



Eugene City Council

125 E. 8th Ave., 2nd Floor
Eugene, OR 97401-2793
541-682-5010 • 541-682-5414 Fax
www.eugene-or.gov

EUGENE CITY COUNCIL AGENDA

December 10, 2018

**7:30 p.m. CITY COUNCIL MEETING and MEETING OF THE
EUGENE URBAN RENEWAL AGENCY
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401**

**Meeting of December 10, 2018;
Her Honor Mayor Lucy Vinis Presiding**

Councilors

| | |
|-----------------------|------------------------------|
| Mike Clark, President | Betty Taylor, Vice President |
| Greg Evans | Chris Pryor |
| Emily Semple | Claire Syrett |
| Jennifer Yeh | Alan Zelenka |

**7:30 p.m. CITY COUNCIL MEETING and MEETING OF THE
EUGENE URBAN RENEWAL AGENCY
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401**

- 1. PUBLIC FORUM**
- 2. CONSENT CALENDAR**
 - A. Approval of City Council Minutes**
 - B. Approval of Tentative Working Agenda**
 - C. Adoption of a Resolution Approving a Low-Income Rental Housing Property Tax Exemption for 11th and Lincoln**
 - D. Adoption of a Resolution Acknowledging Receipt of City of Eugene, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018**
- 3. ACTION: Resolution Acknowledging Receipt of the Annual Financial Report of the Urban Renewal Agency of the City of Eugene for the Fiscal Year Ended June 30, 2018**

4. **PUBLIC HEARING AND ACTION: A Resolution Adopting a Supplemental Budget; Making Appropriations for the Urban Renewal Agency of the City of Eugene for the Fiscal Year Beginning July 1, 2018, and Ending June 30, 2019**
5. **PUBLIC HEARING AND ACTION: A Resolution Adopting a Supplemental Budget; Making Appropriations for the City of Eugene for the Fiscal Year Beginning July 1, 2018 and Ending June 30, 2019**
6. **UPDATE: Eugene Public Library – Year 2 Levy Report**

The Eugene City Council welcomes your interest in these agenda items. This meeting location is wheelchair-accessible. For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

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Greg Evans
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**7:30 p.m. CITY COUNCIL MEETING and MEETING OF THE
EUGENE URBAN RENEWAL AGENCY
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401**

Mayor: I call the December 10, 2018, City Council meeting to order.

1. PUBLIC FORUM

Mayor: The Public Forum is an opportunity for individuals to speak to the City Council on any city-related issues except for those items which have already been heard by a Hearings Official or are on tonight's agenda as a public hearing. Each person will have three minutes to speak. When you come to the podium, please give your name, city of residence, and—for Eugene residents—your ward, if known. The timer and lights indicate the time you have to speak. The red light indicates the end of three minutes.

Mayor closes Public Forum and asks for comments from the City Council.

2. CONSENT CALENDAR

A. Approval of City Council Minutes

- November 14, 2018, Work Session Minutes
- November 19, 2018, Work Session Minutes

- November 26, 2018, Work Session Minutes
- November 26, 2018, Meeting Minutes

B. Approval of Tentative Working Agenda

C. Adoption of a Resolution Approving a Low-Income Rental Housing Property Tax Exemption for 11th and Lincoln

D. Adoption of a Resolution Acknowledging Receipt of City of Eugene, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018

City Council President: I move to approve the items on the Consent Calendar.

Call for vote.

Mayor adjourns the meeting of the Eugene City Council and convenes a meeting of the Eugene Urban Renewal Agency.

3. ACTION: Resolution Acknowledging Receipt of the Annual Financial Report of the Urban Renewal Agency of the City of Eugene for the Fiscal Year Ended June 30, 2018

Urban Renewal Agency President: I move to adopt the resolution acknowledging receipt of the Annual Financial Report for the Urban Renewal Agency of the City of Eugene for the fiscal year ended June 30, 2018.

Call for vote.

4. PUBLIC HEARING AND ACTION: A Resolution Adopting a Supplemental Budget; Making Appropriations for the Urban Renewal Agency of the City of Eugene for the Fiscal Year Beginning July 1, 2018, and Ending June 30, 2019

Manager: Introduces topic, presents background information.

Mayor opens the public hearing: Those wishing to speak during the Public Hearing must submit a completed "Request to Speak" form to the information desk, prior to the beginning of the Public Hearing. When you come to the podium, please give your name, city of residence, and, for Eugene residents, your ward if known; you will have three minutes to comment. There are lights on the timer; the red light indicates the end of three minutes.

Mayor: Closes the public hearing.

Mayor: Asks for questions or comments from the City Council.

Urban Renewal Agency President: I move to adopt the resolution adopting a Supplemental Budget; making appropriations for the Urban Renewal Agency of the City of Eugene for the fiscal year beginning July 1, 2018, and ending June 30, 2019.

Call for vote.

Mayor adjourns the meeting of the Eugene Urban Renewal Agency and convenes a meeting of the Eugene City Council.

5. PUBLIC HEARING AND ACTION: A Resolution Adopting a Supplemental Budget; Making Appropriations for the City of Eugene for the Fiscal Year Beginning July 1, 2018 and Ending June 30, 2019

Manager: Introduces topic, presents background information.

Mayor opens the public hearing: Those wishing to speak during the Public Hearing must submit a completed "Request to Speak" form to the information desk, prior to the beginning of the Public Hearing. When you come to the podium, please give your name, city of residence, and, for Eugene residents, your ward if known; you will have three minutes to comment. There are lights on the timer; the red light indicates the end of three minutes.

Mayor: Closes the public hearing.

Mayor: Asks for questions or comments from the City Council.

City Council President: I move to adopt a resolution adopting a Supplemental Budget; making appropriations for the City of Eugene for the fiscal year beginning July 1, 2018 and ending June 30, 2019.

Call for vote.

6. UPDATE: Eugene Public Library – Year 2 Levy Report

Adjourn.

The Eugene City Council welcomes your interest in these agenda items. This meeting location is wheelchair-accessible. For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

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EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Public Forum

Meeting Date: December 10, 2018
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Beth Forrest
Contact Telephone Number: 541-682-5882

ISSUE STATEMENT

This segment allows citizens the opportunity to express opinions and provide information to the council. Testimony presented during the Public Forum should be on City-related issues and should not address items which have already been heard by a Hearings Official or are on the present agenda as a public hearing item.

SUGGESTED MOTION

No action is required; this is an informational item only.

FOR MORE INFORMATION

Staff Contact: Beth Forrest
Telephone: 541-682-5882
Staff E-Mail: bforrest@eugene-or.gov

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Approval of City Council Minutes

Meeting Date: December 10, 2018
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 2A
Staff Contact: Beth Forrest
Contact Telephone Number: 541-682-5882

ISSUE STATEMENT

This is a routine item to approve City Council minutes.

SUGGESTED MOTION

Move to approve the minutes for the November 14, 19 and 26, 2018, work sessions as well as the November 26, 2018, meeting.

ATTACHMENTS

- A. November 14, 2018, Work Session Minutes
- B. November 19, 2018, Work Session Minutes
- C. November 26, 2018, Work Session Minutes
- D. November 26, 2018, Meeting Minutes

FOR MORE INFORMATION

Staff Contact: Beth Forrest
Telephone: 541-682-5882
Staff E-Mail: bforrest@eugene-or.gov

MINUTES

Eugene City Council
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401

November 14, 2018
12:00 p.m.

Councilors Present: Emily Semple, Jennifer Yeh, Claire Syrett, Alan Zelenka, Mike Clark. Chris Pryor, Betty Taylor

Councilors Absent: Greg Evans

Mayor Vinis opened the November 14, 2018, Work Session of the Eugene City Council.

1. WORK SESSION: Northwest Natural Gas Franchise

Finance Director Twylla Miller and Intergovernmental Relations Manager Ethan Nelson presented information about the franchise renewal process and timeline and its nexus with the Climate Action Plan.

Council Discussion

- Questions asked about the Public Utilities Commission's role and scope of authority in any attempt to attach new conditions to the franchise agreement.
- Council should consider an option to immediately stop the provision of new natural gas service, with some emergency exceptions.
- In order to meet climate recovery goals, everyone, including utility providers, needs to participate. City can be a leader in these efforts by providing incentives and considering conditions on new franchise agreement.
- Request made for information about the implementation of a privilege tax.
- Council could consider dedicating the franchise fee to the City's climate recovery efforts, and identify incentives to help residents move away from natural gas use.
- Partnership with internal and external stakeholders will be critical to the success of any plan to change the franchise conditions.

2. WORK SESSION: Downtown Update

Facility Management Division Manager Jeff Perry, Community Events Manager Colette Ramirez-Maddock, Police Sergeant Julie Smith, and Associate Planner Eric Brown presented information about downtown activities and initiatives, and plans to build on past efforts to continue the momentum of this work.

Council Discussion

- Thanks to staff and community partners for incredible work. Appreciate the funding of a new Downtown Manager position to coordinate all of these efforts.
- Disagree with overall approach and tone of efforts; council represents very diverse opinions and there are many in the community who are frustrated that bad behaviors downtown are not being enforced.
- Improvements downtown are being seen; although things are moving in the right direction, there is more to be done.
- Increase efforts to target bad behavior occurring on public rights-of-way.

MOTION AND VOTE: Councilor Zelenka, seconded by Councilor Pryor, moved to extend the meeting by seven minutes. **PASSED 6:1**, Councilor Clark opposed.

- Request made for more information about the success of the day storage initiative, the costs of providing rest room options, quantifiable evidence of improved conditions, which parks were being patrolled, and who was being surveyed about their impressions of downtown.
- Downtown needs more places to sit down and more rest room options.
- Revisit idea of opening up walls of businesses adjacent to Kesey Square.

The meeting adjourned at 1:40 p.m.

Respectfully submitted,

Beth Forrest
City Recorder

Link to the webcast of this City Council meeting: [here](#).

MINUTES

**Eugene City Council
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401**

**November 19, 2018
5:30 p.m.**

Councilors Present: Emily Semple, Betty Taylor, Alan Zelenka, Jennifer Yeh, Mike Clark, Greg Evans, Claire Syrett, Chris Pryor

Mayor Vinis opened the November 19, 2018, Work Session of the Eugene City Council.

1. WORK SESSION: Sustainability Commission Work Plan

Sustainability Analyst Chelsea Clinton and Sustainability Commissioner Howard Saxion presented the commission's FY18 Annual Report and Proposed FY19 Work Plan.

Council Discussion

- Appreciation expressed for the work accomplished and the work being proposed for the coming year; issues are complex and important.
- Questions asked about how the commission will incorporate the concept of biophilic design into its work plan and into larger conversation about housing.
- The commission leadership meets annually with the Mayor and City Manager to discuss emerging issues, such as the NW Natural franchise agreement, and identify potential areas that might benefit from Sustainability Commission consideration.
- Since policy issues are brought to the City Council from the Sustainability Commission, it should consider weighing in on the City Hall siting discussion and process.
- The commission is a hard-working, well-run, dedicated group of volunteers.

MOTION AND VOTE: Councilor Clark, seconded by Councilor Taylor, moved to approve the FY19 Sustainability Commission Work Plan. **PASSED 8:0.**

2. WORK SESSION: River Road–Santa Clara Neighborhood Plan Project Update

Associate Planner Eric Brown and Community Advisory Committee Co-Chairs Kate Perle and Louisa de Heer presented information about the River Road-Santa Clara Neighborhood Plan Project and next steps.

Council Discussion

- No other neighborhood associations have worked harder to define their character and set goals.
- Vision statement specifically identifies the protection of agricultural land as a value and River-Road/Santa Clara is the area predominantly slated for future development; important to clarify which value is a priority.
- Report provides very real scope of work; there is not necessarily a conflict of values.
- Amount of work, outreach and participation very impressive, with a good balance of broad and specific goals. The bar has been set very high for other neighborhood planning efforts.
- The integrity of the process has instilled a high level of trust among all participants and stakeholders.
- Accountability for the goals will remain when work on the plan is concluded; council will appreciate help dealing with the seemingly contradictory issues.

The meeting adjourned at 6:30 p.m.

Respectfully submitted,

Beth Forrest
City Recorder

Link to the webcast of this City Council meeting: [here](#).

MINUTES

**Eugene City Council
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401**

**November 26, 2018
5:30 p.m.**

Councilors Present: Emily Semple, Betty Taylor, Alan Zelenka, Jennifer Yeh, Mike Clark, Claire Syrett, Chris Pryor

Councilors Absent: Greg Evans

Mayor Vinis opened the November 13, 2018, Work Session of the Eugene City Council.

1. Committee Reports and Items of Interest

- A letter from the Human Rights Commission regarding its opposition to the criminalization of homeless for the act of sleeping was read.
- The Lane Area Commission on Transportation provided input to the Oregon Department of Transportation on the impacts of recent repair work on I-105.

2. WORK SESSION: Clear & Objective Housing– Approval Criteria Update

Principal Planner Alissa Hansen and Senior Planner Jenessa Dragovich gave a PowerPoint presentation on the process to develop code changes around clear and objective standards for the development of housing.

Councilor Zelenka arrived at 5:45 p.m.

Council Discussion

- This issue began in 2015, when the council was considering which population forecast number to accept; it was assured at that time that the housing standards issue would be addressed in parallel with the UGB conversation.
- Questions asked about the timeline for addressing natural resources protections.
- All types of housing are need in Eugene, and each deserves clear and objective standards for development.
- Clarification requested about the differences between clear and objective standards and discretionary standards.
- A Metro Plan amendment would be required to add a site covered by natural resource protections; loss of the 50' buffer zone is concerning.
- Clear and Objective standards provide certainty, but a choice is still available.
- These standards will make housing less expensive for everyone; it's important to do it right. More resources and expertise is needed to deal with and expedite this issue.
- Neighborhoods want assurance that their livability will be protected.

MOTION AND VOTE: Councilor Clark, seconded by Councilor Taylor, moved to advance the maintenance concepts and the significant concepts identified in this agenda item summary as less complex to the draft land use code writing phase. **PASSED 7:0.**

3. WORK SESSION: Rest Stop Program Update and Siting Policy Discussion

Policy Analyst Jason Dedrick provided a brief update on the Rest Stop program and siting policy.

Council Discussion

- Rest Stop program was established as a low-cost way to provide shelter for people who have no other shelter options; not meant to be a permanent solution.
- The benefits of having shelter are proven; rest stops are imperfect, but currently helpful.
- Councilors should be notified if there are problems or challenges at rest stops in their ward.
- Consider additional funding to support operational expenses in the next budget cycle.
- Rethink some of the limitations of the current program; may be adding unfairly to stigmas and stereotypes.
- Council needs to know what changes can be made to the program to facilitate its expansion.
- Rest Stop program is successful; over 40 percent of rest stop users have transitioned to more stable housing. Rest stop residents have proven to be good neighbors
- The program limitations contribute to the City's inability to identify sites; education and outreach important to destigmatizing the rest stop program.
- Rest stops provide safety and security for the residents that needs to be emphasized.
- Consider allocating more resources towards additional logistical support for rest stop site identification and outreach.
- Giving the City Manager more discretion and authority to designate rest stop sites is reasonable; more flexibility on rest stop locations is also needed.
- Ward 4 task team will begin looking at potential spaces for shelter options; greater flexibility would be helpful.
- An indoor shelter and day center is still a priority; reconsider using City Hall lot for temporary shelter; downtown is ideal location for the unhoused to receive services.
- Rest stop approach may be hindering council's efforts to meaningfully address the issue of homelessness; a permanent shelter is possible but needs council support.

MOTION AND VOTE: Councilor Syrett, seconded by Councilor Semple, moved to extend the work session by 10 minutes. **PASSED 5:2**, councilors Taylor and Clark opposed.

- A permanent shelter will not solve the problem of homelessness; a follow-up discussion with more specifics around options is needed.
- Any changes to the ordinance would require a public hearing, giving people the opportunity to provide input.
- Success of downtown will depend on everyone working together in good faith.

MOTION AND VOTE: Councilor Syrett, seconded by Councilor Semple, moved that the City Manager prepare for council's consideration a set of options for amending or revising the rest stop program and ordinance that have the potential to expand the number of sites established by the City. **PASSED 6:1**, Councilor Clark opposed.

The meeting adjourned at 7:00 p.m.

Respectfully submitted,

Beth Forrest
City Recorder

Link to the webcast of this City Council meeting: [here](#)

MINUTES

**Eugene City Council
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401**

**November 26, 2018
7:30 p.m.**

Councilors Present: Emily Semple, Betty Taylor, Alan Zelenka, Jennifer Yeh, Mike Clark, Claire Syrett, Chris Pyror

Councilor Absent: Greg Evans

Mayor Vinis opened the November 26, 2018, meeting of the Eugene City Council.

1. CEREMONIAL MATTERS

Mayor Vinis recognized Judge Wayne Allen for his years of service to the community as Presiding Municipal Court Judge and announced the renaming of the main courtroom in Municipal Court in his honor.

2. PUBLIC FORUM

1. Aria Seligman – supported efforts by the City decriminalize homelessness.
2. Bekki Bruckner – spoke about the dangers of 5G technology and supported curbing its expansion.
3. Cindy Allen – opposed the expansion of smart meter and 5G technology in the city.
4. Victor Odlivak – opposed the expansion of smart meter and 5G technology in the city.
5. Todd Boyle – discussed the impacts of the local housing shortage on the homelessness issue.
6. Patty Hine – supported increased focus on the Climate Action Plan goals.
7. Linda Kelley – presented a community sustainability outreach proposal.
8. Jim Neu – supported the Sustainability Commission recommendation on the NW Natural franchise.
9. Donna Riddle – expressed concern about the impacts of winter conditions on the unsheltered.
10. Mindy Stone - opposed the expansion of smart meter and 5G technology in the city.
11. Sandy Sanders - opposed the expansion of smart meter and 5G technology in the city.
12. Eliza Kashinsky – supported the City’s efforts to facilitate development of ADUs.
13. Jennifer Frenzer-Knowlton – supported increasing resources for the homeless.
14. Ed McMahon – spoke on behalf of the Home Builders Association regarding transportation SDCs.
15. Sue Sierralupé – supported efforts to establish shelter opportunities for the homeless downtown.
16. Ron Bevirt – voiced frustration with progress by the City’s housing tools and strategies committee.
17. Michael Carrigan – supported increased efforts to help the homeless.
18. Michael Gannon – conveyed his experience with conflict between bikers/pedestrians and cars.
19. Zondie Zinke – asked council to focus energy and resources on the urgent issue of homelessness.
20. Wayne Martin – supported efforts to increase focus and resources on homelessness.
21. Douglas Bovee – supported the creation of a shelter and new rest stops around the city.
22. Sabra Marcroft – supported an increased focus on winter strategies to help the homeless.
23. Kaarin Knudson – spoke about how the availability of affordable housing affects other issues.
24. Laurie Hauber – said the accumulation of unpaid fines perpetuates homelessness.
25. Stefan Strek – spoke about a variety of issues.
26. Luke Callahan – supported efforts to make Eugene a great place to raise a family and to retire.

Council Discussion

- Public Works is working to redesign a safe, temporary pedestrian crossing at the site of the Highway 99 County homeless camp.

- Council is committed to exploring new shelter options with the goal of creating safe spaces for those who are unhoused.
- There is a nexus between housing and almost every other issue the City is facing.

3. CONSENT CALENDAR

- A. Approval of City Council Minutes
 - a. October 22, 2018, Work Session Minutes
 - b. October 31, 2018, Work Session Minutes
 - c. November 13, 2018, Work Session Minutes
 - d. November 13, 2018, Meeting Minutes
- B. Approval of Tentative Working Agenda
- C. Reappointment to Metropolitan Wastewater Management Commission

MOTION AND VOTE: Councilor Clark, seconded by Councilor Taylor, moved to approve the items on the Consent Calendar. **PASSED 7:0**

4. ACTION: Ordinance and Resolutions Adopting the Transportation System Development Charge Methodology

Public Works Director Sarah Medary provided a brief recap of the Transportation System Development Charge amendment process.

Council Discussion

- The action Council is poised to take to raise SDC rates will increase the cost of housing; send the message that identified transportation projects are more important than keeping the cost of housing down.
- Council must make difficult choices and balance the need to pay for transportation infrastructure with the goal of increasing housing options.

MOTION AND VOTE: Councilor Clark, seconded by Councilor Taylor, moved to adopt Council Bill 5190, an Ordinance Concerning System Development Charge Methodology; Amending Sections 7.710, 7.715, 7.720, 7.725, 7.730 and 7.735 of the Eugene Code, 1971 and Adding Section 7.732 to that Code. **PASSED 6:1**, Councilor Clark opposed.

MOTION AND VOTE: Councilor Clark, seconded by Councilor Taylor, moved to adopt the proposed resolution at Attachment B: A Resolution Adopting the Transportation SDC Project Plan. **PASSED 6:1**, Councilor Clark opposed.

MOTION AND VOTE: Councilor Clark, seconded by Councilor Taylor, moved to adopt the proposed resolution at Attachment C: A Resolution Adopting Amendments to the System Development Charge Methodologies (General Methodology and Appendices A, B and F) Originally Adopted by Resolution No. 4900. **PASSED 6:1**, Councilor Clark opposed.

5. ACTION: Amendment of Purchase and Sale Agreement for the Butterfly Lot

City Attorney Kathryn Brotherton provided a brief explanation for the proposed action to extend the deadline set to resolve all legal questions regarding the Butterfly Lot.

MOTION AND VOTE: Councilor Clark, seconded by Councilor Taylor, moved to direct the City Manager to execute an amendment to the Purchase and Sale Agreement to change the December 1, 2018, deadline for resolution of the legal uncertainties regarding the Butterfly Lot to January 10, 2019. **PASSED 7:0.**

Mayor Vinis adjourned the meeting of the Eugene City Council and convened a meeting of the Eugene Urban Renewal Agency.

MOTION AND VOTE: Urban Renewal Agency President Clark, seconded by Vice President Taylor, moved to direct the Board Director to execute an amendment to the Purchase and Sale Agreement to change the December 1, 2018, deadline for resolution of the legal uncertainties regarding the Butterfly Lot to January 10, 2019. **PASSED 7:0.**

The meeting adjourned at 9:22 p.m.

Respectfully submitted,

Beth Forrest
City Recorder

Link to the webcast of this City Council meeting: [here](#).

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Approval of Tentative Working Agenda

Meeting Date: December 10, 2018
Department: City Manager's Office
www.eugene-or.gov

Agenda Item Number: 2B
Staff Contact: Beth Forrest
Contact Telephone Number: 541-682-5882

ISSUE STATEMENT

This is a routine item to approve City Council Tentative Working Agenda.

BACKGROUND

On July 31, 2000, the City Council held a process session and discussed the Operating Agreements. Section 2, notes in part that "The City Manager shall recommend monthly to the council which items should be placed on the council agenda. This recommendation shall be placed on the consent calendar at the regular City Council meetings (regular meetings are those meetings held on the second and fourth Monday of each month in the Council Chamber). If the recommendation contained in the consent calendar is approved, the items shall be brought before the council on a future agenda. If there are concerns about an item, the item may be pulled from the consent calendar at the request of any councilor or the Mayor. A vote shall occur to determine if the item should be included as future council business." Scheduling of this item is in accordance with the Council Operating Agreements.

RELATED CITY POLICIES

There are no policy issues related to this item.

COUNCIL OPTIONS

The council may choose to approve, amend or not approve the tentative agenda.

CITY MANAGER'S RECOMMENDATION

The City Manager has no recommendation on this item.

SUGGESTED MOTION

Move to approve the items on the Tentative Working Agenda.

