10,583 |
| Homeland Security Grant Program | 97.067 | 17-214 | 0 | 26,691 |
| Homeland Security Grant Program | 97.067 | 18-220 | 0 | 30,433 |
| Total U.S. Department of Homeland Security | | | 0 | 1,499,222 |
| Total Federal Financial Assistance | | | 368,322 | 9,573,067 |

CITY OF EUGENE, OREGON

Notes to Schedule of Expenditures of Federal Awards

June 30, 2019

(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, 2019.

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.