ATTACHMENTS

A. Tentative Working Agenda

FOR MORE INFORMATION

Staff Contact: Beth Forrest

Telephone: 541-682-5882

Staff E-Mail: bforrest@eugene-or.gov



City Council Tentative Agenda

Updated December 6, 2018

Meeting Location: Harris Hall, 125 East 8th Avenue, unless otherwise noted

| December 2018 | | | | | |
|--|-----------|---------|---|---------|---|
| Date | Day | Time | Title | Length | Dept. Contact |
| 10-Dec | Monday | 5:30 pm | Committee Reports and Items of Interest Housing Tools and Strategies (Work Session) | 90 mins | Mike Kinnison, PDD Anne Fifield, PDD |
| | | 7:30 pm | Public Forum Resolution Approving LIRHPTE for 11 th and Lincoln (Consent Calendar) Resolution Acknowledging Receipt of CAFR (Consent Calendar) URA-Res. Acknowledging Receipt of URA Annual Financial Report (Action) URA Supplemental Budget (Public Hearing and Action) Supplemental Budget (Public Hearing and Action) Update: Library Levy | | Ellen Meyi-Galloway, PDD Finn Cronin, CS Finn Cronin, CS Jamie Garner, CS Jamie Garner, CS Renee Grube, LRCS |
| <i>Expected absences for 12/10: none</i> | | | | | |
| 12-Dec | Wednesday | 12 pm | Homeless Service Options (Work Session) Executive Session Pursuant to ORS 192.660(2)(h) and ORS 192.660(2)(f) | 45 mins | Kristie Hammitt, CS |
| <i>Expected absences for 12/12: Syrett</i> | | | | | |

Council Break: December 13 – January 3



Work Session



Action



Public Hearing



Public Forum



Consent Calendar



Committee Reports/Items of Interest














Ceremonial Matters





Pledge of Allegiance

December 10, 2018

| January 2019 | | | | | |
|---|-----------|---------|---|---------|--|
| Date | Day | Time | Title | Length | Dept. Contact |
| 3-Jan | Thursday | 5:30 pm | State of the City | | |
| <i>Expected absences for 1/3: none</i> | | | <i>Soreng Theater, Hult Center</i> | | |
| 9-Jan | Wednesday | 12 pm |  Home Energy Score (Work Session) | 45 mins | Chelsea Clinton, CS |
| | | |  Judicial Process (Work Session) | 45 mins | Keri Beraldo, CS |
| <i>Expected absences for 1/9: none</i> | | | | | |
| 14-Jan | Monday | 5:30 pm |  Annual Goals Workshop (Work Session) | 90 mins | |
| | | 7:30 pm |  Ceremonial Matters  Public Forum  Resolution Annexing Land Located at 435 Lindley Lane (Sebring A 18-9) (Consent Calendar)  Approval of Funding and Use of City Resources for Housing Affordable to Low-Income Persons (Action) | | Rodney Bohner, PDD Ellen Meyi-Galloway, PDD |
| <i>Expected absences for 1/14: none</i> | | | | | |
| 16-Jan | Wednesday | 12 pm |  Clear & Objective Housing Approval Criteria (Work Session) | 60 mins | Jenessa Dragovich, PDD |
| | | |  TBD (Work Session) | 30 mins | |
| <i>Expected absences for 1/16: Syrett</i> | | | | | |
| 22-Jan | Tuesday | 5:30 pm |  Joint City Council/Lane County Commission – Homeless Services Systems Analysis Report (Work Session) | 90 mins | Jason Dedrick, CS |
| | | 7:30 pm |  TBD (Public Hearing) | | |
| <i>Expected absences for 1/22: none</i> | | | | | |
| 23-Jan | Wednesday | 12 pm |  NW Natural (Work Session) | 60 mins | Ethan Nelson, CS |
| | | |  Emergency Management Update (Work Session) | 30 mins | Randi Bowers-Payne, CS |
| <i>Expected absences for 1/23: none</i> | | | | | |
| 26-Jan | Saturday | 9 am |  Annual Goals Retreat | | |
| <i>Expected absences for 1/26: none</i> | | | | | <i>Location TBD</i> |




| | | | | | |
|--------|--------|---------|---|---------|-------------------------|
| 28-Jan | Monday | 5:30 pm |  Committee Reports and Items of Interest  Inclusionary Zoning (Work Session)  TBD (Work Session) | 45 mins | Stephanie Jennings, PDD |
| | | 7:30 pm |  Public Forum | | |

Expected absences for 1/28: none


| | | | | | |
|--------|-----------|-------|--|---------|--------------------|
| 30-Jan | Wednesday | 12 pm |  TBD (Work Session) | 45 mins | Michael Wisth, PDD |
| | | |  Single-Use Plastics Ban (Work Session) | 45 mins | |

Expected absences for 1/30: none




February 2019

| Date | Day | Time | Title | Length | Dept. Contact |
|--------|--------|---------|--|---------|---------------|
| 11-Feb | Monday | 5:30 pm |  Committee Reports and Items of Interest  Joint Meeting with EWEB (Work Session) | 90 mins | TBD |
| | | 7:30 pm |  Public Forum | | |



Expected absences for 2/11: none

| | | | | | |
|--------|-----------|-------|--|---------|---------------------|
| 13-Feb | Wednesday | 12 pm |  Community Safety Revenue Update (Work Session) | 90 mins | Kristie Hammitt, CS |
|--------|-----------|-------|--|---------|---------------------|





Expected absences for 2/13: none

| | | | | | |
|--------|----------------|---------|---|---------|-------------------------|
| 19-Feb | Tuesday | 5:30 pm |  Joint Meeting w/LTD Board on MovingAhead (Work Session)  Housing Policy Board Update (Work Session) | 60 mins | Rob Inerfeld, PW |
| | | | | 30 mins | Stephanie Jennings, PDD |
| | | 7:30 pm |  TBD (Public Hearing) | | |



Expected absences for 2/19: none

| | | | | | |
|--------|-----------|-------|---|---------|-----------------------|
| 20-Feb | Wednesday | 12 pm |  Highway 99/Bethel Urban Renewal District (Work Session) | 45 mins | Michael Kinnison, PDD |
| | | |  TBD (Work Session) | 45 mins | |







Expected absences for 2/20: none

| | | | | | |
|--------|--------|---------|---|---------|---|
| 25-Feb | Monday | 5:30 pm |  Committee Reports and Items of Interest  Police Commission, Sustainability Commission, Human Rights Commission Updates (Work Session)  TBD (Work Session) | 45 mins | Jeremy Cleversey, EPD Chelsea Clinton, CS Jen Van Der Haeghen, CS |
| | | 7:30 pm |  Public Forum | | |

Expected absences for 2/25: Vinis
















| | | | | | |
|--------|-----------|-------|--|--|---|
| 27-Feb | Wednesday | 12 pm |  Data Collection Policy/Protection of Individuals and Groups (Work Session)  TBD (Work Session) | | Jen Van Der Haeghan Becky DeWitt, CS |
|--------|-----------|-------|--|--|---|

Expected absences for 2/27: Vinis

| March 2019 | | | | | |
|--|-----------|---------|--|---------|---------------|
| Date | Day | Time | Title | Length | Dept. Contact |
| 11-Mar | Monday | 5:30 pm |  Committee Reports and Items of Interest  TBD (Work Session) | 45 mins | |
| | | |  TBD (Work Session) | 45 mins | |
| | | 7:30 pm |  Public Forum | | |
| <i>Expected absences for 3/11: Taylor, Evans</i> | | | | | |
| 13-Mar | Wednesday | 12 pm |  TBD (Work Session) | 45 mins | |
| | | |  TBD (Work Session) | 45 mins | |
| <i>Expected absences for 3/13: Taylor, Evans</i> | | | | | |

Council Break: March 14 – April 8

April 2019

| Date | Day | Time | Title | Length | Dept. Contact |
|---|-----------|---------|--|---------|------------------------|
| 8-Apr | Monday | 5:30 pm |  Committee Reports and Items of Interest | 45 mins | Matt Rodrigues, PW |
| | | |  Zone of Benefit/Reimbursement District (Work Session) | | |
| | | 7:30 pm |  TBD (Work Session) | 45 mins | |
| <i>Expected absences for 4/8: none</i> | | | | | |
| 10-Apr | Wednesday | 12 pm |  Clear & Objective Housing Approval Criteria (Work Session) | 45 mins | Jenessa Dragovich, PDD |
| | | |  TBD (Work Session) | 45 mins | |
| <i>Expected absences for 4/10: none</i> | | | | | |
| 15-Apr | Monday | 5:30 pm |  TBD (Work Session) | 45 mins | |
| | | |  TBD (Work Session) | 45 mins | |
| | | 7:30 pm |  TBD (Public Hearing) | | |
| <i>Expected absences for 4/15: none</i> | | | | | |
| 17-Apr | Wednesday | 12 pm |  TBD (Work Session) | 45 mins | |
| | | |  TBD (Work Session) | 45 mins | |
| <i>Expected absences for 4/17: none</i> | | | | | |
| 22-Apr | Monday | 5:30 pm |  Committee Reports and Items of Interest | 45 mins | |
| | | |  TBD (Work Session) | | |
| | | 7:30 pm |  TBD (Work Session) | 45 mins | |
| <i>Expected absences for 4/22:</i> | | | | | |
| 24-Apr | Wednesday | 12 pm |  TBD (Work Session) | | |
| | | |  TBD (Work Session) | | |
| <i>Expected absences for 4/24:</i> | | | | | |



Work Session



Action



Public Hearing



Public Forum



Consent Calendar



Committee Reports/Items of Interest



Ceremonial Matters



Pledge of Allegiance

| Approved Work Session Polls to be Scheduled | Councilor | Date Approved |
|--|-----------|---------------|
| Hwy 99/Bethel Urban Renewal District – <i>scheduled 2/19/19</i> | Evans | 11/9/17 |
| Home Energy Score Policy – <i>scheduled 1/9/19</i> | Semple | 3/9/18 |
| Data Collection Policy/Protection of Individuals and Groups – <i>scheduled 2/27/19</i> | Syrett | 7/19/18 |
| Single-Use Plastics Ban – <i>scheduled 1/30/19</i> | Semple | 10/04/18 |
| Potential Regulation of Natural Gas in Eugene | Semple | 10/11/18 |
| Revisit City Code Regarding Alley Access Rules | Semple | 10/11/18 |
| Follow-Up Work Sessions to be Scheduled | | |
| \$1 Million Shelter | | |
| Commercial Setbacks | | |
| Inclusionary Zoning – <i>scheduled 1/28/19</i> | | |

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Adoption of a Resolution Approving a Low-Income Rental Housing Property Tax Exemption for 11th and Lincoln

Meeting Date: December 10, 2018
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2C
Staff Contact: Ellen Meyi-Galloway
Contact Telephone Number: 541-682-5532

ISSUE STATEMENT

City Council is asked to approve a resolution for a new 20-year Low-Income Rental Housing Property Tax Exemption for 11th and Lincoln, a proposed apartment complex located at the northwest corner of 11th Avenue and Lincoln Street. The developer of the project is 11thandLincoln LLC. The property will be targeted to low-income renters.

BACKGROUND

The City adopted the low-income rental housing property tax exemption program in 1990. Eugene has approved tax exemptions for 31 affordable housing developments with over 1,200 units since adoption. Council unanimously approved extending the 20-year LIRHPTE program for an additional 10 years in 2011. The approved ordinance also enables recipients to reapply for the 20-year LIRHPTE after the initial 20-year period has expired. Council reviews each tax exemption request on a case-by-case basis. Most recently, council approved a new LIRHPTE for the Emerald Village Eugene development in January 2018 and a LIRHPTE renewal for Woodleaf Village in June 2018.

Projects must meet 10 criteria, including requirements for rents and incomes limited to households with incomes at or below 60 percent of area median income. If an application meets the substantive criteria (Eugene Code 9.239(3)(a)-(i)) as referenced in the Report and Recommendation (Attachment A), the City must grant the exemption by resolution (Attachment B). A decision to deny the exemption cannot be made by simple motion or inaction; it would need to be made by a resolution (Attachment C) that explains how the applicant has failed to demonstrate that the tax exemption is in the public interest.

Summary of requested tax exemption

The requested tax exemption is for 11th and Lincoln, a proposed 70-unit affordable housing development in the Downtown neighborhood (map in Attachment D). The Eugene-based developer, 11thandLincoln LLC, has an option agreement to acquire the property. Craig Weicker is the Managing Member of 11thandLincoln LLC. The development would provide 64 small one-bedroom and six two-bedroom units to low and very low-income households at affordable rents. The development proposal includes laundry facilities, common area and secure indoor bicycle parking.

The developer will apply for financing through Oregon Housing and Community Services through the Multi-family Local Innovation and Fast Track Rental Housing Program and the 4 percent Low-Income Housing Tax Credit program. LIFT is a new program created by the State of Oregon to finance affordable housing development. The developer has also requested a City of Eugene Systems Development Charge exemption to assist with construction costs. The apartments would not be able to achieve their proposed level of affordability without the City of Eugene property tax exemption.

The requested exemption meets the substantive criteria (Eugene Code 9.239(3)(a)-(i)) as shown in the Report and Recommendation (Attachment A). No public comments were received during the public comment period.

RELATED CITY POLICIES

The proposed project advances goals established in multiple local plans and policies. The five-year Eugene-Springfield 2015 Consolidated Plan identifies many affordable housing goals including increasing the affordable housing supply by 650 units. Other plans and policies include the Residential Land Use and Housing Element of the Metropolitan Area General Plan, Eugene City Council Adopted Growth Management Policies, the Diversity and Equity Strategic Plan, the Lane County Ten Year Plan to End Chronic Homelessness, Housing Dispersal Policy, and the Lane County Continuum of Care Plan. The proposed uses of funds also specifically support affordable housing goals set forth in the Envision Eugene pillars.

Approval of the property tax exemption application for 11th and Lincoln would support the Envision Eugene pillar of providing housing affordable to all income levels. The Envision Eugene Housing Affordability pillar includes strategies to meet the growing and changing housing needs of Eugene residents by supporting subsidized affordable housing projects. Continuing to provide property tax exemptions to low-income rental housing developments has been identified as an action to help successfully implement this strategy.

COUNCIL OPTIONS

The City Council has two options:

1. Approve the tax exemption.
2. Deny the tax exemption.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends option 1, to approve the resolution granting a 20-year Low-Income Rental Housing Property Tax Exemption for the property located at the northwest corner of 11th Avenue and Lincoln Street.

SUGGESTED MOTION

Move to adopt the resolution approving a 20-year Low-Income Rental Housing Property Tax Exemption for the property located at the northwest corner of 11th Avenue and Lincoln Street.

ATTACHMENTS

- A. Report and Recommendation
- B. Resolution approving the tax exemption
- C. Resolution denying the tax exemption
- D. Map and image of the proposed site

FOR MORE INFORMATION

Staff Contact: Ellen Meyi-Galloway
Telephone: 541-682-5532
Staff E-Mail: emeyi-galloway@eugene-or.us

**REPORT AND RECOMMENDATION
of the Community Development Manager
of the Planning and Development Department**

**Application of 11th and Lincoln LLC
For Low-Income Rental Housing Property Tax Exemption
(Section 2.937 to 2.940 of the Eugene Code, 1971)
for Property at 11th Avenue and Lincoln Street, Eugene, Oregon**

The Community Development Manager of the Planning and Development Department of the City of Eugene finds that:

1. Craig I. Weicker, Manager of 11th and Lincoln LLC, has an option to purchase real property located at the **northwest corner of 11th Avenue and Lincoln Street**, Eugene, Oregon, 97401 (Assessor's Map 17-03-31-13; Tax Lots 12900, 13000, 13100, 13200, and 13300; Assessor's Property Account Nos. 0262020, 0262012, 0261998, 0262004, 0262038, respectively) for the purpose of developing low income rental housing. 11th and Lincoln LLC ("the applicant"), located at 2791 Oak Alley Suite 5, Eugene, Oregon 97405, has submitted an application for an exemption from ad valorem taxes under the City's Low-Income Rental Housing Property Tax Exemption Program (Sections 2.937 to 2.940 of the Eugene Code, 1971) for 70 new low-income rental housing units.

2. I have reviewed the application and find that the applicant has submitted all materials, fees and documents required by the application, and is in compliance with the provisions of EC 2.939(2) and Sections 2.1 through 2.9 of the Standards and Guidelines adopted by Resolution No. 5028. Specifically I find:

- (a) The property, or portion thereof subject to the property tax exemption, will be occupied solely as a residence for low-income persons.
- (b) The required rent payment reflects the full value of the property tax exemption.
- (c) The housing units on the property will be constructed after February 12, 1990.
- (d) The applicant has complied with the policies set forth in the Standards and Guidelines for Low-Income Rental Housing Property Tax Exemption adopted by council Resolution No. 5028.
- (e) The proposed development is consistent with the city's housing dispersal policy.
- (f) The proposed development does not cause the displacement of low-income persons.
- (g) The proposed development does not cause destruction of historic properties.
- (h) The proposed development is otherwise consistent with the Eugene Code and adopted city regulations and policies.

- (i) The applicant has executed, and agrees to maintain in effect for the duration of the tax exemption period, a Rent Regulatory Agreement as described in Section 5.1 of the Standards and Guidelines.
- (j) The applicant has consented in writing that for the duration of the tax exemption period, the city may inspect the property for which the exemption is granted to insure that the premises are maintained in decent, safe and sanitary conditions for the occupants.

3. Comments have been solicited from interested City departments, 4J School District, and the affected neighborhood groups. No public comments were received.

Therefore, based on the above findings, the proposed project conforms with all applicable City Code provisions, local plans, planning regulations, the Envision Eugene Plan, and the criteria set forth in the City's adopted Standards and Guidelines for Low-Income Rental Housing Property Tax Exemption, and I recommend that the application be approved.

Dated this 28 day of November, 2018.

Print: Michael J. Kinnison

Sign:



Community Development Manager AIC of the Planning and Development Department



RESOLUTION NO. ____

A RESOLUTION APPROVING A LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION FOR PROPERTY LOCATED AT 11TH AVENUE AND LINCOLN STREET, EUGENE, OREGON. (Applicant 11thandLincoln LLC)

The City Council of the City of Eugene finds that:

A. Craig I. Weicker, Manager of 11thandLincoln LLC, has entered into a Purchase Option Agreement to purchase real property located at the northwest corner of 11th Avenue and Lincoln Street, Eugene, Oregon, 97401 (Assessor's Map 17-03-31-13; Tax Lots 12900, 13000, 13100, 13200, and 13300; Assessor's Property Account Nos. 0262020, 0262012, 0261998, 0262004, 0262038, respectively) owned by Martin Henner, located at 1050 Lincoln Street, Eugene, Oregon.

B. 11thandLincoln LLC, located at 2791 Oak Alley Suite 5, Eugene, Oregon, has submitted an application pursuant to Subsection 2.939(2) of the Eugene Code, 1971, for an exemption from ad valorem taxes under the City's Low-Income Rental Housing Property Tax Exemption Program (Sections 2.937 to 2.940 of the Eugene Code, 1971) with respect to low-income residential units to be developed on the property.

C. The project will consist of the development of a 70-unit apartment complex consisting of 64 1-bedroom units, six 2-bedroom units, and common space serving the units for which the exemption is sought.

D. The Community Development Manager of the Planning and Development Department, as designee of the City Manager, has prepared a Report and Recommendation recommending that the application be approved and the exemption granted. In making that recommendation, the Community Development Manager found that the applicant submitted all materials, documents and fees required by EC 2.938 and is in compliance with the policies set forth in the Standards and Guidelines adopted by Resolution No. 5028. In addition, the Community Development Manager found that the applicant has complied with the criteria for approval provided in EC 2.939(2) and the eligibility requirements at Section 2.1 through 2.9 of the Standards and Guidelines adopted by Resolution No. 5028.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Based upon the above findings, the City Council approves the application of 11thandLincoln LLC for an ad valorem property tax exemption under the City's Low-Income Rental Housing Property Tax Exemption Program for the property located at the northwest corner of 11th Avenue and Lincoln Street, Eugene, Oregon, 97401 (Assessor's Map 17-03-31-13; Tax Lots 12900, 13000, 13100, 13200, and 13300; Assessor's Property Account Nos. 0262020, 0262012, 0261998, 0262004, 0262038,

respectively) which will include 64 1-bedroom units, six 2-bedroom units, and common space serving the units for which the exemption is sought.

Section 2. Except as provided in Section 3 of this Resolution, the land and units described in Section 1.1 above are declared exempt from local ad valorem property taxation commencing July 1, 2019, and continuing for a continuous period of 20 years unless earlier terminated in accordance with the provisions of Section 2.940 of the Eugene Code, 1971, which provides for termination after an opportunity to be heard if:

2.1 Construction or development of the exempt property differs from the construction or development described in the application for exemption, or was not completed by January 1, 2020, and no extensions or exceptions were granted; or

2.2 The applicant fails to comply with provisions of ORS 307.515 to 307.523, provisions of the Eugene Code, 1971, the Standards and Guidelines adopted by Council Resolution No. 5028, or any conditions imposed in this Resolution.

The tax exemption shall be terminated immediately, without right of notice or appeal, pursuant to the provisions of ORS 307.531 in the event that the county assessor determines that a change of use to other than that allowed has occurred for the housing unit, or portion thereof, or, if after the date of this approval, a declaration as defined in ORS 100.005 is presented to the county assessor or tax collector for approval under ORS 100.110.

Section 3. The tax exemption described in Section 2 of this Resolution shall not take effect unless 11th and Lincoln LLC is the owner of the Property on July 1, 2019.

Section 4. The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within 10 days from the date of adoption of this Resolution, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2019. The copy of the Resolution sent to the applicant shall be accompanied by a notice explaining the grounds for possible termination of the exemption prior to the end of the exemption period and the effects of the termination.

Section 5. This Resolution shall become effective immediately upon its adoption.

The foregoing Resolution adopted the ___ day of December, 2018.

City Recorder

RESOLUTION NO. _____

A RESOLUTION DENYING A LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION FOR PROPERTY LOCATED AT 11TH AVENUE AND LINCOLN STREET, EUGENE, OREGON. (Applicant 11thandLincoln LLC)

The City Council of the City of Eugene finds that:

A. Craig I. Weicker, Manager of 11thandLincoln LLC, has entered into a Purchase Option Agreement to purchase real property located at the northwest corner of 11th Avenue and Lincoln Street, Eugene, Oregon, 97401 (Assessor's Map 17-03-31-13; Tax Lots 12900, 13000, 13100, 13200, and 13300; Assessor's Property Account Nos. 0262020, 0262012, 0261998, 0262004, 0262038, respectively) owned by Martin Henner, located at 1050 Lincoln Street, Eugene, Oregon.

B. 11thandLincoln LLC, located at 2791 Oak Alley Suite 5, Eugene, Oregon, has submitted an application pursuant to Subsection 2.939(2) of the Eugene Code, 1971, for an exemption from ad valorem taxes under the City's Low-Income Rental Housing Property Tax Exemption Program (Sections 2.937 to 2.940 of the Eugene Code, 1971) with respect to low-income residential units to be developed on the property.

C. The project will consist of the development of a 70-unit apartment complex consisting of 64 1-bedroom units, six 2-bedroom units, and common space serving the units for which the exemption is sought.

D. The Community Development Manager of the Planning and Development Department, as designee of the City Manager, has prepared a Report and Recommendation recommending that the application be approved and the exemption granted. In making that recommendation, the Community Development Manager found that the applicant submitted all materials, documents and fees required by EC 2.938 and is in compliance with the policies set forth in the Standards and Guidelines adopted by Resolution No. 5028. In addition, the Community Development Manager found that the applicant has complied with the criteria for approval provided in EC 2.939(2) and the eligibility requirements at Section 2.1 through 2.9 of the Standards and Guidelines adopted by Resolution No. 5028.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Notwithstanding the findings in the Community Development Manager's Report and Recommendation, the City Council denies the application of 11thandLincoln LLC for an ad valorem property tax exemption under the City's Low-Income Rental Housing Property Tax Exemption Program for the property located at the northwest corner of 11th Avenue and Lincoln Street, Eugene, Oregon, 97401 (Assessor's Map 17-03-31-13; Tax Lots 12900, 13000, 13100, 13200, and 13300; Assessor's Property

Account Nos. 0262020, 0262012, 0261998, 0262004, 0262038, respectively) because the applicant has failed to demonstrate satisfactory compliance with the criteria in Section 2.939(2) of the Eugene Code, 1971.

Section 2. The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days from the date of adoption of this Resolution, along with a notice informing the applicant of the right to appeal in the manner set forth in ORS 34.010 to 34.100.

Section 3. This Resolution shall become effective immediately upon its adoption.

The foregoing Resolution adopted the ____ day of December, 2018.

City Recorder

Proposed LIRHPTE 11th & Lincoln



Caution: This map is based on imprecise source data, subject to change, and for general reference only.



EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Adoption of a Resolution Acknowledging Receipt of City of Eugene, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018

Meeting Date: December 10, 2018
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 2D
Staff Contact: Finn Cronin
Contact Telephone Number: 541-682-5394

ISSUE STATEMENT

This is a resolution acknowledging receipt of the City of Eugene, Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This resolution demonstrates compliance with ORS 297.465(2), which requires that a copy of the City's CAFR, containing a signed expression of opinion, be furnished to each member of the governing body. The resolution is included as Attachment B.

BACKGROUND

Under Oregon Municipal Audit Law, the City is required each fiscal year to contract with an authorized accounting firm for the audit of its accounts and fiscal affairs (ORS 297.425). The firm of Isler CPA (auditors) has completed the audit of the City of Eugene's financial statements for the fiscal year ended June 30, 2018, and issued an unmodified opinion (also known as a "clean opinion") on the basic financial statements.

One of the most important components of the CAFR is the audit opinion. The auditors have issued two audit reports which can be found on pages 13-15 and pages 167-168 of the CAFR. In the first report, the auditors have issued an unmodified opinion on the City's basic financial statements, indicating that the City has prepared these statements in conformity with generally accepted accounting principles. GAAP for state and local governments is promulgated by the Governmental Accounting Standards Board to ensure consistency in accounting and comparability in financial reporting among state and local governments. A clean opinion is a fundamental financial goal for every government, as it represents the highest level of opinion a government can receive from its independent auditors. A clean opinion is an important indicator of sound financial management and creditworthiness to the citizens, other governmental jurisdictions (state and federal), credit rating agencies, investment bankers, bond holders, and other private sector entities. For policy makers, a clean opinion means that the information in the CAFR is accurate and reliable.

In the second report, the auditors address the City's compliance with applicable provisions of Oregon Revised Statutes including requirements related to debt, deposit of public funds, preparation and adoption of the budget, accounting records and related internal control structure, etc. In addition, the auditors also report if the City had any significant internal control weaknesses. The auditors noted that the City complied with all laws.

The auditors conduct the audit of the City's basic financial statements in accordance with generally accepted auditing standards and the Minimum Standards for Audits of Oregon Municipal Corporations. In addition, as a recipient of federal grants, the City is subject to the Federal Single Audit Act of 1984, which requires that the audit be conducted in accordance with 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). These standards and the Uniform Guidance require that the auditors plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement and whether the City complied with the laws and regulations pertaining to federally-funded programs. In addition to state and federal requirements, the City has a contractual obligation in connection with its debt issuances which requires that the City issue annual audited financial statements.

Two additional reports, beginning on page 171, specifically address compliance with Federal laws, regulations, contracts and grants, and indicate that the auditors found no material instances of the City's noncompliance with these requirements, nor were there any findings or questioned costs noted in relation to Federal awards made to the City.

This year, the City implemented Governmental Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement requires that the value of the City's liability related to Other Post-Employment Benefits be recorded in the financial statements. OPEB are benefits that an employee earns while working, but does not receive until after they retire. The City's primary OPEB obligation is driven by an ORS mandate that requires all local governments provide healthcare coverage to retirees, spouses, and domestic partners until they are Medicare eligible. Retiree health care costs are higher than the health care premiums they pay, so as required by statute, the City covers the difference between retiree healthcare costs and retiree health care premiums, which is known as the implicit subsidy. The City reduced its beginning net position by \$15.0 million to recognize the implicit subsidy. This accounting change does not have any impact on the City's budget or funding for OPEB. In past years the OPEB unfunded liability was simply reported as Required Supplementary Information.

Management is responsible for the information contained in, and the preparation of, the City's financial statements. To effectively fulfill this responsibility and to contain the cost of auditor services, City staff devotes significant effort to the closing of accounting records, the preparation of schedules and audit workpapers, and the production of the CAFR. This also results in staff expertise being developed on specific financial and service issues that can then be used to assist departments and other pertinent parties.

Professional requirements mandate auditors provide a report to the governing body that addresses any concerns or findings they encountered in such audit-related issues as significant audit findings, accounting estimates, and disagreements with management. Isler CPA's memo addressing these issues for fiscal year 2018 is included as Attachment B and it states that there were no concerns that required communication to City Council.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eugene for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the 42nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, which satisfies both generally accepted accounting principles and applicable legal requirements. In addition, the requirements for the certificate provide much of the information needed for the City's credit assessments.

One piece of information of particular interest to council may be the most recent accounting of the General Fund fund balance. Attachment D includes updated fund balance statistics for FY18 along with changes from the prior year statistics.

RELATED CITY POLICIES

Policy B.1 of the City's Financial Management Goals and Policies states that "The City will maintain an accounting and financial reporting system that allows reporting in conformance with Generally Accepted Accounting Principles and Oregon Local Budget Law and will issue a Comprehensive Annual Financial Report each fiscal year." This action signifies formal completion of this process for the fiscal year ended June 30, 2018, and demonstrates council's compliance with the Policy.

COUNCIL OPTIONS

None.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends adoption of the Resolution.

SUGGESTED MOTION

Move to adopt the resolution acknowledging receipt of the Comprehensive Annual Financial Report for the City of Eugene, for the fiscal year ended June 30, 2018.

ATTACHMENTS

- A. Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018
- B. Resolution
- C. Copy of the Isler CPA memo
- D. Information on General Fund, Fund Balance Trends

FOR MORE INFORMATION

Staff Contact: Finn Cronin
Telephone: 541-682-5394
Staff E-Mail: FCronin@eugene-or.gov



City of Eugene, Oregon
Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

Jon Ruiz, City Manager

December 10, 2018, Meeting - Item 2D

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



REPORT PREPARED BY THE CITY
FINANCE DIVISION

INTRODUCTORY SECTION

CITY OF EUGENE, OREGON
 Comprehensive Annual Financial Report
 Year ended June 30, 2018

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City of Eugene
100 West 10th Ave., Suite 400
Eugene, Oregon 97401
(541) 682-5022
(541) 682-5802 FAX
www.eugene-or.gov

November 30, 2018

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

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Eugene, Oregon, for the fiscal year ended June 30, 2018.

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

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

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

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

The City's financial statements were audited by Isler CPA, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended June 30, 2018, are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

In addition to meeting the requirements set forth above, the independent audit also was designed to meet the special needs of federal grantor agencies as provided for in the Federal Single Audit Act and the Office of Management and Budget's (OMB) Uniform Guidance. These standards require the independent auditor not only report on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal awards. The results of the independent audit for the fiscal year ended June 30, 2018 indicated no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The independent auditor's reports related specifically to the Single Audit and OMB Uniform Guidance are included in the Government Auditing Standards Section.

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

City Overview

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

As of July 1, 2017, 167,780 people resided within Eugene's municipal boundaries, making it Oregon's second largest city. City boundaries encompassed 44.3 square miles in Lane County. The Willamette River runs through the heart of the City and the McKenzie River joins the Willamette to the north of the City. Eugene is the center of government and education including County, State and Federal government agencies, and is home to the University of Oregon. Over the last ten years, Eugene's population has increased on average nearly 1.0% annually.

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

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

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

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

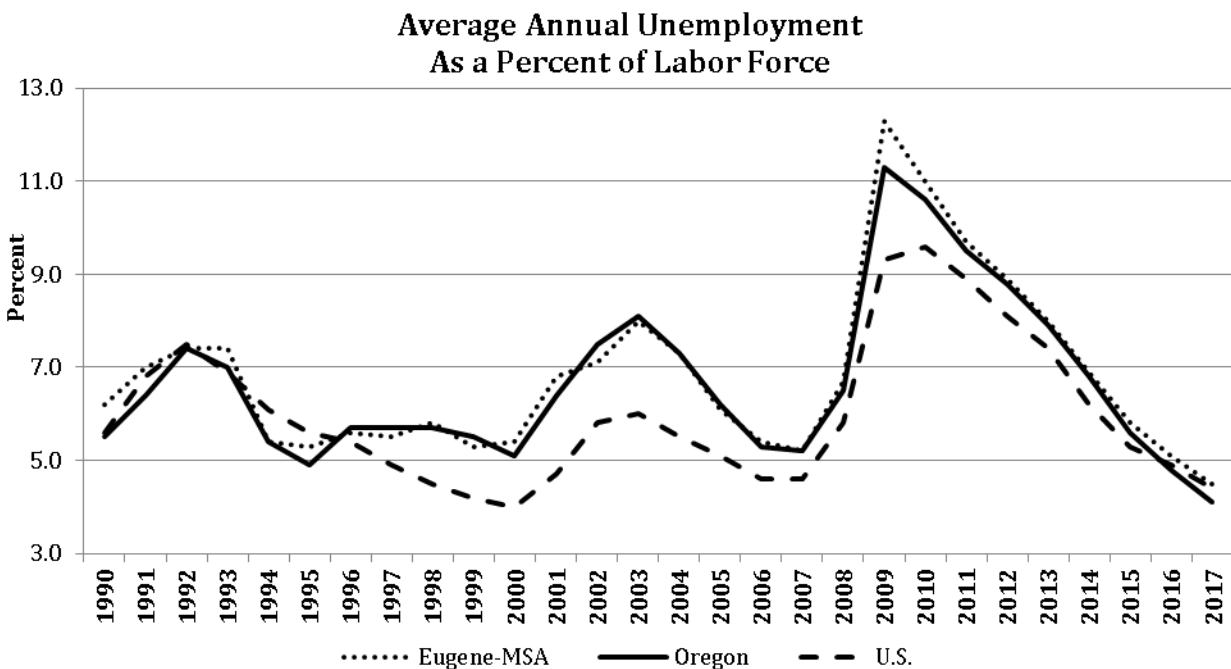
The legally adopted budget is at the fund and department level for operating expenditures, with separate appropriations established for capital projects, debt service, interfund transfers, and special payments. Budgetary controls are administered internally at a more restrictive level. Budget-to-actual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

Local Economy

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

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

Eugene is the largest city in Lane County and the second largest city in Oregon, representing 45.3% of the county's and 4.1% of the state's population. Eugene's economy typically follows the trends of the state and national economies. The unemployment rate in the Eugene-Springfield Metropolitan Statistical Area (MSA) rose sharply as a result of the recession, from an average annual rate of 6.7% in 2008 to a high of 12.3% in 2009, primarily due to job losses in the metropolitan area in recreational vehicle manufacturing, wood products and high-tech manufacturing. Eugene's 2017 unemployment rate dropped to 4.5% but remained 0.4% higher than the state as a whole and 0.1% above the national average.



The two pillars that have historically provided relative stability in Eugene's economy are the large public sector employment base and population in-migration. In-migration has bolstered the area's population growth over the past decade. The University of Oregon, available health care and abundant outdoor recreation amenities make Eugene a favorable place to live. California has been the largest source of new residents to the area due to Eugene's proximity, natural and cultural amenities, and relatively lower cost of living. Eugene's population growth slowed somewhat in the years following the last recession as the local economy contracted and the labor market weakened. However, population growth has rebounded in the last two years, increasing by rates above the ten-year average.

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

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

Long-term Financial Planning

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

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

In March 2017, the City Council approved the FY18-23 *Capital Improvement Program* (CIP). The CIP forecasts the City's capital needs over a six-year period based on various long-range plans, goals, and policies. The underlying strategy of the CIP is to plan for land acquisition, construction, and major maintenance of public facilities necessary for the safe and efficient management of City assets. A critical element of a balanced CIP is the provision of funds to preserve or enhance existing facilities and provide new assets which will help the City respond to changing service needs and community growth. The program is approved every other year and serves as the basis for the capital budget for the next two fiscal years. The FY18-23 CIP totals \$162.3 million in projects with funding secured or identified from a variety of sources. The capital budget for FY19 totals \$53.0 million.

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

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

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

With the significant amount of future capital projects, as well as identified unfunded needs, the City also recognizes the need to be thoughtful and deliberate in planning future debt levels. As a result, the City has developed a *Debt Capacity Analysis*. This study looks at not just the legally allowable level of debt, but the level of debt that the community would consider affordable, given the community's ability and willingness to pay for that debt. The Budget Committee adopted a debt policy limit of net direct debt of no more than 1% of real market value of property. The *Debt Capacity Analysis* measures future debt plans against this debt policy limit to determine whether those plans are considered affordable and those results are included in the CIP. The City's net direct debt to real market value was 0.25% at the end of FY18.

City Council Vision, Goals and Outcomes

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

City Council Vision

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

City Council Goals and Outcomes

Safe Community

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

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

Sustainable Development

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

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

Accessible and Thriving Culture and Recreation

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

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

Effective, Accountable Municipal Government

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

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

Fair, Stable and Adequate Financial Resources

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

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

Major New Initiatives

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

Passage of Bond Measures

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

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

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

Parks and Recreation Operations and Maintenance Levy

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

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

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

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

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

Community Safety

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

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

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

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

Development of the Downtown Riverfront

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

Phase II of the Corporate Renovation Project

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

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

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

Other Information

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eugene for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the 42nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its adopted budget document for FY18. In order to qualify for the Award, the budget document was judged to be proficient in several categories as a policy document, financial plan, operations guide, and communications device. The City has received this award for 35 years, and is one of the few jurisdictions in the country to have received this recognition every year since its inception.

Acknowledgments

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

Respectfully submitted,



Twylla Miller
Finance Director



Government Finance Officers Association

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

Presented to

**City of Eugene
Oregon**

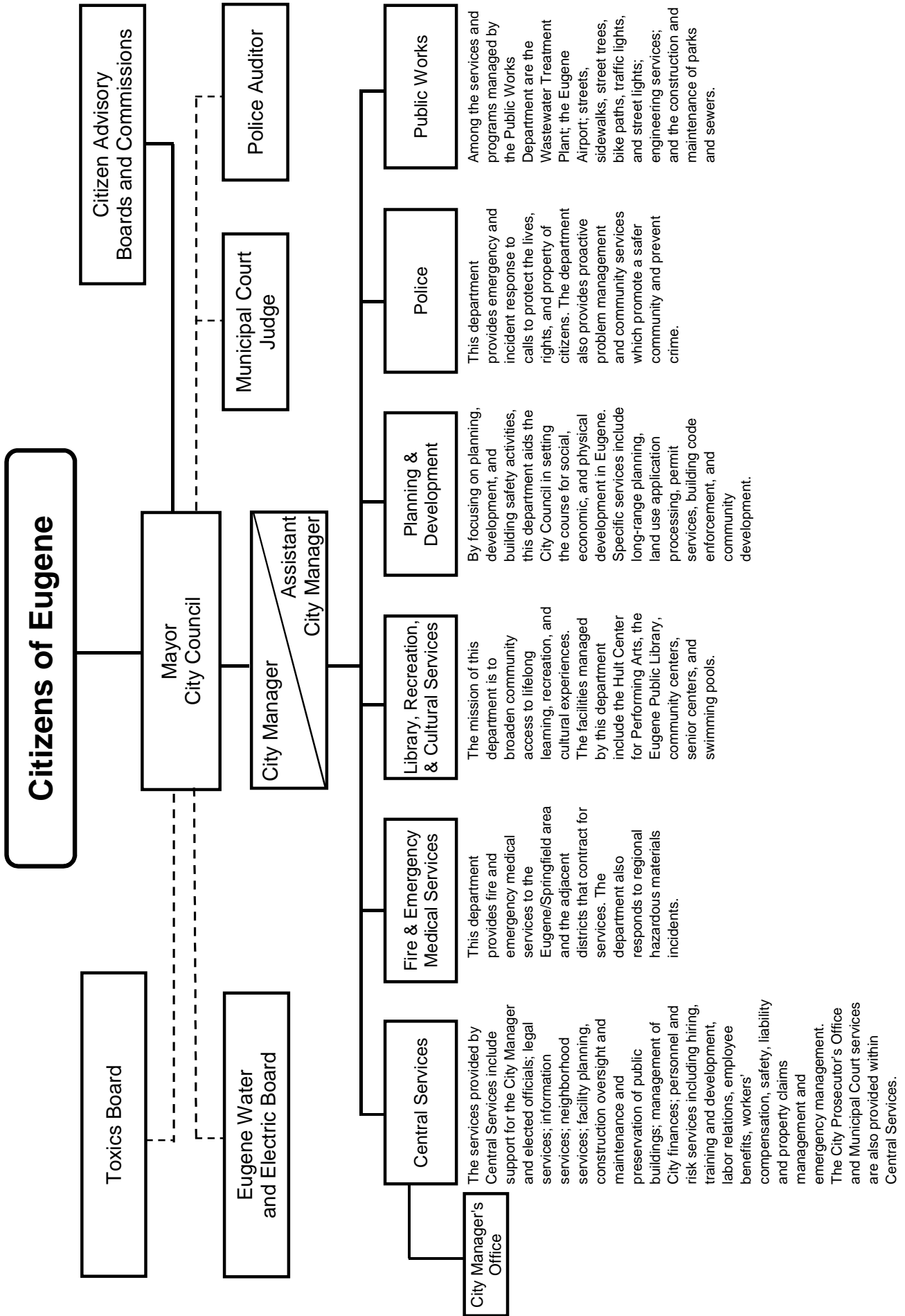
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

City of Eugene Organizational Chart



CITY OF EUGENE, OREGON

Mayor and City Council as of June 30, 2018

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

Principal Officials

Jon R. Ruiz, City Manager

Kristie Hammitt, Assistant City Manager

Kathryn Brotherton, City Attorney

Sue Cutsogeorge, Central Services Executive Director

Joe Zaludek, Fire and Emergency Medical Services Chief

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

Denny Braud, Planning and Development Executive Director

Chris Skinner, Chief of Police

Sarah Medary, Public Works Executive Director

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eugene, Oregon ("the City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 17 through 25), the schedules of revenues, expenditures and changes in fund balances – budget and actual of the General Fund and the Community Development Fund (pages 89 through 90) (the "budgetary schedules"), the schedule of the City's Proportionate Share of the Net Pension Asset/(Liability) (page 91), the schedule of the City's Proportionate Share of the Net OPEB RHIA Asset (Liability) (page 92), the Schedule of Changes in the City's Total OPEB RHLI Asset (Liability) (page 92) and the budget to GAAP reconciliation (page 93), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis, the schedule of the City's Proportionate Share of the Net Pension Asset (Liability), the schedule of the City's Proportionate Share of the Net OPEB RHIA Asset (Liability), and the Schedule of Changes in the City's Total OPEB RHLI Asset (Liability) in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above on pages 89 - 90 and the budget to GAAP reconciliation on page 93 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules and budget to GAAP reconciliation have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and budget to GAAP reconciliation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section (pages 1 through 11); other supplementary information (pages 95 through 140); other supplementary schedules (page 142 through 143) and statistical tables section (pages 145 through 164) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards (pages 178 through 180) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The other supplementary information, other supplementary schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

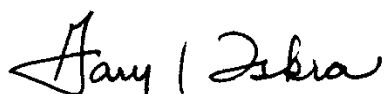
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

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

ISLER CPA



By Gary Iskra, CPA, a member

Eugene, Oregon
November 30, 2018

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Management's Discussion and Analysis

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

Financial Highlights

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

Overview of the Financial Statements

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

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

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

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

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

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

The governmental activities of the City include the following:

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

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

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

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

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

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

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

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

The City maintains 22 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report four major funds: General Fund, Community Development Special Revenue Fund, General Capital Projects Fund, and the Systems Development Capital Projects Fund. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Summary fund data by fund-type for these nonmajor governmental funds is provided as other supplementary information in the form of combining statements at B-1 and B-2 of this report. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements at C-1, C-2, D-1, D-2, E-1, and E-2.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the Community Development Fund as required supplementary information at A-1 and A-2. Budgetary comparisons for all other governmental funds have been provided as other supplementary information at C-3 through C-13, D-3 through D-5, and E-3 through E-8.

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

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

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

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

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

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

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

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial health. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$806.0 million at the close of the fiscal year ending June 30, 2018, a decrease of \$5.4 million. The following table summarizing the City's net position has not been restated for the implementation of GASB 75.

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

The largest portion of the City's net position, \$709.5 million, is its investment in capital assets. The City's investment in capital assets is reported net of related debt. Capital assets do not represent readily available resources to be used for ongoing operations or to liquidate existing liabilities.

The remaining portion of the City's net position consists of restricted and unrestricted resources. The restricted portion of the City's net position is \$111.8 million which represents resources that are subject to external restrictions as to how they may be used. This category increased \$15.2 million in the fiscal year ending June 30, 2018. The City's unrestricted portion of net position is a negative \$15.3 million.

City of Eugene's Changes in Net Position

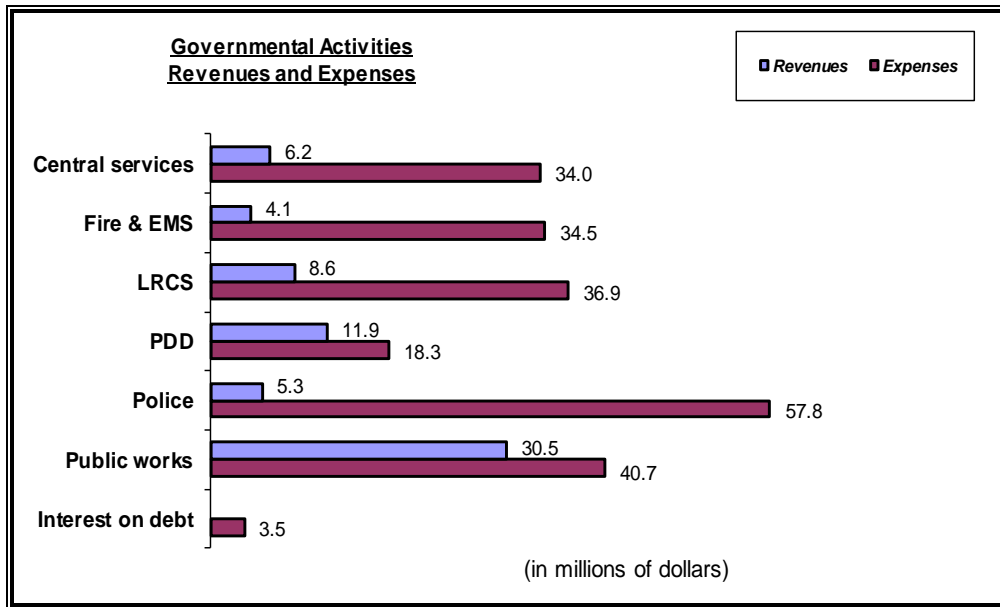
| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program revenues: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

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

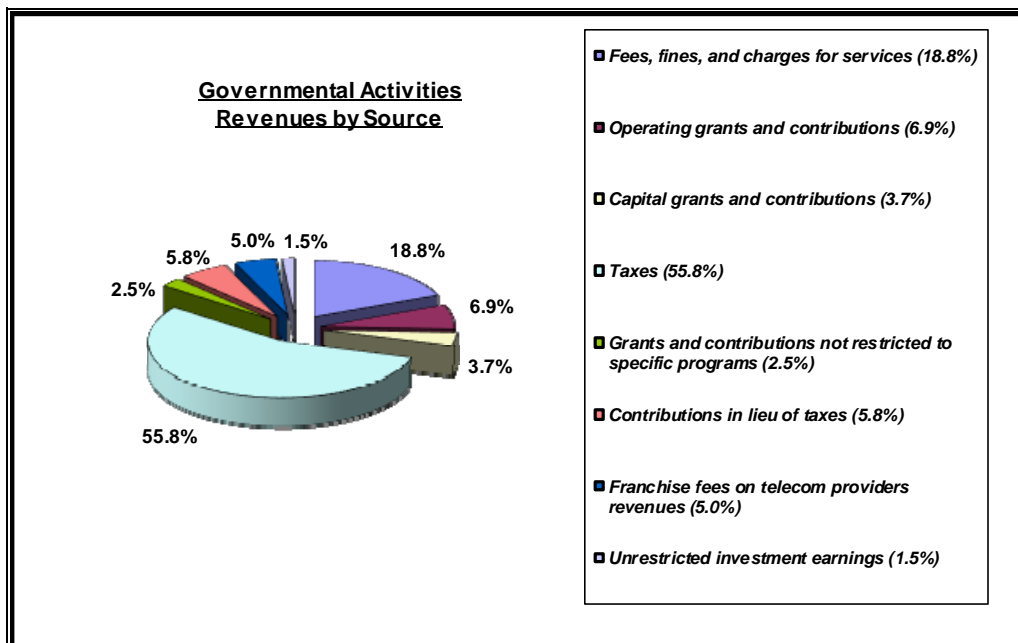
Governmental activities. The change in net position for governmental activities before transfers decreased by \$25.9 million. The decrease was driven by:

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

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



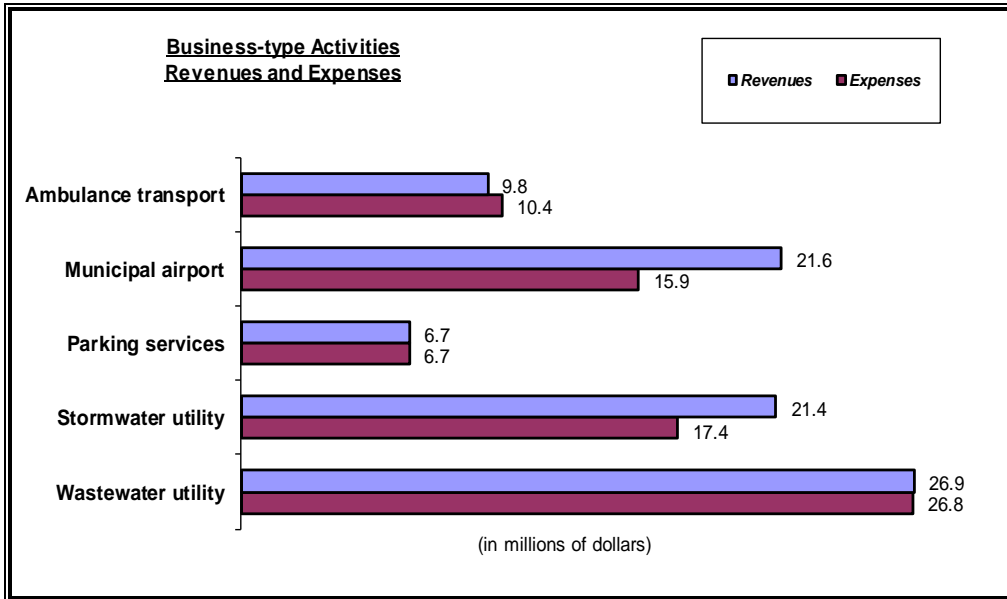
The next chart shows the percent of the total for each source of revenue supporting governmental activities. As the chart reflects, most governmental activities relied on taxes for support.



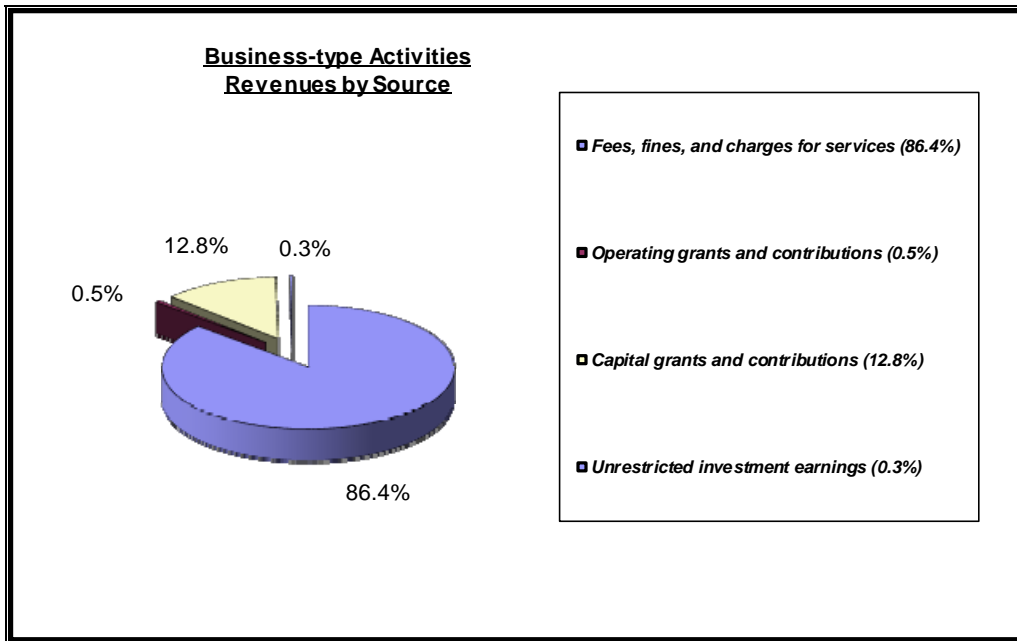
Business-type activities. The change in net position for business-type activities, before transfers, decreased \$0.3 million. The decrease was driven by:

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

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



The chart below shows that 86.4% of revenues for business-type activities are generated from fees, fines, and charges for services. Capital grants and contributions were derived predominantly from grants from the Federal Aviation Administration and the donation of infrastructure stemming from the development of new residential areas.



Capital assets. The City's capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$724.4 million (net of accumulated depreciation). Capital assets include land, rights-of-way, construction in progress, buildings and equipment, improvements other than buildings (such as parks and park improvements), storm sewers and trunk sewers (stormwater and wastewater systems), tangibles, and infrastructure (such as roads and sidewalks).

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

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

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

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

City of Eugene's Bonded Debt

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

The City's bonded debt decreased \$7.1 million during the year as the result of debt service payments.

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

- Aa1 for general obligation bonds (June 2016).
- The Oregon Local Governments Limited Tax Pension Obligations, Series 2002, are insured by Ambac Assurance and were rated Aaa at issuance. Subsequent to issuance, Ambac Assurance was downgraded by Moody's Investors Service to Caa2. In July 2018, Moody's Investors Service upgraded the underlying rating on Oregon Local Governments Limited Tax Pension Obligations, Series 2002 to Aa3 from A2. In April 2011, Ambac Assurance severed their relationship with Moody's requesting that Ambac ratings be withdrawn. Moody's ratings on securities insured by Ambac will be maintained at the published underlying rating, or Aa3. The pension obligations were issued as one offering for certain Oregon cities, counties, and special districts. The City of Eugene's share of the total pension obligations on which the rating was based is 29.7%.

Under Oregon Revised Statutes, general obligation debt issues are limited to 3.0% of the real market value of all taxable property within the City's boundaries. The \$8.7 million in general obligation debt applicable to this limit is well below the \$801.0 million ceiling. The City's net direct general obligation bonded debt per capita is \$55.

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

Fund-based Financial Analysis

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

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

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

- \$76.7 million was restricted due to external limits on how the resources may be used.
- \$12.7 million was committed as a result of specific constraints placed on the use of the resources per City ordinance.
- \$69.4 million was assigned per City Council's intent to use these resources for a specific purpose: unappropriated ending fund balance, reserve for revenue shortfall, balancing the next year's budget, and uncompleted capital projects are the primary components.
- \$11.4 million was unassigned and is available to be used at the government's discretion, subject to fund limitations.

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

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

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

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

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

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

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

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

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

The following funds experienced a decrease in net position.

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

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

General Fund Budgetary Highlights

The City's final General Fund budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved during FY18. As a result, the final fiscal year 2018 budget for the General Fund increased by \$8.1 million. The primary reasons for this increase were as follows:

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

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

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

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following were the major assumptions used in developing the FY19 budget:

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

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

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Statement of Net Position

June 30, 2018

(amounts in dollars)

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

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

December 10, 2018, Meeting - Item 2D

Statement of Activities

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

Balance Sheet

Governmental Funds

June 30, 2018

(amounts in dollars)

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

Reconciliation to the Statement of Net Position:

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.

25,868,204

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

437,601,528

All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.

(58,441,566)

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

(92,298,914)

Internal service funds are proprietary funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities, and net position are reported along with governmental activities in the Statement of Net position.

56,459,160

Net position of governmental activities

545,313,505

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

December 10, 2018, Meeting - Item 2D

BASIC FINANCIAL STATEMENTS

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

| | |
|---|--------------|
| Net change in fund balances - total governmental funds | 12,870,377 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. | (5,534,290) |
| Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. In addition, the Statement of Activities reports gains and losses arising from the disposal of existing capital assets, while governmental funds do not. | 4,371,409 |
| Governmental funds do not report expenditures for unpaid compensated absences, net pension and OPEB liabilities, interest expense, or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs. | (11,410,305) |
| Capital outlay is reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense. | (822,952) |
| Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as other financing sources. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position. | 3,990,127 |
| Transfers of capital assets are often made between proprietary funds and governmental funds when the use of an asset changes. Transfers of liabilities are sometimes made between proprietary funds and governmental funds when the fund responsible for repayment changes. Such transfers will provide or use economic resources in proprietary funds, but may not necessarily provide or use spendable financial resources in governmental funds. | (276,393) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, facilities, and fleet services to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities. | 2,267,181 |
| Change in net position of governmental activities | 5,455,154 |

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

Statement of Fund Net Position

Proprietary Funds

June 30, 2018

(amounts in dollars)

| | Business-type Activities Enterprise Funds | | | | | Total Internal Service Funds |
|--|--|----------------------|---------------------|-----------------------|-----------------------|------------------------------------|
| | Ambulance Transport | Municipal Airport | Parking Services | Stormwater Utility | Wastewater Utility | |
| Assets | | | | | | |
| Current assets | | | | | | |
| Equity in pooled cash and investments | 0 | 11,917,485 | 2,203,916 | 10,812,312 | 5,446,369 | 30,380,082 |
| Receivables: | | | | | | |
| Accounts | 2,509,632 | 1,555,886 | 354,404 | 2,524,347 | 1,656,916 | 8,601,185 |
| Allowance for uncollectibles | (396,812) | (140,043) | (139,026) | (10,682) | (6,024) | (692,587) |
| Due from other governments | 170,122 | 751,565 | 35,629 | 130,207 | 1,100,498 | 2,188,021 |
| Interfund loans receivable | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories | 0 | 0 | 41,068 | 0 | 0 | 41,068 |
| Prepays and deposits | 0 | 19,524 | 0 | 143,500 | 0 | 163,024 |
| Total current assets | 2,282,942 | 14,104,417 | 2,495,991 | 13,599,684 | 8,197,759 | 40,680,793 |
| 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 | 105,531,816 | 1,005,967 | 5,039,381 | 2,739,605 | 114,695,876 |
| Trunk sewers | 0 | 354,650 | 0 | 1,815,755 | 167,281,558 | 169,451,963 |
| Storm sewers | 0 | 738,060 | 0 | 78,724,632 | 2,421,480 | 81,884,172 |
| Buildings and equipment | 1,276,606 | 64,899,213 | 29,323,116 | 1,530,256 | 1,689,260 | 98,718,451 |
| Intangibles | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction in progress | 0 | 5,020,315 | 142,612 | 463,982 | 1,317,181 | 6,944,090 |
| Accumulated depreciation | (1,032,625) | (92,325,972) | (18,838,430) | (27,235,156) | (92,026,681) | (231,458,864) |
| Total noncurrent assets | 623,088 | 90,721,042 | 13,729,500 | 67,485,058 | 84,856,644 | 257,415,332 |
| Deferred outflows of resources | | | | | | |
| Related to pensions | 2,991,418 | 2,037,450 | 445,990 | 2,706,062 | 4,192,216 | 12,373,136 |
| Related to OPEB | 105,734 | 92,724 | 33,642 | 155,502 | 229,472 | 617,074 |
| Total deferred outflows of resources | 3,097,152 | 2,130,174 | 479,632 | 2,861,564 | 4,421,688 | 12,990,210 |
| Total assets and deferred outflows of resources | 6,003,182 | 106,955,633 | 16,705,123 | 83,946,306 | 97,476,091 | 311,086,335 |

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

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

| | Business-type Activities Enterprise Funds | | | | | | Governmental Activities |
|--|--|----------------------|---------------------|-----------------------|-----------------------|--------------------|------------------------------------|
| | Ambulance Transport | Municipal Airport | Parking Services | Stormwater Utility | Wastewater Utility | Totals | Total Internal Service Funds |
| <u>Operating revenues</u> | | | | | | | |
| Licenses and permits | 0 | 39,791 | 0 | 209,817 | 96,577 | 346,185 | 0 |
| Rental income | 0 | 1,086,480 | 534,565 | 65,988 | 9,804 | 1,696,837 | 641,684 |
| Charges for services | 9,689,108 | 11,704,432 | 4,923,824 | 19,532,394 | 25,427,222 | 71,276,980 | 68,428,471 |
| Fines and forfeits | 0 | 5,267 | 1,201,943 | 0 | 3,300 | 1,210,510 | 0 |
| Miscellaneous | 95,987 | 43,734 | 78,599 | 51,952 | 33,460 | 303,732 | 240,097 |
| Total operating revenues | 9,785,095 | 12,879,704 | 6,738,931 | 19,860,151 | 25,570,363 | 74,834,244 | 69,310,252 |
| <u>Operating expenses</u> | | | | | | | |
| Personnel services | 6,701,340 | 5,088,492 | 1,430,181 | 7,553,200 | 11,439,801 | 32,213,014 | 14,792,273 |
| Contractual services | 322,141 | 981,155 | 1,354,695 | 1,695,967 | 1,312,495 | 5,666,453 | 4,905,815 |
| Materials and supplies | 818,473 | 1,576,600 | 936,253 | 864,789 | 3,099,334 | 7,295,449 | 4,785,576 |
| Maintenance | 797,821 | 741,341 | 1,799,007 | 1,892,020 | 1,805,792 | 7,035,981 | 2,204,310 |
| Utilities | 10,683 | 568,623 | 138,462 | 1,052,482 | 1,872,649 | 3,642,899 | 2,469,016 |
| Rent | 378 | 85 | 30,557 | 90,093 | 61,778 | 182,891 | 444,069 |
| Taxes | 0 | 0 | 0 | 0 | 6,582 | 6,582 | 0 |
| Insurance | 21,822 | 167,006 | 143,814 | 60,943 | 134,528 | 528,113 | 2,951,886 |
| Claims | 0 | 0 | 0 | 0 | 0 | 0 | 25,556,246 |
| Central business functions | 584,000 | 605,000 | 249,000 | 1,111,000 | 1,650,000 | 4,199,000 | 2,147,000 |
| Depreciation | 124,721 | 5,453,115 | 627,448 | 2,248,023 | 4,105,680 | 12,558,987 | 3,965,038 |
| Pension expense | 1,599,681 | 1,313,513 | 342,393 | 1,844,782 | 2,955,780 | 8,056,149 | 3,648,118 |
| Total operating expenses | 10,981,060 | 16,494,930 | 7,051,810 | 18,413,299 | 28,444,419 | 81,385,518 | 67,869,347 |
| Operating income (loss) | (1,195,965) | (3,615,226) | (312,879) | 1,446,852 | (2,874,056) | (6,551,274) | 1,440,905 |
| <u>Nonoperating revenues (expenses)</u> | | | | | | | |
| Interest revenue | 1,210 | 90,088 | 21,410 | 89,194 | 51,244 | 253,146 | 797,300 |
| Interest expense | (124,167) | (111,625) | (27,932) | (162,399) | (244,194) | (670,317) | (699,013) |
| Gain (loss) on sale of capital assets | 0 | 0 | 0 | 0 | 0 | 0 | 234,913 |
| Intergovernmental | 50,000 | 254,853 | 0 | 201,762 | 19,191 | 525,806 | 255,709 |
| Total nonoperating revenues (expenses) | (72,957) | 233,316 | (6,522) | 128,557 | (173,759) | 108,635 | 588,909 |
| Income (loss) before capital contributions and transfers | (1,268,922) | (3,381,910) | (319,401) | 1,575,409 | (3,047,815) | (6,442,639) | 2,029,814 |
| Capital contributions | 0 | 8,432,179 | 0 | 1,308,658 | 1,261,081 | 11,001,918 | 261,201 |
| Transfers in | 1,000,000 | 0 | 0 | 4,840 | 0 | 1,004,840 | 1,647,775 |
| Transfers out | (395,757) | (162,277) | (838,350) | (12,071) | (139,840) | (1,548,295) | (1,037,131) |
| Change in net position | (664,679) | 4,887,992 | (1,157,751) | 2,876,836 | (1,926,574) | 4,015,824 | 2,901,659 |
| Total net position, July 1, 2017 | (5,023,084) | 93,570,036 | 15,651,389 | 69,605,775 | 81,247,188 | | 62,308,697 |
| Change in accounting principle (Note 5L) | (558,385) | (494,136) | (188,696) | (853,213) | (1,243,967) | | (3,273,952) |
| Prior period adjustment (Note 5M) | 0 | 0 | 0 | 0 | (534,937) | | 0 |
| Total net position, July 1, 2017, as restated | (5,581,469) | 93,075,900 | 15,462,693 | 68,752,562 | 79,468,284 | | 59,034,745 |
| Total net position, June 30, 2018 | (6,246,148) | 97,963,892 | 14,304,942 | 71,629,398 | 77,541,710 | | 61,936,404 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | 634,478 | |
| Change in net position of business-type activities | | | | | | <u>4,650,302</u> | |

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

Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

| | Business-type Activities Enterprise Funds | | | | | Totals | Governmental Activities | Total Internal Service Funds |
|--|---|-------------------|------------------|--------------------|--------------------|--------------|-------------------------|------------------------------|
| | Ambulance Transport | Municipal Airport | Parking Services | Stormwater Utility | Wastewater Utility | | | |
| <u>Cash flows from operating activities</u> | | | | | | | | |
| Cash received from customers | 8,647,104 | 12,319,267 | 6,877,578 | 19,933,165 | 35,873,502 | 83,650,616 | 9,851,681 | |
| Cash received from interfund services provided | 0 | 0 | 0 | 0 | 0 | 0 | 60,655,818 | |
| Cash received from MVMC for operating reimbursements | 0 | 0 | 0 | 0 | 14,554,411 | 14,554,411 | 0 | |
| Cash paid to MVMC for sewer user and septic hauler fees collected | 0 | 0 | 0 | 0 | (24,748,195) | (24,748,195) | 0 | |
| Cash paid to suppliers for goods and services | (116,679) | (3,371,049) | (2,665,969) | (3,651,143) | (5,985,013) | (15,789,853) | (40,487,704) | |
| Cash paid to employees for services | (6,377,078) | (4,814,112) | (1,241,051) | (6,905,102) | (10,640,359) | (29,977,702) | (13,427,487) | |
| Cash paid for interfund services used | (1,891,700) | (1,608,334) | (1,947,176) | (3,929,255) | (4,581,376) | (13,957,843) | (5,271,426) | |
| Cash paid for central business functions | (584,000) | (605,000) | (249,000) | (1,111,000) | (1,650,000) | (4,199,000) | (2,147,000) | |
| Net cash provided by (used for) operating activities | (322,353) | 1,920,772 | 774,380 | 4,336,665 | 2,822,970 | 9,532,434 | 9,173,882 | |
| <u>Cash flows from noncapital financing activities</u> | | | | | | | | |
| Transfers in | 1,000,000 | 0 | 0 | 0 | 0 | 1,000,000 | 1,466,755 | |
| Transfers out | (395,757) | 0 | (838,350) | 0 | (135,000) | (1,369,107) | (1,030,459) | |
| Principal payments on pension bonds | (34,206) | (128,365) | (32,280) | (181,217) | (275,358) | (651,426) | (883,968) | |
| Interest payments on pension bonds | (182,832) | (67,856) | (17,063) | (95,793) | (145,558) | (509,102) | (409,578) | |
| Subsidy from grant | 50,000 | 254,853 | 0 | 201,762 | 19,191 | 525,806 | 255,709 | |
| Net cash provided by (used for) noncapital financing activities | 437,205 | 58,632 | (887,693) | (75,248) | (536,725) | (1,003,829) | (601,541) | |
| <u>Cash flows from capital and related financing activities</u> | | | | | | | | |
| Advances to other funds | 0 | 0 | 0 | 0 | 0 | 0 | (1,200,000) | |
| Contributions from other funds and governments | 0 | 8,432,179 | 0 | 14,544 | 0 | 8,446,723 | 0 | |
| Proceeds from sale of capital assets | 0 | 0 | 0 | 0 | 0 | 0 | 240,431 | |
| Acquisition and construction of capital assets | (116,062) | (7,240,649) | (218,711) | (1,383,179) | (1,543,497) | (10,502,098) | (9,409,330) | |
| Net cash provided by (used for) capital and related financing activities | (116,062) | 1,191,530 | (218,711) | (1,368,635) | (1,543,497) | (2,055,375) | (10,368,899) | |
| <u>Cash flows from investing activities</u> | | | | | | | | |
| Interest revenue | 1,210 | 90,088 | 21,410 | 89,194 | 51,244 | 253,146 | 797,300 | |
| Repayment of loans and notes receivable | 0 | 0 | 0 | 241,239 | 22,013 | 263,252 | 0 | |
| Net cash provided by (used for) investing activities | 1,210 | 90,088 | 21,410 | 330,433 | 73,257 | 516,398 | 797,300 | |
| Net increase (decrease) in cash | 0 | 3,261,022 | (310,614) | 3,223,215 | 816,005 | 6,989,628 | (999,258) | |
| Cash, July 1, 2017 | 0 | 8,656,463 | 2,514,530 | 7,589,097 | 4,630,364 | 23,390,454 | 72,657,191 | |
| Cash, June 30, 2018 | 0 | 11,917,485 | 2,203,916 | 10,812,312 | 5,446,369 | 30,380,082 | 71,657,933 | |

continued

| | Business-type Activities Enterprise Funds | | | | | Governmental Activities | |
|--|--|----------------------|---------------------|-----------------------|-----------------------|----------------------------|------------------------------------|
| | 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) | (1,195,965) | (3,615,226) | (312,879) | 1,446,852 | (2,874,056) | (6,551,274) | 1,440,905 |
| <u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u> | | | | | | | |
| Depreciation | 124,721 | 5,453,115 | 627,448 | 2,248,023 | 4,105,680 | 12,558,987 | 3,965,038 |
| (Increase) Decrease in accounts receivable | (789,185) | (480,640) | (17,427) | (325,960) | (156,650) | (1,769,862) | 12,047 |
| (Increase) Decrease in allowance for uncollectibles | 107,214 | 6,230 | 10,651 | 2,184 | 606 | 126,885 | 1,537 |
| (Increase) Decrease in due from other governments | (98,785) | (140,819) | 133,596 | 375,631 | 343,946 | 613,569 | (151,556) |
| (Increase) Decrease in prepaids and deposits | 27,135 | 23,720 | 45,789 | (132,032) | 12,994 | (22,394) | 1,802,701 |
| (Increase) Decrease in inventories | 0 | 0 | 423 | 123,741 | 0 | 124,164 | (158,368) |
| (Increase) Decrease in deferred outflows related to pensions | 1,618,690 | 1,354,400 | 353,669 | 1,912,582 | 3,043,418 | 8,282,759 | 3,751,465 |
| (Increase) Decrease in deferred outflows related to OPEB | (105,734) | (92,724) | (33,642) | (155,502) | (229,472) | (617,074) | (307,152) |
| (Increase) Decrease in deferred inflows related to pensions | (36,290) | (30,365) | (7,929) | (42,878) | (68,232) | (185,694) | (84,105) |
| (Increase) Decrease in deferred inflows related to OPEB | 7,937 | 6,641 | 1,734 | 9,378 | 14,923 | 40,613 | 18,396 |
| (Increase) Decrease in net pension liability | (729,764) | (610,613) | (159,446) | (862,261) | (1,372,084) | (3,734,168) | (1,691,296) |
| (Increase) Decrease in accounts payable | (57,646) | (25,083) | 95,461 | (274,460) | 87,485 | (174,243) | 26,942 |
| (Increase) Decrease in wages payable | 58,542 | 41,283 | 10,103 | 14,452 | 41,965 | 166,345 | 84,069 |
| (Increase) Decrease in compensated absences payable | 29,207 | (26,465) | 14,581 | (13,886) | (40,492) | (37,055) | 66,562 |
| (Increase) Decrease in net OPEB liability | (15,185) | (12,095) | (1,804) | (13,554) | (24,148) | (66,786) | (26,278) |
| (Increase) Decrease in claims payable | 0 | 0 | 0 | 0 | 0 | 0 | 315,621 |
| (Increase) Decrease in deposits | 0 | 0 | (1,300) | 0 | 0 | (1,300) | (7,539) |
| (Increase) Decrease in due to other funds | 1,046,143 | 0 | 0 | 0 | 0 | 1,046,143 | 0 |
| (Increase) Decrease in due to other governments | 43,847 | 14,621 | 2,225 | 3,196 | (62,913) | 976 | (3,541) |
| (Increase) Decrease in unearned revenue | (357,235) | 54,792 | 13,127 | 21,159 | 0 | (268,157) | 118,434 |
| <u>Net cash provided by (used for) operating activities</u> | <u>(322,353)</u> | <u>1,920,772</u> | <u>774,380</u> | <u>4,336,665</u> | <u>2,822,970</u> | <u>9,532,434</u> | <u>9,173,882</u> |
| <u>Noncash capital and related financing activities</u> | | | | | | | |
| During the year, \$162,277 of capital assets purchased by the Municipal Airport Fund were transferred to the Fleet Services Fund. | | | | | | | |
| During the year, the Stormwater Utility Fund capitalized \$1,279,062 in assets contributed from customers and \$15,052 and \$4,840 of capital assets purchased by governmental funds and proprietary funds, respectively. In addition, \$12,071 of capital assets purchased by the fund were transferred to the Fleet Services Fund. | | | | | | | |
| During the year, the Wastewater Utility Fund capitalized \$1,260,942 in assets contributed from customers and \$140 from governmental funds. In addition, \$4,840 of capital assets purchased by the fund were transferred to the Stormwater Utility Fund. | | | | | | | |
| During the year, \$167,670 and \$6,672 of capital assets purchased by governmental funds and proprietary funds respectively, were transferred to the Information Systems and Services Fund. | | | | | | | |
| During the year, \$93,531 and \$174,348 of capital assets purchased by governmental funds and proprietary funds respectively, were transferred to the Fleet Services Fund. In addition, \$6,120 of capital assets purchased by the fund were transferred to the Information Systems and Services Fund. | | | | | | | |
| During the year, \$552 of capital assets purchased by the Risk and Benefits Fund were transferred to the Information Systems and Services Fund. | | | | | | | |

CITY OF EUGENE, OREGON
Notes to Basic Financial Statements
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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies

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

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

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

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

(A) The Financial Reporting Entity

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

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

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

(B) Organization and Operation

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

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

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

continued

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(C) Government-wide and Fund Financial Statements

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

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

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

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

Government-wide and Proprietary Fund Financial Statements

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

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

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

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

Governmental Fund Financial Statements

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

continued

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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

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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

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

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

Other Governmental Funds

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

Special Revenue Funds:

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

Debt Service Funds:

- General Obligation
- Special Assessment Bond
- Urban Renewal Agency

Capital Projects Funds:

- Special Assessment
- Transportation
- Urban Renewal Agency
- Urban Renewal Agency Riverfront

(E) Risk Management

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

(F) Equity in Pooled Cash and Investments

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

continued

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(F) Equity in Pooled Cash and Investments, continued

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

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

(G) Receivables

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

(H) Interfund Receivables and Payables

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

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

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

(I) Inventories and Prepaid Items

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

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

(J) Capital Assets

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

Infrastructure capital assets are those that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. The City has a transportation infrastructure system reported in governmental activities consisting of roads, bridges, sidewalks, and traffic and lighting systems. Specifically relating to roads, improvements sufficient to meet the City's engineering design standards for increased structural capacity are capitalized. Infrastructure reported in business-type activities includes a regional airfield, parking lots, and

continued

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(J) Capital Assets, continued

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

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

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

| <u>Category</u> | <u>Estimated useful life</u> |
|-----------------------------------|------------------------------|
| Buildings | 40-50 years |
| Improvements other than buildings | 20 years |
| Infrastructure | 25-40 years |
| Equipment | 3-15 years |
| Intangibles | 5 years |

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

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

(K) Capitalized Interest

Interest is capitalized on constructed assets in proprietary funds. For the year ended June 30, 2018, no interest was capitalized on proprietary fund capital assets.

(L) Compensated Absences

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(M) Noncurrent Obligations

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

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

(N) Deferred Inflows/Outflows of Resources

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

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

(O) Pensions

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

(P) Other Post-Employment Benefits (OPEB)

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

OPEB – Retiree Health and Life Insurance Plan (RHLI)

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

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

OPEB – Retirement Health Insurance Account (RHIA)

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

(Q) Fund Balance

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

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

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

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

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

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. Unassigned fund balance is primarily comprised of the difference between budget and actual results for the current fiscal year. This classification is also used to report any negative fund balance amounts in other governmental funds. Unassigned fund balance is typically appropriated or placed into a reserve by the City Council on the first supplemental budget of the following year.

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

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(Q) Fund Balance, continued

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

(R) Indirect Expenses Allocation

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

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

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

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

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds. The details of this \$25,868,204 difference are as follows:

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

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value. The details of this \$437,601,528 difference are as follows:

| | | |
|--|----|---------------------|
| Capital assets (net of accumulated depreciation) reported in the Statement of Net Position - governmental activities column: | | |
| Land and construction in progress | \$ | 95,818,006 |
| Other capital assets (net of accumulated depreciation) | | 371,226,920 |
| | | <u>467,044,926</u> |
| Capital assets (net of accumulated depreciation) reported in internal service funds included in the Statement of Net Position - governmental activities column | | (29,443,398) |
| | | <u>(29,443,398)</u> |
| Net adjustment | \$ | <u>437,601,528</u> |

All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds. The details of this \$58,441,566 difference are as follows:

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

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

| | | |
|---------------------------------------|----|----------------------|
| Deferred inflows related to pensions | \$ | (1,499,570) |
| Deferred inflows related to OPEB | | (144,918) |
| Deferred outflows related to pensions | | 47,911,307 |
| Deferred outflows related to OPEB | | 1,899,407 |
| Net pension liability | | (132,335,464) |
| Net OPEB liability | | (8,129,676) |
| | | <u>(140,469,646)</u> |
| Net adjustment | \$ | <u>(92,298,914)</u> |

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

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

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

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

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. The details of this \$5,534,290 difference are as follows:

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

Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. In addition, the Statement of Activities reports gains and losses arising from the disposal of existing capital assets, while governmental funds do not. The details of this \$4,371,409 difference are as follows:

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

Governmental funds do not report expenditures for unpaid compensated absences, net pension and OPEB liabilities, interest expense, or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs. The details of this \$11,410,305 difference are as follows:

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

Capital outlay is reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense. The details of this \$822,952 difference are as follows:

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

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

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

Repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. The payment of debt principal affects the Statement of Activities and is reported as a decrease in noncurrent liabilities in the Statement of Net Position. The details of this \$3,990,127 difference are as follows:

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

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

| | |
|--|---------------------|
| Transfer of governmental capital assets to proprietary funds | \$ <u>(276,393)</u> |
|--|---------------------|

(3) Stewardship, Compliance, and Accountability

(A) Budgetary Information

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

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

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

Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passage of a Council resolution authorizing the transfer. All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes Chapters 294.305 through 294.565. Supplemental appropriations, permitted by Oregon Budget Law, were authorized by the City Council during the fiscal year. The net effect of amending resolutions passed during the fiscal year was an appropriation increase of \$22,001,315.

(B) Deficit Net Position

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

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds

(A) Equity in Pooled Cash and Investments

The City maintains a common cash and investments pool that is available for use by all funds. Each fund's portion of this pool is displayed in the Statement of Net Position, the Statement of Fund Net Position, or the Balance Sheet as "Equity in pooled cash and investments." Cash and investments are comprised of the following at June 30, 2018:

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

Deposits

At June 30, 2018, the City's deposits with various financial institutions were \$18,306,727, which included time certificates of deposits. The City's investment policy limits investments in time certificates of deposits to 50% of the City's total investment portfolio with a maximum length to maturity of three years.

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

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a depository failure, the government's deposits may not be returned to it. At June 30, 2018, the City had deposits of \$750,000 insured by the FDIC, and \$22,339,399 collateralized under the PFCP.

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(A) Equity in Pooled Cash and Investments, continued

Investments

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

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

Interest Rate Risk

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

| <u>Investment type</u> | <u>Maximum length to maturity</u> |
|--|-----------------------------------|
| Bankers' acceptances | 6 months |
| Corporate indebtedness | 18 months |
| Local government investment pool | 1 day |
| State and local government obligations | 3 years |
| U.S. agency securities | 3 years |
| U.S. treasury securities | 3 years |

With the exception of pass-through funds, the maximum amount of pooled investments to be placed in the Local Government Investment Pool is limited by Oregon Statute to \$48,333,000, which increases periodically proportionately to the Portland Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

Credit Risk

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(A) Equity in Pooled Cash and Investments, continued

Investments, continued

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

| <u>Investment type</u> | <u>Total</u> | <u>Highest Rating From</u> | | | |
|--------------------------|-----------------------|---|-------------------|----------------|-------------------|
| | | <u>Moody's Investors Service or Standard & Poor's Corporation</u> | | | |
| | | <u>Aaa/AAA</u> | <u>Aa/AA</u> | <u>A</u> | <u>Not rated</u> |
| Corporate indebtedness | \$ 27,786,938 | 6,973,322 | 20,813,616 | 0 | 0 |
| Local government | | | | | |
| investment pool | 22,842,581 | 0 | 0 | 0 | 22,842,581 |
| Municipal bonds | 14,604,360 | 1,563,988 | 12,884,090 | 156,282 | 0 |
| U.S. agency securities | 172,092,758 | 142,227,445 | 1,967,623 | 0 | 27,897,690 |
| U.S. treasury securities | <u>20,730,109</u> | <u>20,730,109</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | \$ <u>258,056,746</u> | <u>171,494,864</u> | <u>35,665,329</u> | <u>156,282</u> | <u>50,740,271</u> |

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2018, the fair value of the City's deposits with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us/>.

The LGIP's portfolio concentration of credit risk at June 30, 2018 included: Corporate Notes (42.9%), U.S. Treasury and Agency Securities (25.2%), Asset Backed Securities (13.8%), Municipal Bonds (3.0%), Non-US Government Debt (5.9%), Commercial Paper (4.4%), Certificates of Deposits (3.6%), Commingled Investment Pool (1.1%), and cash (0.1%). The credit risk associated with the investments was: AAA rating (17.3%), AA rating (24.3%), A rating (35.8%), BBB rating (0.1%), and not rated (22.5%).

Concentration of Credit Risk

The City's policy for investing in individual issuers varies depending on the type of investments. U.S. Government Agency Securities are restricted to no more than 25.0% for any one issuer. No more than 25.0% of the total portfolio of investments may be invested in a single issuer of bankers' acceptances or repurchase agreements. Investments in commercial paper or corporate bonds may not exceed more than 35.0% of the portfolio and investments in any one issuer may not exceed 5.0% of the investment portfolio. Investments are limited to 5.0% per depository name and may not exceed more than 25.0% of the investment portfolio. The combined limit for each depository in certificates of deposits, bankers' acceptances, and corporate indebtedness is 10.0%.

Fair Value Measurements

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

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

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(B) Receivables

As of June 30, 2018, the City had two outstanding loans receivable from a private developer under the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee program totaling \$5,484,000. The private developer payments are used to repay the HUD loan, for which the City is contingently liable. Further information on the City's obligation under these two loans is available in the Notes Payable section of Note 4H Noncurrent Liabilities. Receivables for individual major funds, internal service funds, and other governmental funds in the aggregate, including the applicable allowances for uncollectible accounts at June 30, 2018, are as follows:

| Fund description | Interest | Taxes | Accounts | Assessments | Loans and notes | Total gross receivables | Less | | Total net receivables |
|--|---------------------|------------------|-------------------|----------------|-------------------|-------------------------|------------------------------|--|-----------------------|
| | | | | | | | Allowance for uncollectibles | | |
| General | \$ 2,345,600 | 3,957,480 | 3,307,625 | 0 | 0 | 9,610,705 | (86,477) | | 9,524,228 |
| Community Development | 22,649 | 0 | 17,243 | 0 | 15,232,565 | 15,272,457 | (17,243) | | 15,255,214 |
| Systems Development Capital | 0 | 0 | 1,536,955 | 0 | 0 | 1,536,955 | 0 | | 1,536,955 |
| Ambulance Transport | 0 | 0 | 2,509,632 | 0 | 0 | 2,509,632 | (396,812) | | 2,112,820 |
| Municipal Airport | 0 | 0 | 1,555,886 | 0 | 0 | 1,555,886 | (140,043) | | 1,415,843 |
| Parking Services | 0 | 0 | 354,404 | 0 | 0 | 354,404 | (139,026) | | 215,378 |
| Stormwater Utility | 0 | 0 | 2,524,347 | 0 | 0 | 2,524,347 | (10,682) | | 2,513,665 |
| Wastewater Utility | 0 | 0 | 1,656,916 | 0 | 11,004 | 1,667,920 | (6,024) | | 1,661,896 |
| Internal service funds | 0 | 0 | 234,397 | 0 | 0 | 234,397 | (10,499) | | 223,898 |
| Other governmental funds | 432,357 | 702,691 | 946,533 | 277,299 | 1,978,756 | 4,337,636 | (147,448) | | 4,190,188 |
| | <u>\$ 2,800,606</u> | <u>4,660,171</u> | <u>14,643,938</u> | <u>277,299</u> | <u>17,222,325</u> | <u>39,604,339</u> | <u>(954,254)</u> | | <u>38,650,085</u> |
| Government-wide adjustment for uncollectibles | | | | | | | | | <u>(1,570,821)</u> |
| Receivables (net of allowance) - Government-wide Statement of Net Position | | | | | | | | | <u>37,079,264</u> |

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>Stormwater Utility</u> | <u>Internal service funds</u> | <u>Other governmental funds</u> | <u>Total transfers out</u> |
|--------------------------|----------------|---------------------------------|----------------------------|---------------------------|-------------------------------|---------------------------------|----------------------------|
| General | \$ 0 | 4,069,300 | 1,000,000 | 0 | 1,466,755 | 35,000 | 6,571,055 |
| General Capital Projects | 358,723 | 0 | 0 | 0 | 0 | 0 | 358,723 |
| Ambulance Transport | 395,757 | 0 | 0 | 0 | 0 | 0 | 395,757 |
| Municipal Airport | 0 | 0 | 0 | 0 | 162,277 | 0 | 162,277 |
| Parking Services | 838,350 | 0 | 0 | 0 | 0 | 0 | 838,350 |
| Stormwater Utility | 0 | 0 | 0 | 0 | 12,071 | 0 | 12,071 |
| Wastewater Utility | 0 | 135,000 | 0 | 4,840 | 0 | 0 | 139,840 |
| Internal service funds | 0 | 630,459 | 0 | 0 | 6,672 | 400,000 | 1,037,131 |
| Other governmental funds | 450,000 | 135,000 | 0 | 0 | 0 | 1,742,716 | 2,327,716 |
| Total transfers in | \$ 2,042,830 | 4,969,759 | 1,000,000 | 4,840 | 1,647,775 | 2,177,716 | 11,842,920 |

Transfers are routinely made for the following purposes:

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

Other transfers include \$0.8 million transferred from the Parking Services Fund to the General Fund to support general operations, \$1.5 million transferred from the General Fund to the Fleet Services Fund for future replacement of equipment, \$4.1 million transferred from the General Fund to the General Capital Projects Fund for general capital projects, and \$1.0 million transferred from the General Fund to the Ambulance Transport Fund to support Emergency Medical Services.

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(D) Due From Other Governments

Amounts due from other governments at June 30, 2018, are presented below:

| <u>Fund description</u> | <u>State</u> | <u>Federal</u> | <u>County</u> | <u>Eugene Water and Electric Board</u> | <u>MWMC</u> | <u>Other</u> | <u>Total</u> |
|---|--------------|----------------|---------------|--|-------------|--------------|--------------|
| General | \$ 845,686 | 88,626 | 3,184,661 | 937,089 | 0 | 591,285 | 5,647,347 |
| Community Development | 0 | 57,996 | 0 | 0 | 0 | 1,283 | 59,279 |
| General Capital Projects | 143,193 | 0 | 0 | 0 | 0 | 0 | 143,193 |
| Ambulance Transport | 77,765 | 0 | 0 | 0 | 0 | 92,357 | 170,122 |
| Municipal Airport | 0 | 751,565 | 0 | 0 | 0 | 0 | 751,565 |
| Parking Services | 35,629 | 0 | 0 | 0 | 0 | 0 | 35,629 |
| Stormwater Utility | 6,827 | 91,138 | 31,750 | 0 | 0 | 492 | 130,207 |
| Wastewater Utility | 656 | 0 | 0 | 0 | 1,047,040 | 52,802 | 1,100,498 |
| Internal service funds | 107,450 | 0 | 58,056 | 0 | 0 | 326,235 | 491,741 |
| Other governmental funds | 4,055,695 | 206,358 | 614,196 | 13,775 | 0 | 545,597 | 5,435,621 |
| Total due from other governments - Government-wide Statement of Net Position | \$ 5,272,901 | 1,195,683 | 3,888,663 | 950,864 | 1,047,040 | 1,610,051 | 13,965,202 |

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(E) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

| <u>Governmental activities:</u> | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|--|------------------------------|---------------------|--------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 74,317,488 | 2,976,439 | 0 | 77,293,927 |
| Construction in progress | 14,240,991 | 10,994,830 | (6,711,742) | 18,524,079 |
| Total capital assets, not being depreciated | <u>88,558,479</u> | <u>13,971,269</u> | <u>(6,711,742)</u> | <u>95,818,006</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and equipment | 247,237,172 | 6,052,616 | (1,612,227) | 251,677,561 |
| Improvements other than buildings | 97,035,195 | 4,917,622 | (18,512) | 101,934,305 |
| Infrastructure | 387,073,378 | 12,572,864 | (2,659) | 399,643,583 |
| Intangible | 0 | 5,078,023 | 0 | 5,078,023 |
| Total capital assets being depreciated | <u>731,345,745</u> | <u>28,621,125</u> | <u>(1,633,398)</u> | <u>758,333,472</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and equipment | (110,415,299) | (8,722,139) | 1,675,520 | (117,461,919) |
| Improvements other than buildings | (55,646,101) | (4,009,983) | 0 | (59,656,084) |
| Infrastructure | (196,359,061) | (13,230,311) | 0 | (209,589,372) |
| Intangible | 0 | (399,177) | 0 | (399,177) |
| Total accumulated depreciation | <u>(362,420,461)</u> | <u>(26,361,610)</u> | <u>1,675,520</u> | <u>(387,106,552)</u> |
| Total capital assets, being depreciated, net | <u>368,925,284</u> | <u>2,259,515</u> | <u>42,122</u> | <u>371,226,920</u> |
| Governmental activities capital assets, net | <u>\$ 457,483,763</u> | <u>16,230,784</u> | <u>(6,669,620)</u> | <u>467,044,926</u> |

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 | 1,958,730 | 8,123,594 | (3,138,234) | 6,944,090 |
| Total capital assets, not being depreciated | <u>19,127,370</u> | <u>8,123,594</u> | <u>(3,138,234)</u> | <u>24,112,730</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and equipment | 96,378,133 | 2,354,909 | (14,591) | 98,718,451 |
| Improvements other than buildings | 114,236,089 | 459,787 | 0 | 114,695,876 |
| Storm sewers | 78,862,528 | 3,021,644 | 0 | 81,884,172 |
| Trunk sewers | 167,390,719 | 2,061,244 | 0 | 169,451,963 |
| Total capital assets being depreciated | <u>456,867,469</u> | <u>7,897,584</u> | <u>(14,591)</u> | <u>464,750,462</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and equipment | (38,110,783) | (2,379,256) | 14,591 | (40,475,448) |
| Improvements other than buildings | (71,674,211) | (4,294,430) | 0 | (75,968,641) |
| Storm sewers | (23,695,364) | (1,990,324) | 0 | (25,685,688) |
| Trunk sewers | (85,434,111) | (3,894,976) | 0 | (89,329,087) |
| Total accumulated depreciation | <u>(218,914,469)</u> | <u>(12,558,986)</u> | <u>14,591</u> | <u>(231,458,864)</u> |
| Total capital assets, being depreciated, net | <u>237,953,000</u> | <u>(4,661,402)</u> | <u>0</u> | <u>233,291,598</u> |
| Business-type activities capital assets, net | <u>\$ 257,080,370</u> | <u>3,462,192</u> | <u>(3,138,234)</u> | <u>257,404,328</u> |

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

Business-type activities:

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(F) Unavailable/Unearned Revenue

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

Unearned revenues are reported as a liability in the proprietary funds Statement of Net Position and governmental funds Balance Sheet. Unearned revenues are reported in connection with resources that have been received but not yet earned. The various components of unavailable/unearned revenue at June 30, 2018 consist of the following:

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

(G) Operating Leases

The City conducts some of its operations from leased facilities located throughout the City. All such leases for facilities are classified as operating leases and expire within the next six years. The total rental expense for the year ended June 30, 2018 for operating leases was \$1,061,419. Most of these leases for facilities contain an option whereby the City can, after the initial lease term, renew its lease for periods of one to ten years.

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2018:

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities

General Obligation (G.O.) Bonds

The City issues general obligation bonds to finance major construction projects in governmental activities. G.O. bonds in governmental activities are approved by voters, backed by the full faith and credit and unlimited taxing power of the City, and are serviced by general property tax revenues. The City's G.O. bonded debt is subject to a debt limit of 3.0% of real market value per Oregon Revised Statutes 287A.050. For the fiscal year ended June 30, 2018, the City had 99.0% of its legal debt capacity available.

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

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

| <u>Fiscal year ending June 30</u> | <u>Governmental activities</u> | |
|---------------------------------------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2019 | \$ 2,805,000 | 222,525 |
| 2020 | 1,395,000 | 159,875 |
| 2021 | 1,405,000 | 131,975 |
| 2022 | 1,415,000 | 89,675 |
| 2023 | 475,000 | 45,500 |
| 2024-2026 | <u>1,200,000</u> | <u>72,000</u> |
| | <u>\$ 8,695,000</u> | <u>721,550</u> |

General Obligation Bond and Revolving Credit Facility (Streets 2012)

On November 6, 2012, Eugene voters passed Measure 20-197, authorizing the City to issue a maximum of \$43,000,000 of general obligation (G.O.) bonds. The proceeds from the sale of the bonds are to be used for street preservation. The bonds can be issued to provide interim financing and to refund the bonds that provide interim financing. As of June 30, 2018, the City had \$8,691,000 in authorized but unissued borrowing remaining.

These bonds are issued through a G.O. and revolving credit facility with Bank of America, N.A. which matures on June 1, 2019 and has an authorized limit of \$5,000,000. The City elects from either a LIBOR based taxable or tax exempt interest rate for each draw. As of June 30, 2018, the City had a \$0 balance on the credit facility.

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

| <u>Governmental activities</u> | <u>Beginning balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending balance</u> |
|---|------------------------------|------------------|--------------------|---------------------------|
| G.O. bond and revolving credit facility (Streets 2012) | \$ <u>0</u> | <u>9,330,000</u> | <u>(9,330,000)</u> | <u>0</u> |

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

General Obligation Bond and Revolving Credit Facility (POS)

On November 7, 2006, Eugene voters passed Measure 20-110, authorizing the City to issue a maximum of \$27,490,000 of general obligation (G.O.) bonds. The proceeds from the sale of the bonds are to be used for the purchase of land for parks and open space, and the construction and improvement of athletic fields. The bonds can be issued to provide interim financing and to refund the bonds that provide interim financing. As of June 30, 2018, the City had \$2,880,000 in authorized but unissued borrowing remaining.

To issue these bonds, on May 31, 2007, the City entered into a General Obligation Bond and Revolving Credit Facility with Bank of America, N.A. with a variable interest rate and a maturity date of June 1, 2019. The facility has an authorized limit of \$3,000,000 outstanding at any given time and is further limited to a maximum of the amount authorized under the bond measure. As of June 30, 2018, the City had a \$0 balance on the credit facility.

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

| <u>Governmental activities</u> | <u>Beginning balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending balance</u> |
|--|------------------------------|-----------------|------------------|---------------------------|
| G.O. bond and revolving credit facility (POS) | \$ <u>0</u> | <u>389,000</u> | <u>(389,000)</u> | <u>0</u> |

Limited Tax Bonds

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

| <u>Governmental activities</u> | <u>Original issuance</u> | <u>Interest rates (%)</u> | <u>Ending balance</u> |
|--|------------------------------|---------------------------|---------------------------|
| Limited tax bonds: | | | |
| Limited Tax Pension Bonds, Series 2002 | \$ 69,613,281 | 2.000% to 7.410% | 43,808,710 |
| Limited Tax Improvement Bonds, Series 2011 | <u>580,000</u> | 7.050% | <u>183,334</u> |
| Total limited tax bonds governmental activities | <u>\$ 70,193,281</u> | | <u>43,992,044</u> |
| <u>Business-type activities</u> | | | |
| Limited tax bonds: | | | |
| Limited Tax Pension Bonds, Series 2002 | \$ <u>14,721,179</u> | 2.000% to 7.410% | <u>9,221,483</u> |
| Total limited tax bonds business-type activities | <u>14,721,179</u> | | <u>9,221,483</u> |
| Total limited tax bonds | <u>\$ 84,914,460</u> | | <u>53,213,527</u> |

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Limited Tax Bonds, continued

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

| | |
|---|----------------------|
| Total limited tax bonds | \$ 53,213,527 |
| Less: Accretion of deep discount | <u>(3,213,877)</u> |
| Total debt service requirements for limited tax bonds | <u>\$ 49,999,650</u> |

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

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

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

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Conduit Debt

On December 27, 2010, the City issued \$6,900,000 of Bank Loan Revenue Bonds, dated December 30, 2010, bearing a variable interest rate, and maturing on December 27, 2035. The bonds were issued to provide access to tax-exempt interest rates to Woolworth Properties, LLC for the construction of the Woolworth Building, which is located within the City's Downtown Urban Renewal District. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018, \$5,763,759 of the bonds were outstanding.

Notes Payable

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

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

In July 2008, the City borrowed \$2,706,000 from HUD to finance the purchase of the historic Washburne and Centre Court buildings in the Urban Renewal Downtown District. On May 28, 2015, the City entered into an agreement with HUD to refinance this loan. The loan has an interest rate ranging from 0.28% to 3.15%, maturing on August 1, 2027.

On November 16, 2010, the City entered into a contract with HUD to borrow \$5,189,000 to support the rehabilitation of the historic Washburne and Centre Court buildings in the Urban Renewal Downtown District. On May 28, 2015, the City entered into an agreement with HUD to refinance this loan, pay down the balance, and remove the Washburne building as collateral. The loan has an interest rate ranging from 0.28% to 3.50%, maturing on August 1, 2030.

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

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

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

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Compensated Absences

At June 30, 2018, the City reported compensated absences of \$9,978,257 in governmental activities. The General Fund, internal service funds, and other governmental funds are typically used to liquidate these liabilities.

Internal Service Fund Debt

Based on an analysis of billings, governmental activities have been determined to be the predominant source of revenue for all internal service funds. Therefore, noncurrent liabilities of the internal service funds are reported in governmental activities. As of June 30, 2018, internal service fund debt included Limited Tax Pension Bonds (net of unamortized discount) of \$9,498,591, a net pension liability of \$15,346,366, a net OPEB liability of \$5,704,767, and \$1,000,185 in compensated absences.

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2018 was as follows:

| <u>Governmental activities</u> | Beginning balance | Additions | Reductions | Ending balance | Due within one year | Due after one year |
|---|-----------------------|-------------------|---------------------|--------------------|------------------------|-----------------------|
| General obligation bonds | \$ 12,185,000 | 0 | (3,490,000) | 8,695,000 | 2,805,000 | 5,890,000 |
| Limited tax bonds | 46,332,768 | 0 | (2,340,724) | 43,992,044 | 879,716 | 43,112,328 |
| Tax increment bonds | 298,000 | 0 | (298,000) | 0 | 0 | 0 |
| Certificates of participation payable | 200,000 | 0 | (200,000) | 0 | 0 | 0 |
| Bond premium | 782,158 | 0 | (242,149) | 540,009 | 0 | 540,009 |
| Total bonds payable | <u>59,797,926</u> | <u>0</u> | <u>(6,570,873)</u> | <u>53,227,053</u> | <u>3,684,716</u> | <u>49,542,337</u> |
| General obligation bond and revolving credit facility | 0 | 9,719,000 | (9,719,000) | 0 | 0 | 0 |
| Compensated absences payable | 9,650,017 | 10,186,442 | (9,858,202) | 9,978,257 | 9,843,333 | 134,924 |
| Notes and contracts payable | 5,677,000 | 0 | (193,000) | 5,484,000 | 204,000 | 5,280,000 |
| Net Pension liability | 162,697,224 | 0 | (15,015,394) | 147,681,830 | 0 | 147,681,830 |
| Net OPEB liability | 14,142,436 | 259,817 | (567,810) | 13,834,443 | 0 | 13,834,443 |
| Governmental activities - noncurrent liabilities | <u>\$ 251,964,603</u> | <u>20,165,259</u> | <u>(41,924,279)</u> | <u>230,205,583</u> | <u>13,732,049</u> | <u>216,473,534</u> |
| <u>Business-type activities</u> | | | | | | |
| Limited tax bonds | \$ 9,711,694 | 0 | (490,211) | 9,221,483 | 185,175 | 9,036,308 |
| Total bonds payable | <u>9,711,694</u> | <u>0</u> | <u>(490,211)</u> | <u>9,221,483</u> | <u>185,175</u> | <u>9,036,308</u> |
| Compensated absences payable | 2,193,389 | 2,196,431 | (2,233,486) | 2,156,334 | 2,127,325 | 29,009 |
| Net Pension liability | 38,839,604 | 0 | (3,734,168) | 35,105,436 | 0 | 35,105,436 |
| Net OPEB liability | 3,338,397 | 74,421 | (141,207) | 3,271,611 | 0 | 3,271,611 |
| Business-type activities - noncurrent liabilities | <u>\$ 54,083,084</u> | <u>2,270,852</u> | <u>(6,599,072)</u> | <u>49,754,864</u> | <u>2,312,500</u> | <u>47,442,364</u> |

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information

(A) Risk Management

The City has established an internal service fund to account for and finance its risks of loss. The City has a self-insured liability program which covers personal injury, public official's errors and omissions, law enforcement liability, automobile liability, employee benefits liability, and employment practices liability, with a maximum self-insured retention of \$500,000 per occurrence for automobile liability, general liability, and \$1,000,000 per occurrence for employee benefit and employment practice liability. In addition, the City has a self-insured workers' compensation program which covers employees' work-related illnesses and injuries, including employer's liability, with a maximum self-insured retention of \$1,000,000 per occurrence. During the previous three fiscal years, there were no liability claims that exceeded the insurance coverage levels.

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

Coverage for workers' compensation, general liability, and employees' health claims in excess of the self-insurance retention limit is purchased from commercial insurers. The City also purchases all-risk property insurance coverage from a commercial insurer. The property insurance policy has a basic \$25,000 deductible, with earthquake and flood insurance coverages subject to the following deductibles: flood – \$100,000 deductible per occurrence except that buildings in Flood Zones A and V have a \$500,000 deductible per building; earthquake – 2% of the combined value of the property at the location, subject to a minimum deductible of \$100,000 per location and the deductible applies separately to each location.

At June 30, 2018, a total claims liability of \$13,192,613 is reported in the Risk and Benefits Internal Service Fund. Claims liabilities reported by the City are based on an actuarial estimate of the ultimate cost of settling claims incurred, including incurred but not reported (IBNR) claims. Claims liabilities include all incremental costs incurred directly as a result of a claim, and consider estimated recoveries on both settled and unsettled claims. Claims expense has been reduced by amounts recovered, or expected to be recovered through excess insurance.

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

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

(B) Joint Ventures

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

MWMC contracts with the City for operation of the regional sewerage facilities on a cost reimbursement basis which is accounted for in the Wastewater Utility Fund. For the fiscal year ended June 30, 2018, the City provided billable operations to MWMC costing \$14,760,185 and MWMC owed the City \$1,047,040 for unreimbursed costs at year-end. MWMC's most recently published financial statement was for the year ended June 30, 2017, which reflected net income of \$6,761,718 and net position of \$155,785,942. Separate financial statements for MWMC can be obtained from the City of Springfield Finance Department.

continued

December 10, 2018, Meeting - Item 2D

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

December 10, 2018, Meeting - Item 2D

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

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Benefit Changes After Retirement, continued

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

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

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

Automatic adjustments for benefits earned post 2013

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

Contributions

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

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

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

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

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

continued

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

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

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

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

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

Actuarial Valuations

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Actuarial Valuations, continued

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

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

Actuarial assumptions

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

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

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

Discount Rate

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Long-Term Expected Rate of Return

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

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

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

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Depletion Date Projection

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

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

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

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

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

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

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

Pension plan fiduciary net position

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

Changes in Assumptions and Other inputs

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

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

Changes in Plan Provisions Subsequent to Measurement Date

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(D) Retirement Plan – OPSRP IAP

Plan Description

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

Plan Benefits

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

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

Death Benefits

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

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

State statute requires that covered employees contribute 6.0% of their annual covered salary to the IAP plan effective January 1, 2004. Statute allows that the employer may elect to pay the employees' required IAP contributions.

The City has elected to pay all of the employees' required IAP contributions, except for employees who are members of the City's International Association of Fire Fighters (IAFF) union. Beginning July 1, 2012, IAFF covered employees elected to pay the employees' required IAP contribution.

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

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

Plan Description

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

continued

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Plan Benefits

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

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

Contributions

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

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

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

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

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

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

continued

December 10, 2018, Meeting - Item 2D

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

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

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

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

Actuarial Valuations

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

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

Discount Rate

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

Long-Term Expected Rate of Return

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

Depletion Date Projection

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Depletion Date Projection, continued

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

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

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

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

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

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

OPEB plan fiduciary net position

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

Changes in Assumptions and Other inputs

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

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

Changes in Plan Provisions Subsequent to Measurement Date

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Plan Description

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

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

Plan Benefits

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

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

Contributions

The City has the authority to establish and amend contribution requirements. The required contribution is based on projected pay-as-you-go financing requirements. Since the City's healthcare plan is self-insured, the annual required contributions can fluctuate. For the fiscal year ending June 30, 2018, the City's combined plan contributions were \$2,328,883. As of June 30, 2017 there were 1,426 active and 207 inactive members who meet the requirements to receive benefits when they retire.

Funding Policy

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

As of June 30, 2018, the City has set aside \$4,043,943 to pay for future post-employment benefits, which is included in the unrestricted portion of net position in the Risk and Benefits Internal Service Fund. Since these assets have not been placed in a qualified trust (or equivalent arrangement) they have not been recognized as part of the actuarial valuation.

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

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

continued

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

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

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

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

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

continued

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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 (RHLLI), continued

Actuarial Assumptions

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

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

Actuarial assumptions

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

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

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

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

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

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

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

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Discount Rate

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

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

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

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

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

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

Changes in OPEB Liability (RHLI)

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

(G) Contingencies

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

continued

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(H) Outstanding Encumbrances

At June 30, 2018, the City has encumbered the following significant commitments:

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

(I) Tax Abatements

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

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

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

Low-Income Rental Housing Property Tax Exemption

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

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

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

Multi-Unit Property Tax Exemption

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(l) Tax Abatements, continued

Multi-Unit Property Tax Exemption, continued

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

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

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

Property Tax Differential

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

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

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

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

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

West Eugene Enterprise Zone

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

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

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

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

continued

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(I) Tax Abatements, continued

West Eugene Enterprise Zone, continued

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

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

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

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

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

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

(J) Accounting Standards Issued but not yet Adopted

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

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(K) Subsequent Event

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

(L) Change in Accounting Principle

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

(M) Prior Period Adjustment

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

June 30, 2018

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

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

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

Schedule of City Contributions

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

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

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

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

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

Schedule of City Contributions

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

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

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

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

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

(4) Budget to GAAP Reconciliation

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

| | <u>General</u> | <u>Community Development</u> |
|---|---------------------|----------------------------------|
| Net change in fund balance - budget basis | \$ 4,447,397 | (12,284) |
| <i>Budget resources not qualifying as revenues or other financing sources under GAAP:</i> | | |
| Indirect and other cost reimbursements received are reported as revenues or other financing sources on a budget basis. Such receipts are reclassified as a reduction of expenditures on a GAAP basis. | 9,477,268 | 0 |
| <i>Revenues and other financing sources required by GAAP not qualifying as budget resources:</i> | | |
| Adjustment for fair value of investments at year end is reported as miscellaneous revenue on a GAAP basis. Such revenues are not reflected on a budget basis. | (196,917) | (11,694) |
| <i>Budget expenditures not qualifying as expenditures or other financing uses under GAAP:</i> | | |
| Indirect and other costs reimbursed are reported as expenditures on a budget basis. Such disbursements are reclassified as a reduction of revenues and other financing sources on a GAAP basis. | (9,477,268) | 0 |
| Prepaid expenses are recorded in the year paid on a budget basis. However, such expenses are matched to the accounting period benefited under GAAP. | 311,047 | (11,000) |
| Net change in fund balance - GAAP basis. | <u>\$ 4,561,527</u> | <u>(34,978)</u> |

Principal payments received of \$1,339,675 and loans granted of \$1,516,157 are reported in the Community Development Fund as other financing sources and special payments, respectively. Such amounts have been reclassified as revenues and departmental expenditures on a GAAP basis. In addition, indirect cost reimbursements are reclassified from transfers to departmental administrative expenditures on a GAAP basis. Such reclassifications are not included in the above schedule.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2018

(amounts in dollars)

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

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

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

SPECIAL REVENUE FUNDS

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

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

Major Special Revenue Fund:

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

Nonmajor Special Revenue Funds:

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

Library Local Option Levy Fund – To account for revenues received from a five-year Property Tax levy to fund expanded Eugene Public Library services.

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

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

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

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

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

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

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

Urban Renewal Agency Riverfront Fund - To account for the accumulation of tax increment resources and rental income. Resources are used for improving the condition and appearance of the Riverfront District.

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

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

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

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, 2018
 (amounts in dollars)

| | Construction and Rental Housing | Library Local Option Lev | Library Parks, and Recreation | Public Safety Communications | Road | Solid Waste and Recycling | Special Assessment Management and Licensing | Telecom Registration and Licensing | Urban Renewal Agency | Urban Riverfront Agency | Urban Riverfront Agency Program Revenue | Total |
|---|---------------------------------|--------------------------|-------------------------------|------------------------------|--------------------|---------------------------|---|------------------------------------|----------------------|-------------------------|---|-------------------|
| Revenues | | | | | | | | | | | | |
| Taxes | 0 | 2,673,851 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,278,307 | 0 | 4,952,158 |
| Licenses and permits | 4,049,460 | 0 | 0 | 0 | 1,946,191 | 986,816 | 0 | 3,006,748 | 0 | 0 | 0 | 9,989,215 |
| Intergovernmental | 0 | 0 | 66,503 | 1,680,289 | 11,168,446 | 54,785 | 0 | 64,584 | 106,774 | 0 | 0 | 13,141,381 |
| Rental income | 0 | 0 | 30,420 | 0 | 140,601 | 0 | 0 | 0 | 0 | 0 | 66,150 | 237,171 |
| Charges for services | 3,618,042 | 0 | 0 | 11,1742 | 436,848 | 51 | 44,492 | 8,000 | 54,065 | 0 | 0 | 4,273,240 |
| Fines and forfeits | 20,666 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,666 |
| Special assessments | 0 | 0 | 0 | 0 | 0 | 0 | 4,731 | 0 | 0 | 0 | 0 | 4,731 |
| Repayment of revolving loans | 0 | 0 | 4,143 | 0 | 0 | 0 | 0 | 0 | 242,181 | 0 | 0 | 246,324 |
| Miscellaneous | 72,646 | 19,278 | 620,863 | 20,520 | 194,373 | 15,874 | 19,677 | 51,530 | 51,131 | 32,282 | 33,607 | 1,131,781 |
| Total revenues | 7,760,814 | 2,693,129 | 721,929 | 1,812,551 | 13,886,459 | 1,057,526 | 68,900 | 3,130,862 | 454,151 | 2,310,589 | 99,757 | 33,996,667 |
| Expenditures | | | | | | | | | | | | |
| Current - departmental: | | | | | | | | | | | | |
| Central services | 919,000 | 0 | 0 | 131,000 | 889,000 | 73,000 | 107,969 | 2,269,057 | 0 | 0 | 0 | 4,389,026 |
| Fire and emergency medical services | 291,303 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 291,303 |
| Library, recreation, and cultural services | 0 | 2,052,637 | 224,172 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,276,809 |
| Planning and development | 5,781,096 | 0 | 0 | 0 | 0 | 1,031,029 | 0 | 0 | 644,137 | 529,378 | 0 | 7,985,640 |
| Police | 0 | 0 | 0 | 1,654,517 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,654,517 |
| Public works | 418,736 | 0 | 0 | 0 | 11,980,859 | 0 | 0 | 0 | 0 | 0 | 0 | 12,399,595 |
| Capital outlay | 0 | 0 | 129,695 | 0 | 0 | 0 | 0 | 1,899,999 | 0 | 0 | 0 | 2,029,694 |
| Total expenditures | 7,410,135 | 2,052,637 | 353,867 | 1,785,517 | 12,869,859 | 1,104,029 | 107,969 | 4,169,056 | 644,137 | 529,378 | 0 | 31,026,584 |
| Excess (deficiency) of revenues over expenditures | 350,679 | 640,492 | 368,062 | 27,034 | 1,016,600 | (46,503) | (39,069) | (1,038,194) | (189,986) | 1,781,211 | 99,757 | 2,970,083 |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfers in | 0 | 0 | 0 | 5,000 | 0 | 0 | 0 | 400,000 | 742,716 | 0 | 0 | 1,147,716 |
| Transfers out | 0 | 0 | 0 | 0 | (1,135,000) | 0 | 0 | (450,000) | 0 | 0 | 0 | (1,585,000) |
| Total other financing sources (uses) | 0 | 0 | 0 | 5,000 | (1,135,000) | 0 | 0 | (50,000) | 742,716 | 0 | 0 | (437,284) |
| Net change in fund balances | 350,679 | 640,492 | 368,062 | 32,034 | (118,400) | (46,503) | (39,069) | (1,088,194) | 552,730 | 1,781,211 | 99,757 | 2,532,799 |
| Fund balances, July 1, 2017 | 5,199,999 | 1,065,844 | 4,893,689 | 2,341,929 | 5,390,281 | 794,010 | 1,198,096 | 6,226,314 | 2,100,062 | 1,585,370 | 3,081,747 | 33,877,341 |
| Fund balances, June 30, 2018 | 5,550,678 | 1,706,336 | 5,261,751 | 2,373,963 | 5,271,881 | 747,507 | 1,159,027 | 5,138,120 | 2,652,792 | 3,366,581 | 3,181,504 | 36,410,140 |

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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DEBT SERVICE FUNDS

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

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

Nonmajor Debt Service Funds:

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

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

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

Combining Balance Sheet*Nonmajor Debt Service Funds*

June 30, 2018

(amounts in dollars)

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

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

Nonmajor Debt Service Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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CAPITAL PROJECTS FUNDS

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

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

Major Capital Projects Funds:

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

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

Nonmajor Capital Projects Funds:

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

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

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

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

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2018

(amounts in dollars)

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

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

Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

ENTERPRISE FUNDS

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

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

Major Enterprise Funds:

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

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

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

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

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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INTERNAL SERVICE FUNDS

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

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

Nonmajor Internal Service Funds:

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

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

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

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

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

Combining Statement of Net Position

All Internal Service Funds

June 30, 2018

(amounts in dollars)

| | Facilities Services | Fleet Services | Information Systems and Services | Professional Services | Risk and Benefits | Total |
|--|------------------------|-------------------|--|--------------------------|----------------------|--------------------|
| Assets | | | | | | |
| Current assets | | | | | | |
| Equity in pooled cash and investments | 4,336,029 | 20,079,454 | 8,775,204 | 1,053,770 | 37,413,476 | 71,657,933 |
| Receivables: | | | | | | |
| Accounts | 60 | 5,753 | 0 | 54,777 | 173,807 | 234,397 |
| Allowance for uncollectibles | 0 | (5,256) | 0 | (2,499) | (2,744) | (10,499) |
| Due from other governments | 0 | 58,056 | 138,225 | 203,371 | 92,089 | 491,741 |
| Interfund loans receivable | 0 | 120,000 | 0 | 0 | 0 | 120,000 |
| Inventories | 0 | 746,445 | 0 | 0 | 0 | 746,445 |
| Prepays and deposits | 18,662 | 0 | 12,499 | 0 | 37,175 | 68,336 |
| Total current assets | 4,354,751 | 21,004,452 | 8,925,928 | 1,309,419 | 37,713,803 | 73,308,353 |
| Noncurrent assets | | | | | | |
| Advances to other funds | 0 | 1,080,000 | 0 | 0 | 0 | 1,080,000 |
| Capital assets: | | | | | | |
| Land | 0 | 455,834 | 0 | 0 | 0 | 455,834 |
| Improvements other than buildings | 0 | 51,913 | 0 | 0 | 0 | 51,913 |
| Buildings and equipment | 5,424,886 | 53,239,893 | 1,461,682 | 374,644 | 94,230 | 60,595,335 |
| Construction in progress | 0 | 0 | 2,418,823 | 0 | 0 | 2,418,823 |
| Intangibles | 0 | 0 | 5,078,023 | 0 | 0 | 5,078,023 |
| Accumulated depreciation | (2,033,181) | (35,196,161) | (1,639,405) | (275,301) | (12,482) | (39,156,530) |
| Total noncurrent assets | 3,391,705 | 19,631,479 | 7,319,123 | 99,343 | 81,748 | 30,523,398 |
| Deferred outflows of resources | | | | | | |
| Related to pensions | 1,383,782 | 852,471 | 630,118 | 1,768,411 | 674,817 | 5,309,599 |
| Related to OPEB | 93,504 | 52,681 | 53,297 | 78,830 | 28,840 | 307,152 |
| Total deferred outflows of resources | 1,477,286 | 905,152 | 683,415 | 1,847,241 | 703,657 | 5,616,751 |
| Total assets and deferred outflows of resources | 9,223,742 | 41,541,083 | 16,928,466 | 3,256,003 | 38,499,208 | 109,448,502 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | 55,106 | 131,618 | 594,476 | 9,756 | 105,981 | 896,937 |
| Wages payable | 240,137 | 144,624 | 185,184 | 244,762 | 145,013 | 959,720 |
| Compensated absences payable | 270,827 | 166,111 | 144,734 | 260,605 | 109,256 | 951,533 |
| Due to other governments | 173,086 | 0 | 46,665 | 0 | 28,745 | 248,496 |
| Claims payable | 0 | 0 | 0 | 0 | 13,192,613 | 13,192,613 |
| Deposits | 4,425 | 0 | 0 | 0 | 87,533 | 91,958 |
| Interest payable | 6,605 | 3,905 | 3,130 | 7,055 | 27,385 | 48,080 |
| Unearned revenue | 55,835 | 281,354 | 0 | 0 | 0 | 337,189 |
| Bonds payable | 25,451 | 14,994 | 12,100 | 27,076 | 111,119 | 190,740 |
| Total current liabilities | 831,472 | 742,606 | 986,289 | 549,254 | 13,807,645 | 16,917,266 |
| Noncurrent liabilities | | | | | | |
| Compensated absences payable | 292 | 0 | 19,112 | 0 | 29,248 | 48,652 |
| Bonds payable (net of unamortized discount/premium) | 1,241,959 | 731,701 | 590,442 | 1,321,282 | 5,422,467 | 9,307,851 |
| Net pension liability | 4,074,775 | 2,517,411 | 2,053,912 | 4,883,898 | 1,816,370 | 15,346,366 |
| Net OPEB liability | 515,325 | 285,174 | 291,931 | 415,124 | 4,197,213 | 5,704,767 |
| Total noncurrent liabilities | 5,832,351 | 3,534,286 | 2,955,397 | 6,620,304 | 11,465,298 | 30,407,636 |
| Deferred inflows of resources | | | | | | |
| Related to pensions | 44,282 | 27,306 | 20,925 | 55,348 | 20,939 | 168,800 |
| Related to OPEB | 5,052 | 3,137 | 2,982 | 5,347 | 1,878 | 18,396 |
| Total deferred inflows of resources | 49,334 | 30,443 | 23,907 | 60,695 | 22,817 | 187,196 |
| Total liabilities and deferred inflows of resources | 6,713,157 | 4,307,335 | 3,965,593 | 7,230,253 | 25,295,760 | 47,512,098 |
| Net position | | | | | | |
| Net investment in capital assets | 3,391,705 | 18,551,479 | 7,319,123 | 99,343 | 81,748 | 29,443,398 |
| Unrestricted | (881,120) | 18,682,269 | 5,643,750 | (4,073,593) | 13,121,700 | 32,493,006 |
| Total net position | 2,510,585 | 37,233,748 | 12,962,873 | (3,974,250) | 13,203,448 | 61,936,404 |

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

All Internal Service Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

Combining Statement of Cash Flows*All Internal Service Funds*For the fiscal year ended June 30, 2018
(amounts in dollars)

| | <u>Facilities Services</u> | <u>Fleet Services</u> | <u>Information Systems and Services</u> | <u>Professional Services</u> | <u>Risk and Benefits</u> | <u>Total</u> |
|--|--------------------------------|---------------------------|---|----------------------------------|------------------------------|--------------|
| <u>Cash flows from operating activities</u> | | | | | | |
| Cash received from customers | 671,858 | 212,753 | 6,143,108 | 284,312 | 2,539,650 | 9,851,681 |
| Cash received from interfund services provided | 9,916,051 | 10,435,789 | 964,736 | 5,227,868 | 34,111,374 | 60,655,818 |
| Cash paid to suppliers for goods and services | (4,606,490) | (3,006,259) | (2,808,069) | (533,080) | (29,533,806) | (40,487,704) |
| Cash paid to employees for services | (3,682,493) | (2,471,526) | (1,745,141) | (4,082,003) | (1,446,324) | (13,427,487) |
| Cash paid for interfund services used | (1,419,562) | (1,496,520) | (900,449) | (1,071,135) | (383,760) | (5,271,426) |
| Cash paid for central business functions | (477,000) | (394,000) | (402,000) | (650,000) | (224,000) | (2,147,000) |
| Net cash provided by (used for) operating activities | 402,364 | 3,280,237 | 1,252,185 | (924,038) | 5,063,134 | 9,173,882 |
| <u>Cash flows from noncapital financing activities</u> | | | | | | |
| Transfers in | 0 | 1,466,755 | 0 | 0 | 0 | 1,466,755 |
| Transfers out | 0 | (400,000) | 0 | (270,000) | (360,459) | (1,030,459) |
| Principal payments on pension bonds | (314,635) | (61,451) | (49,568) | (110,977) | (347,337) | (883,968) |
| Interest payments on pension bonds | (52,480) | (32,484) | (22,285) | (57,386) | (244,943) | (409,578) |
| Subsidy from grant | 0 | 70,365 | 0 | 0 | 185,344 | 255,709 |
| Net cash provided by (used for) noncapital financing activities | (367,115) | 1,043,185 | (71,853) | (438,363) | (767,395) | (601,541) |
| <u>Cash flows from capital and related financing activities</u> | | | | | | |
| Advances to other funds | 0 | (1,200,000) | 0 | 0 | 0 | (1,200,000) |
| Proceeds from sale of capital assets | 0 | 240,431 | 0 | 0 | 0 | 240,431 |
| Acquisition and construction of capital assets | (165,692) | (4,482,444) | (4,590,158) | (84,250) | (86,786) | (9,409,330) |
| Net cash provided by (used for) capital and related financing activities | (165,692) | (5,442,013) | (4,590,158) | (84,250) | (86,786) | (10,368,899) |
| <u>Cash flows from investing activities</u> | | | | | | |
| Interest revenue | 51,249 | 230,575 | 118,823 | 16,744 | 379,909 | 797,300 |
| Net cash provided by (used for) investing activities | 51,249 | 230,575 | 118,823 | 16,744 | 379,909 | 797,300 |
| Net increase (decrease) in cash | (79,194) | (888,016) | (3,291,003) | (1,329,907) | 4,588,862 | (999,258) |
| Cash, July 1, 2017 | 4,415,223 | 20,967,470 | 12,066,207 | 2,383,677 | 32,824,614 | 72,657,191 |
| Cash, June 30, 2018 | 4,336,029 | 20,079,454 | 8,775,204 | 1,053,770 | 37,413,476 | 71,657,933 |

continued

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

OTHER SUPPLEMENTARY SCHEDULES

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Schedule of Bonded Debt Transactions

For the fiscal year ended June 30, 2018
(amounts in dollars)

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

continued

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

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STATISTICAL SECTION

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

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

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

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

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

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

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

Demographic and Economic Information (Schedules I-13 - I-14)

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

Operating Information (Schedules I-15 to I-17)

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

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

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

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

Data source
 City of Eugene Finance Division

Changes in Net Position

Last ten fiscal years - unaudited
(amounts in dollars)

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

continued

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Net (expense) revenue | | | | | | | | | | |
| Governmental activities | (115,257,892) | (110,633,814) | (113,724,642) | (118,459,098) | (120,584,577) | (111,494,129) | (179,172,210) | (179,172,210) | (123,547,145) | (154,810,197) |
| Business-type activities | (3,095,699) | 11,261,991 | 2,756,693 | 4,349,303 | 146,799 | 3,385,840 | (6,462,885) | (6,462,885) | 5,370,190 | 4,925,421 |
| Total government net (expense) revenue | (118,353,591) | (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) |
| General revenues and transfers | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | 86,465,150 | 99,297,845 | 97,962,592 | 97,837,712 | 99,321,973 | 102,009,251 | 106,096,214 | 110,728,701 | 117,178,340 | 119,058,842 |
| Transient room tax | 1,678,566 | 1,518,030 | 1,658,169 | 1,686,458 | 1,747,280 | 1,898,464 | 2,162,751 | 2,463,206 | 2,801,491 | 3,024,441 |
| Local motor vehicle fuel tax | 2,976,107 | 3,138,296 | 3,118,882 | 3,045,192 | 2,908,491 | 2,868,768 | 2,996,958 | 3,050,845 | 3,081,192 | 3,135,901 |
| Local marijuana tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 936,078 |
| Contributions in lieu of taxes | 13,263,982 | 12,342,958 | 13,762,181 | 13,469,821 | 11,762,150 | 12,158,537 | 12,204,263 | 12,674,782 | 13,170,497 | 13,227,794 |
| Franchise fees on telecom providers revenues | 9,029,349 | 8,653,036 | 10,954,417 | 10,393,736 | 8,467,984 | 10,757,879 | 8,482,827 | 27,751,459 | 12,423,650 | 11,286,127 |
| Grants and contributions not restricted to specific programs | 752,602 | 3,230,928 | 3,291,002 | 3,573,073 | 3,778,264 | 3,938,301 | 4,095,171 | 4,153,928 | 4,568,586 | 5,733,521 |
| Unrestricted investment earnings | 3,720,245 | 1,823,094 | 1,170,778 | 1,219,164 | 543,569 | 812,369 | 765,440 | 1,120,714 | 1,195,391 | 3,334,383 |
| Transfers | 20,346 | 1,191,787 | (3,046,158) | 353,430 | 1,946,076 | 2,070,154 | 2,202,900 | 1,802,546 | 1,555,246 | 528,264 |
| Total governmental activities general revenues and transfers | 117,906,347 | 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 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 729,510 | 292,139 | 198,099 | 161,900 | 83,972 | 130,195 | 119,126 | 151,851 | 144,731 | 253,145 |
| Transfers | (20,346) | (1,191,787) | 3,046,158 | (353,430) | (1,946,076) | (2,070,154) | (2,202,900) | (1,802,546) | (1,555,246) | (528,264) |
| Total business-type activities general revenues and transfers | 709,164 | (899,648) | 3,244,257 | (191,530) | (1,862,104) | (1,939,959) | (2,083,774) | (1,650,695) | (1,410,515) | (275,119) |
| Total government general revenues and transfers | 118,615,511 | 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 |
| Change in net position: | | | | | | | | | | |
| Governmental activities | 2,648,455 | 20,562,160 | 15,147,221 | 13,119,488 | 9,891,210 | 25,019,594 | (40,165,686) | (15,426,029) | 32,427,248 | 5,455,154 |
| Business-type activities | (2,386,535) | 10,362,343 | 6,000,950 | 4,157,773 | (1,715,305) | 1,445,881 | (8,546,659) | (8,113,580) | 3,959,675 | 4,650,302 |
| Total government change in net position | 261,920 | 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 |

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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| General Fund: | | | | | | | | | | |
| Reserved | 405,650 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unreserved | 32,109,937 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nonspendable | 0 | 736,386 | 1,066,473 | 1,399,020 | 762,321 | 623,852 | 837,243 | 953,774 | 1,200,987 | 1,512,034 |
| Restricted | 0 | 833,887 | 914,813 | 1,041,185 | 1,058,040 | 1,088,331 | 1,107,064 | 1,168,970 | 1,336,519 | 921,003 |
| Assigned | 0 | 32,211,828 | 38,269,910 | 37,320,281 | 34,768,090 | 34,633,376 | 38,188,164 | 36,263,402 | 52,650,179 | 51,080,271 |
| Unassigned | 0 | 6,122,604 | 5,792,870 | 3,330,380 | 2,961,405 | 6,622,503 | 901,143 | 19,803,948 | 5,184,963 | 11,420,867 |
| Total General Fund | 32,515,587 | 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 |
| All other governmental funds: | | | | | | | | | | |
| Reserved | 3,331,083 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 27,990,706 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt service funds | 5,790,008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital projects funds | 14,603,402 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nonspendable | 0 | 3,197,689 | 2,636,383 | 3,836,064 | 2,915,176 | 3,049,432 | 2,935,110 | 2,242,204 | 2,278,199 | 4,392,859 |
| Restricted | 0 | 34,464,276 | 31,260,095 | 35,767,355 | 42,856,626 | 48,547,775 | 53,834,774 | 60,042,342 | 70,445,986 | 75,744,039 |
| Committed | 0 | 7,793,449 | 11,257,256 | 12,413,934 | 12,315,054 | 13,842,075 | 14,293,990 | 13,337,866 | 13,398,885 | 12,699,342 |
| Assigned | 0 | 10,766,087 | 11,618,763 | 5,506,138 | 3,668,775 | 15,373,633 | 16,602,173 | 15,174,737 | 16,758,998 | 18,354,678 |
| Unassigned | 0 | (108,342) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total all other governmental funds | 51,715,199 | 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 |

Notes

- a) This schedule was modified with the implementation of GASB54, effective FY10.
- b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.

Data source

City of Eugene Finance Division

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

Last ten fiscal years - unaudited
(amounts in dollars)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | | | | | | | | | |
| Taxes | 103,745,938 | 115,363,742 | 116,480,716 | 114,430,239 | 115,143,898 | 118,729,451 | 123,057,049 | 128,418,191 | 134,915,564 | 144,178,020 |
| Licenses and permits | 12,124,148 | 12,016,951 | 16,247,802 | 14,621,168 | 14,070,573 | 16,645,767 | 15,451,256 | 33,340,125 | 18,201,720 | 18,831,331 |
| Intergovernmental | 21,547,927 | 21,246,577 | 23,061,009 | 19,783,960 | 19,802,487 | 18,349,223 | 18,052,285 | 18,785,203 | 21,724,233 | 25,039,713 |
| Rental income | 377,621 | 355,002 | 383,266 | 432,660 | 470,709 | 473,986 | 510,614 | 550,688 | 578,538 | 911,124 |
| Charges for services | 17,277,036 | 16,546,585 | 18,161,552 | 23,333,482 | 20,781,787 | 26,586,566 | 23,599,385 | 24,521,666 | 26,612,545 | 25,314,067 |
| Fines and forfeits | 3,110,577 | 2,986,586 | 2,929,400 | 2,648,101 | 2,287,456 | 2,306,886 | 2,429,335 | 2,440,446 | 2,003,137 | 2,014,566 |
| Special assessments | 209,188 | 498,370 | 1,100,252 | 269,691 | 300,439 | 157,176 | 120,081 | 103,170 | 46,147 | 24,127 |
| Repayment of revolving loans | 1,725,978 | 1,316,158 | 1,419,907 | 1,577,023 | 1,359,759 | 2,049,212 | 4,374,927 | 2,315,269 | 2,000,135 | 1,585,999 |
| Miscellaneous | 4,812,046 | 3,754,441 | 4,081,989 | 2,643,789 | 3,990,028 | 3,171,788 | 6,134,603 | 3,187,847 | 3,644,019 | 4,800,921 |
| Total revenues | 164,930,459 | 174,084,412 | 183,865,893 | 179,740,113 | 178,207,136 | 188,470,055 | 193,729,535 | 213,662,605 | 209,726,038 | 222,699,868 |
| Expenditures | | | | | | | | | | |
| Central services | 18,713,107 | 17,159,626 | 18,188,802 | 19,693,788 | 19,091,906 | 17,493,539 | 19,626,851 | 19,368,223 | 19,384,389 | 21,287,052 |
| Fire and emergency medical services | 22,667,961 | 22,977,955 | 23,507,369 | 24,666,748 | 25,551,463 | 25,647,949 | 26,273,059 | 28,482,187 | 29,144,696 | 32,142,030 |
| Library, recreation, and cultural services | 24,428,693 | 25,688,755 | 25,598,692 | 24,987,647 | 23,870,446 | 24,075,473 | 25,969,030 | 27,244,948 | 30,130,054 | 34,172,077 |
| Planning and development | 18,266,739 | 18,326,473 | 22,134,992 | 17,899,972 | 15,544,065 | 14,150,442 | 15,749,257 | 17,746,249 | 18,087,410 | 17,353,886 |
| Police | 41,877,715 | 39,781,729 | 42,544,795 | 46,724,924 | 48,112,485 | 47,648,196 | 50,855,001 | 52,467,719 | 53,444,177 | 54,230,508 |
| Public works | 16,387,652 | 15,857,207 | 15,162,759 | 15,891,864 | 16,785,203 | 16,354,843 | 16,674,300 | 18,922,196 | 18,647,613 | 19,268,674 |
| Debt service: | | | | | | | | | | |
| Principal | 7,660,834 | 7,655,206 | 12,167,801 | 24,579,753 | 13,888,196 | 14,925,325 | 16,439,017 | 25,135,066 | 13,830,504 | 13,709,127 |
| Interest | 2,000,874 | 1,780,068 | 1,571,175 | 2,071,130 | 1,501,826 | 1,300,697 | 1,091,065 | 981,532 | 786,735 | 622,644 |
| Arbitrage fee | 6,900 | 15,070 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Issuance costs | 32,253 | 18,975 | 50,696 | 137,276 | 11,149 | 28,728 | 8,788 | 117,490 | 0 | 0 |
| Capital outlay | 24,501,530 | 31,526,686 | 23,382,608 | 28,481,716 | 21,368,508 | 23,323,366 | 25,812,060 | 21,814,651 | 21,433,109 | 26,201,981 |
| Contribution of land held for resale | 0 | 0 | 538,929 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental | 0 | 0 | 8,000,000 | 0 | 0 | 500,000 | 236,151 | 0 | 0 | 0 |
| Loss on sale of capital asset | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 465,278 |
| Special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 321 | 28,045 |
| Total expenditures | 176,544,258 | 180,787,750 | 192,848,618 | 205,134,818 | 185,725,247 | 185,448,558 | 198,734,579 | 212,280,261 | 204,889,008 | 219,481,302 |
| Excess (deficiency) of revenues over expenditures | (11,613,799) | (6,703,338) | (8,982,725) | (25,394,705) | (7,518,111) | 3,021,497 | (5,005,044) | 1,382,344 | 4,837,030 | 3,218,566 |

continued

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|--------------|--------------|-------------|
| <u>Other financing sources (uses)</u> | | | | | | | | | | |
| Proceeds of debt issuance | 4,345,000 | 500,000 | 17,765,000 | 8,540,000 | 9,495,000 | 10,580,000 | 8,700,000 | 11,282,978 | 9,251,000 | 9,719,000 |
| Proceeds of note issuance | 2,705,930 | 0 | 3,412,000 | 1,777,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds of refunding bonds issuance | 5,600,000 | 0 | 0 | 11,464,606 | 0 | 0 | 0 | 8,929,918 | 0 | 0 |
| Refunded bonds redeemed | (5,593,800) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers in | 14,816,539 | 40,216,213 | 12,263,751 | 10,804,034 | 7,910,800 | 17,949,829 | 9,745,093 | 9,636,468 | 14,858,904 | 9,190,305 |
| Transfers out | (12,782,991) | (22,225,797) | (17,659,327) | (10,253,301) | (8,536,559) | (9,075,836) | (8,521,365) | (10,944,126) | (14,679,461) | (9,257,494) |
| Total other financing sources (uses) | 9,090,678 | 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 |
| Net change in fund balances | (2,523,121) | 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 |

| | | | | | | | | | | |
|---|-------|-------|-------|--------|-------|--------|--------|-------|-------|-------|
| Debt service as a percentage of noncapital expenditures | 6.38% | 6.34% | 8.16% | 15.16% | 9.37% | 10.03% | 10.14% | 7.97% | 7.97% | 7.24% |
|---|-------|-------|-------|--------|-------|--------|--------|-------|-------|-------|

Notes

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

Data Source

City of Eugene Finance Division

Taxable Assessed Value and Actual Value of Property*Last ten fiscal years - unaudited*

(amounts in dollars)

| <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> | |
| 2009 | 10,501,729,496 | 22,922,483,398 | 492,684,613 | 525,746,558 | 10,994,414,109 | 23,448,229,956 | 7.98 |
| 2010 | 11,006,944,202 | 22,077,562,997 | 459,543,562 | 483,196,072 | 11,466,487,764 | 22,560,759,069 | 8.56 |
| 2011 | 11,179,600,899 | 20,845,219,878 | 433,560,719 | 444,689,566 | 11,613,161,618 | 21,289,909,444 | 8.58 |
| 2012 | 11,460,819,092 | 20,777,602,912 | 423,318,352 | 430,903,340 | 11,884,137,444 | 21,208,506,252 | 8.29 |
| 2013 | 11,726,917,294 | 20,026,046,722 | 417,128,883 | 423,958,299 | 12,144,046,177 | 20,450,005,021 | 8.27 |
| 2014 | 12,094,523,637 | 20,325,443,248 | 407,291,102 | 413,828,210 | 12,501,814,739 | 20,739,271,458 | 8.28 |
| 2015 | 12,617,178,328 | 22,069,558,527 | 412,660,052 | 419,387,551 | 13,029,838,380 | 22,488,946,078 | 8.26 |
| 2016 | 13,249,156,562 | 22,995,929,078 | 436,321,744 | 446,812,582 | 13,685,478,306 | 23,442,741,660 | 8.25 |
| 2017 | 13,621,225,931 | 23,850,191,065 | 456,896,472 | 468,331,800 | 14,078,122,403 | 24,318,522,865 | 8.34 |
| 2018 | 14,220,572,743 | 26,202,887,770 | 481,382,167 | 498,140,764 | 14,701,954,910 | 26,701,028,534 | 8.30 |

Notes

- a) Assessed value is reported net of exemptions and net of Urban Renewal excess (incremental) value, and is the value used to establish the tax levy for the fiscal year.
b) Real property includes utilities and personal property includes manufactured structures.
c) Total direct tax rate is per \$1,000 of assessed value.

Data source

Lane County Department of Assessment and Taxation

Direct and Overlapping Property Tax Rates

Last ten fiscal years - unaudited
(rate per \$1,000 of assessed value)

| Fiscal year | City direct rates | | | | Overlapping rates | | | | Total overlapping rate | Total | |
|-------------|-------------------|--------------|-------------------|--------|-------------------|-------------------|--------|------------------|------------------------|-------|-------|
| | Operating | Debt service | Total direct rate | County | School districts | Community college | County | School districts | | | |
| 2009 | 7.40 | 0.58 | 7.98 | 1.38 | 7.74 | 0.86 | 1.38 | 7.74 | 0.86 | 9.98 | 17.96 |
| 2010 | 7.38 | 1.18 | 8.56 | 1.38 | 7.76 | 0.84 | 1.38 | 7.76 | 0.84 | 9.98 | 18.54 |
| 2011 | 7.38 | 1.20 | 8.58 | 1.37 | 7.66 | 0.85 | 1.37 | 7.66 | 0.85 | 9.88 | 18.46 |
| 2012 | 7.15 | 1.14 | 8.29 | 1.37 | 7.65 | 0.87 | 1.37 | 7.65 | 0.87 | 9.89 | 18.18 |
| 2013 | 7.15 | 1.12 | 8.27 | 1.37 | 7.50 | 0.85 | 1.37 | 7.50 | 0.85 | 9.72 | 17.99 |
| 2014 | 7.17 | 1.11 | 8.28 | 1.91 | 7.95 | 0.85 | 1.91 | 7.95 | 0.85 | 10.71 | 18.99 |
| 2015 | 7.17 | 1.09 | 8.26 | 1.91 | 7.93 | 0.85 | 1.91 | 7.93 | 0.85 | 10.69 | 18.95 |
| 2016 | 7.17 | 1.08 | 8.25 | 1.81 | 7.91 | 0.81 | 1.81 | 7.91 | 0.81 | 10.53 | 18.78 |
| 2017 | 7.38 | 0.96 | 8.34 | 1.65 | 7.95 | 0.83 | 1.65 | 7.95 | 0.83 | 10.43 | 18.77 |
| 2018 | 7.38 | 0.92 | 8.30 | 1.65 | 7.92 | 0.83 | 1.65 | 7.92 | 0.83 | 10.40 | 18.70 |

Notes

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

Data source

Lane County Department of Assessment and Taxation

City of Eugene, Oregon
Property Tax Levies and Collections

Last seven fiscal years - unaudited
 (amounts in dollars)

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

Notes

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

Data source

Lane County Department of Assessment and Taxation

Ten Principal Property Taxpayers

Current year and nine years ago - unaudited
(amounts in dollars)

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

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

Notes

- a) Details regarding the City's outstanding debt can be found in the notes to basic financial statements.
- b) All debt is shown net of unamortized premiums and discounts.
- c) Percentage of real market value was calculated using property value information from Schedule I-5.
- d) Debt per capita was calculated using population data from Schedule I-13.
- e) As part of the implementation of GASB 68 in FY15, the Limited Tax Pension Bond Debt was proportionately allocated to all Governmental and Business-type activities.

Data source

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

Ratio of General Bonded Debt Outstanding

Last ten fiscal years - unaudited
(amounts in dollars)

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

Notes

- 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, 2018 - unaudited*

(amounts in dollars)

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

Data source

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

City of Eugene Finance Division

Legal Debt Margin - General Obligation Bonded Debt

Last ten fiscal years - unaudited
(amounts in dollars)

| | Fiscal Year | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Real market value | 23,448,229,956 | 22,560,759,069 | 21,289,909,444 | 21,208,506,252 | 20,450,005,021 | 20,739,271,458 | 22,488,946,078 | 23,442,741,660 | 24,318,522,865 | 26,701,028,534 |
| Legal debt margin: | | | | | | | | | | |
| Debt limit (3% of real market value) | 703,446,899 | 676,822,772 | 638,697,283 | 636,255,188 | 613,500,151 | 622,178,144 | 674,668,382 | 703,282,250 | 729,555,686 | 801,030,856 |
| Debt applicable to limit: | | | | | | | | | | |
| General Obligation Bonds | 40,176,200 | 35,389,414 | 32,844,164 | 28,910,000 | 25,820,000 | 23,245,000 | 18,990,300 | 15,625,000 | 12,185,000 | 8,695,000 |
| Less: Amount reserved for repayment of general obligation debt | 458,350 | (619,761) | (961,919) | (552,614) | (395,162) | (76,235) | (354,949) | (290,445) | (574,151) | (817,737) |
| Total debt applicable to limit | <u>40,634,550</u> | <u>34,769,653</u> | <u>31,882,245</u> | <u>28,357,386</u> | <u>25,424,838</u> | <u>23,168,765</u> | <u>18,635,351</u> | <u>15,334,555</u> | <u>11,610,849</u> | <u>7,877,263</u> |
| Legal debt margin | <u>662,812,349</u> | <u>642,053,119</u> | <u>606,815,038</u> | <u>607,897,802</u> | <u>588,075,313</u> | <u>599,009,379</u> | <u>656,033,031</u> | <u>687,947,695</u> | <u>717,944,837</u> | <u>793,153,593</u> |
| Total debt applicable to the limit as a percentage of debt limit | <u>6%</u> | <u>5%</u> | <u>5%</u> | <u>4%</u> | <u>4%</u> | <u>4%</u> | <u>3%</u> | <u>2%</u> | <u>2%</u> | <u>1%</u> |

Notes

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

Data source

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

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

| <u>Fiscal year</u> | <u>City of Eugene</u> | | <u>Lane County</u> | | |
|--------------------|-----------------------|--------------------------|--------------------|------------------------------------|--------------------------|
| | <u>Population</u> | <u>Unemployment rate</u> | <u>Population</u> | <u>Personal income (thousands)</u> | <u>Per capita income</u> |
| 2009 | 154,620 | 10.10% | 345,880 | 11,783,941 | 33,562 |
| 2010 | 157,100 | 10.80% | 347,690 | 11,709,176 | 33,277 |
| 2011 | 157,845 | 9.60% | 348,550 | 12,214,306 | 34,561 |
| 2012 | 157,010 | 9.10% | 353,155 | 12,742,734 | 35,941 |
| 2013 | 158,335 | 8.20% | 354,200 | 13,047,961 | 36,630 |
| 2014 | 159,580 | 6.70% | 356,125 | 13,392,647 | 37,374 |
| 2015 | 160,775 | 6.50% | 358,805 | 14,468,971 | 39,871 |
| 2016 | 163,400 | 4.70% | 362,150 | 15,160,278 | 41,027 |
| 2017 | 165,885 | 3.70% | 365,940 | 15,013,420 | 41,027 |
| 2018 | 167,780 | 3.50% | 370,600 | 15,204,606 | 41,027 |

Notes

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

Data source*City of Eugene Information:*

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

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

Lane County Information:

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

Lane County Financial Services

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

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

Notes

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

Data source

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

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

| <u>Fiscal year</u> | <u>Function/Program</u> | | | | | | <u>Total</u> |
|--------------------|-------------------------|--|---|---------------------------------|---------------|---------------------|--------------|
| | <u>Central services</u> | <u>Fire and emergency medical services</u> | <u>Library, recreation, and cultural services</u> | <u>Planning and development</u> | <u>Police</u> | <u>Public works</u> | |
| 2009 | 230 | 203 | 190 | 111 | 296 | 410 | 1,440 |
| 2010 | 217 | 204 | 181 | 98 | 306 | 398 | 1,404 |
| 2011 | 210 | 200 | 180 | 94 | 300 | 396 | 1,380 |
| 2012 | 212 | 199 | 174 | 93 | 305 | 395 | 1,378 |
| 2013 | 201 | 197 | 166 | 93 | 299 | 391 | 1,347 |
| 2014 | 202 | 202 | 167 | 86 | 299 | 407 | 1,363 |
| 2015 | 204 | 198 | 167 | 92 | 300 | 408 | 1,369 |
| 2016 | 210 | 198 | 171 | 98 | 306 | 411 | 1,394 |
| 2017 | 216 | 202 | 186 | 97 | 307 | 409 | 1,417 |
| 2018 | 235 | 215 | 184 | 102 | 301 | 404 | 1,441 |

Notes

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

Data source

City of Eugene Finance Division

Operating Indicators by Function/Program

Last ten fiscal years - unaudited

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

Notes

- 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 | | | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| <u>Fire and emergency medical services:</u> | | | | | | | | | | |
| Ambulances | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 13 |
| Fire stations | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Fire apparatus | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| <u>Library, recreation, and cultural services:</u> | | | | | | | | | | |
| Amphitheatre | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Performing arts center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community centers | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 9-hole golf course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Indoor/outdoor pool | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| <u>Police:</u> | | | | | | | | | | |
| Patrol vehicles | 42 | 42 | 43 | 43 | 43 | 52 | 52 | 52 | 52 | 53 |
| <u>Public works:</u> | | | | | | | | | | |
| Jogging and hiking trails (miles) | 28 | 28 | 28 | 28 | 38 | 39 | 44 | 47 | 48 | 48 |
| On/off street biking trails (miles) | 153 | 157 | 157 | 159 | 159 | 159 | 304 | 248 | 245 | 245 |
| Park acreage | 3,671 | 3,671 | 3,987 | 4,283 | 4,506 | 4,576 | 4,677 | 4,800 | 4,800 | 4,800 |
| Streets maintained (miles) | 533 | 533 | 533 | 533 | 533 | 540 | 538 | 543 | 547 | 547 |
| Alleys (miles) | 42 | 42 | 42 | 43 | 43 | 43 | 43 | 43 | 43 | 43 |
| Sidewalks (miles) | 700 | 738 | 772 | 772 | 791 | 791 | 792 | 756 | 767 | 767 |
| Drainage Lines (miles) | 567 | 601 | 601 | 601 | 601 | 601 | 601 | 601 | 601 | 601 |
| Wastewater collection lines (miles) | 813 | 815 | 811 | 812 | 821 | 821 | 821 | 821 | 842 | 842 |

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

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

Data source

Individual City Departments

AUDIT COMMENTS AND GOVERNMENT
AUDITING STANDARDS SECTIONS

AUDIT COMMENTS

AUDIT COMMENTS

(Comments and Disclosures Required by State Regulators)

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

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INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS



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

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

We have audited the basic financial statements of City of Eugene, Oregon as of and for the year ended June 30, 2018, and have issued our report thereon dated November 30, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe City of Eugene was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. Deficit net position are described in Note (3) (B) to the financial statements, *Stewardship, Compliance, and Accountability – Deficit Net Position*.

OAR 162-10-0230 Internal Control

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

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

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

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

ISLER CPA

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

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

Eugene, Oregon
November 30, 2018

GOVERNMENT AUDITING STANDARDS

Government Auditing Standards Report

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



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

1976 Garden Ave.
Eugene, OR 97403
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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control Over Financial Reporting

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

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

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

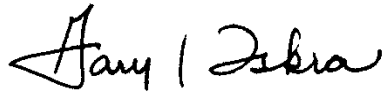
Compliance and Other Matters

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

Purpose of This Report

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

ISLER CPA

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

By Gary Iskra, CPA, a member of the firm

Eugene, Oregon
November 30, 2018

OMB Uniform Guidance (Single Audit) Report

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



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Eugene's ("the City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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 Gary Iskra, CPA, a member of the firm

Eugene, Oregon
November 30, 2018

CITY OF EUGENE, OREGON

Schedule of Findings and Questioned Costs

June 30, 2018

Section I - Summary of Auditor's Results

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

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

| Reference Number | Finding and Corrective Action Plan |
|-------------------------|--|
| 2017-001 | <p>Finding: The City's Community Development Block grants/Entitlement Grants subrecipient agreement format had not been updated to conform to 2 CFR 200.331(a). - Subrecipient Monitoring</p> <p>Status: Corrective action was implemented. Subrecipient agreements were updated to ensure all required information is included and procedures were amended to ensure subrecipient reporting requirements remain up to date.</p> |

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

continued

December 10, 2018, Meeting - Item 2D

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

continued

December 10, 2018, Meeting - Item 2D

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

CITY OF EUGENE, OREGON

Notes to Schedule of Expenditures of Federal Awards

June 30, 2018

(1) Purpose of the Schedule

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

(2) Significant Accounting Policies

Basis of Presentation

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

Federal Financial Assistance

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

Major Programs

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

Reporting Entity

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

Revenue and Expenditure Recognition

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

Indirect Cost Rate

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



RESOLUTION NO.

A RESOLUTION ACKNOWLEDGING THE RECEIPT OF THE
COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE
CITY OF EUGENE FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

The City Council of the City of Eugene finds that:

The firm of Isler CPA has completed the audit of the financial statements of the City of Eugene for the fiscal year ended June 30, 2018, as required by ORS 297.425 and, pursuant to ORS 297.465, reported to the Mayor and City Council on its findings.

NOW, THEREFORE,

BE IT RESOLVED by the City Council of the City of Eugene, a Municipal Corporation of the State of Oregon, as follows:

Section 1. That the Council hereby acknowledges that it has received the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018.

The foregoing resolution adopted the 10th day of December, 2018.

City Recorder



November 30, 2018

To the City Council
City of Eugene, Oregon

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

We have audited 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 for the year ended June 30, 2018, and have issued our report thereon dated November 30, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 13, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Eugene are described in the footnotes to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

The financial statements include:

- significant pension (OPERS) disclosures – see footnote (5)(C).
- tax abatements (GASB 77), see footnote (5)(I).
- other post employment benefit obligations (GASB 75) - see footnotes (5)(E) and (5)(F).

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. The most significant estimates affecting the financial statements are the determination of depreciation on capital assets, the net pension liability estimate and the net other post employment benefit obligation (OPEB) estimates. The accounting policies relating to capital assets and depreciation are described in the footnotes to the comprehensive annual financial report. The PERS footnote (5)(C) includes assumptions used to value the pension obligation and interest rate sensitivity analysis. Estimate relating to the OPEB obligations are set forth in footnote (5)(E) and (5)(F) to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles, implementation of new accounting standards, and the impact of new auditing standards with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the City Council and management of the City of Eugene and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

ISLER CPA

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

By Gary Iskra, a member of the firm

Information on General Fund, Fund Balance Trends

The FY18 Comprehensive Annual Financial Report (CAFR) includes key data related to the General Fund's Ending Fund Balance. Fund balance information is contained in several places:

- Governmental Funds, Balance Sheet, Exhibit 3, page 29.
- Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balance, Exhibit 4, page 30.
- Notes to Basic Financial Statements, Note 1(Q), Fund Balance, pages 47-48.
- General Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, Schedule A-1, page 89.

Included in these exhibits and schedules is information on the change in the General Fund's fund balance from the prior year, as well as a breakdown of elements of fund balance.

General Fund Ending Working Capital (Budget Basis)

FY18 actual results show an ending working capital (EWC) in the General Fund, reporting fund (including the Main Subfund, Cultural Services Subfund and Equipment Replacement Subfund) of \$63,738,160 which is \$4,447,397 more than the FY17 EWC and \$11,649,939 more than anticipated for carryover resources in the FY19 Adopted Budget. These figures are reported on a Budget Basis of accounting. The chart below compares FY17 and FY18 EWC for the General Fund (Budget Basis).

| General Fund | | Cultural | Equipment | |
|------------------------|--------------|-------------|-------------|-----------------|
| Ending Working Capital | | Services | Replacement | Total Reporting |
| Budget Basis | Main Subfund | Subfund | Subfund | Fund * |
| FY17 | \$55,418,726 | \$3,011,423 | \$860,614 | \$59,290,763 |
| FY18 | 60,717,897 | 2,337,826 | 682,437 | 63,738,160 |
| Change | 5,299,171 | (673,597) | (178,177) | 4,447,397 |

General Fund Ending Fund Balance (GAAP Basis)

GAAP results differ from budget basis results because the budget is created on a modified accrual basis while GAAP rules are slightly different in terms of when revenues and expenditures are recognized. The chart below compares FY17 and FY18 EWC for the General Fund (GAAP Basis).

| General Fund | | Cultural | Equipment | |
|------------------------|--------------|-------------|-------------|-----------------|
| Ending Working Capital | | Services | Replacement | Total Reporting |
| GAAP Basis | Main Subfund | Subfund | Subfund | Fund * |
| FY17 | \$56,487,217 | \$3,026,367 | \$859,064 | \$60,372,648 |
| FY18 | 61,941,340 | 2,313,552 | 679,283 | 64,934,175 |
| Change | 5,454,123 | (712,815) | (179,781) | 4,561,527 |

*Source: CAFR Exhibit 3, page 27 (FY17).

*Source: CAFR Exhibit 3, page 29 (FY18).

General Fund Ending Balance Classifications

The General Fund Ending Fund Balances for FY17 and FY18 are shown below according to the classifications in the CAFR. This chart shows the components of the Ending Fund Balance and how they have changed from FY17 to FY18. It is important to remember that, although at June 30, 2018 there was a portion of fund balance that was considered, under accounting rules, to be "Unassigned", that amount is recommended to be appropriated by City Council on Supplemental Budget #1 and will no longer be available for spending.

General Fund Ending Balance Classifications (FY17 and FY18)

| Category | Item | Explanation | FY17 | FY18 |
|---------------|------------------------------------|---|--------------|--------------|
| Non-Spendable | | Prepays and deposits have already been paid out and are not available for other spending | \$1,200,987 | \$1,512,034 |
| Restricted | Cultural Services | From Transient Room Tax; must be spent according to state law. | 1,336,519 | 921,003 |
| Assigned | Unappropriated Ending Fund Balance | Pay bills and payroll until property taxes are received in November; set at 2 months of expenditures per Council policy | 25,330,000 | 25,990,000 |
| | Cultural Services | Prudent reserve for operation of Hult Center, etc. | 1,689,848 | 1,392,549 |
| | Reserve for Encumbrance | Contracts that were in effect but not complete as of June 30 | 2,147,882 | 1,940,790 |
| | Reserve for Next Year's Spending | Used to balance the subsequent year's budget | 3,576,809 | 227,017 |
| | Reserve for Revenue Shortfall | Prudent reserve for the General Fund; target is 8% of expenditures | 18,554,586 | 20,529,818 |
| | Other Reserves | For property tax appeals, excess local marijuana, and equipment replacement | 1,351,054 | 1,000,097 |
| Unassigned | | Appropriated on supplemental budget #1 in December of the subsequent year and no longer available for spending | 5,184,963 | 11,420,867 |
| | | Total Fund Balance | \$60,372,648 | \$64,934,175 |

Source: CAFR Exhibit 3, page 27, and CAFR Note (1)(P), page 44-45 (FY17).

Source: CAFR Exhibit 3, page 29, and CAFR Note (1)(Q), page 47-48 (FY18).

EUGENE URBAN RENEWAL AGENCY

AGENDA ITEM SUMMARY



Action: Resolution Acknowledging Receipt of the Annual Financial Report of the Urban Renewal Agency of the City of Eugene for the Fiscal Year Ended June 30, 2018

Meeting Date: December 10, 2018
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 3
Staff Contact: Finn Cronin
Contact Telephone Number: 541-682-5394

ISSUE STATEMENT

This is a resolution acknowledging receipt of the Annual Financial Report (Report) of the Urban Renewal Agency (Agency) of the City of Eugene for the fiscal year ended June 30, 2018. This resolution demonstrates compliance with ORS 297.465(2), which requires that a copy of the Agency's financial report, containing a signed expression of opinion, be furnished to each member of the governing body. The resolution is included as Attachment B.

BACKGROUND

Under Oregon Municipal Audit Law, the Agency is required each fiscal year to contract with an authorized accounting firm for the audit of its accounts and fiscal affairs (ORS 297.425). The regional firm of Isler CPA (auditors) has completed the audit of the Agency's annual financial report for the fiscal year ended June 30, 2018, and issued an unmodified opinion (also known as a "clean opinion") on the basic financial statements.

The key components of the audit results are the two auditors' reports on pages 3-5 and pages 45-46. In the first report, the auditors have issued an unmodified on the Agency's basic financial statements, indicating that the Agency has prepared the statements in conformity with generally accepted accounting principles. GAAP for state and local governments is promulgated by the Governmental Accounting Standards Board to ensure consistency in accounting and comparability in financial reporting among state and local governments. A clean opinion is a fundamental financial goal for every government, as it represents the highest level of opinion a government can receive from its independent auditors. A clean opinion is an important indicator of sound financial management and creditworthiness to the citizens, other governmental jurisdictions (state and federal), credit rating agencies, investment bankers, bond holders, and other private sector entities. For policy makers, a clean opinion means that the information in the Annual Financial Report is accurate and reliable.

In the second report, the auditors address the Agency's compliance with applicable provisions of Oregon Revised Statutes including requirements related to debt, deposit of public funds, preparation and adoption of the budget, accounting records and related internal control structure, etc. The auditors noted that nothing came to their attention that caused them to believe that the Agency was not in compliance with state regulations. The auditors conduct the audit of the Agency's basic

financial statements in accordance with generally accepted auditing standards and the Minimum Standards for Audits of Oregon Municipal Corporations.

Management is responsible for the information contained in, and the preparation of, the Agency's financial statements. To effectively fulfill this responsibility and to contain the cost of auditor services, staff devotes significant effort to the closing of accounting records, the preparation of schedules and audit work papers, and the production of the Annual Financial Report. This also results in staff expertise being developed on specific financial and service issues that can then be used to assist departments and other pertinent parties.

RELATED CITY POLICIES

Policy B.1 of the City's Financial Management Goals and Policies states that "The City will maintain an accounting and financial reporting system that allows reporting in conformance with Generally Accepted Accounting Principles and Oregon Local Budget Law and will issue a Comprehensive Annual Financial Report each fiscal year." This action signifies formal completion of this process for the fiscal year ended June 30, 2018, and demonstrates the Agency's compliance with the policy.

AGENCY OPTIONS

None.

AGENCY DIRECTOR'S RECOMMENDATION

The Agency Director recommends adoption of the Resolution.

SUGGESTED MOTION

Move to adopt the resolution acknowledging receipt of the Annual Financial Report for the Urban Renewal Agency of the City of Eugene for the fiscal year ended June 30, 2018.

ATTACHMENTS

- A. Urban Renewal Agency Annual Financial Report for Fiscal Year ended June 30, 2018
- B. Resolution

FOR MORE INFORMATION

Staff Contact: Finn Cronin
Telephone: 541-682-5394
Staff E-Mail: FCronin@eugene-or.gov

URBAN RENEWAL AGENCY

A Component Unit of the City of Eugene, Oregon

Annual Financial Report



**Fiscal Year Ended
June 30, 2018**

URBAN RENEWAL AGENCY

A Component Unit of the City of Eugene, Oregon

Annual Financial Report

Fiscal Year Ended June 30, 2018

(With Independent Auditors' Report Thereon)

Report Prepared by the City of Eugene
Finance Division

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Annual Financial Report

Year Ended June 30, 2018

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URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Annual Financial Report

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URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Principal officials as of June 30, 2018

| | <u>Name</u> | <u>Term Expires</u> |
|-----------------------|---------------|---------------------|
| Mayor: | Lucy Vinis | January 2021 |
| Board Members: | Emily Semple | January 2021 |
| | Betty Taylor | January 2021 |
| | Alan Zelenka | January 2019 |
| | Jennifer Yeh | January 2019 |
| | Mike Clark | January 2019 |
| | Greg Evans | January 2019 |
| | Claire Syrett | January 2021 |
| | Chris Pryor | January 2021 |
| Director: | Jon R. Ruiz | |

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of the Urban
Renewal Agency Board and Administrator of the
Urban Renewal Agency of the City of Eugene, Oregon

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Eugene, Oregon ("Urban Renewal Agency") (a component unit of the City of Eugene, Oregon) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency'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. 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 and each major fund of the Urban Renewal Agency as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis ("MD&A") on pages 7 through 11 and the budgetary comparison information for the General Fund and Riverfront Special Revenue Fund on pages 33 and 34 be presented to supplement the basic financial statements. The MD&A, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A 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 MD&A 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 Urban Renewal Agency's basic financial statements. The budgetary comparison information for the General Fund and Riverfront Special Revenue Fund on pages 33 and 34 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison information is the responsibility of management and was derived from and relates 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

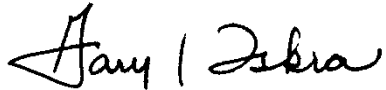
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency's basic financial statements. The other supplementary information (pages 37 through 40) is presented for purposes of additional analysis and is not a required part of the financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information (pages 37 through 40) is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits for Oregon Municipal Corporations, we have issued our report dated November 30, 2018 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report on pages 45 to 46 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

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

By: Gary Iskra, CPA, a member of the firm
Eugene, Oregon
November 30, 2018

Insert Opinion Letter

Management's Discussion and Analysis

The management of the Urban Renewal Agency (Agency), a component unit of the City of Eugene, Oregon (City) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the Agency for the fiscal year ended June 30, 2018 (FY18). This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditors' report.

Financial Highlights

- The net position of the Agency (assets less liabilities) at June 30, 2018 was \$23,008,340. Of this amount, \$19,561,690 was unrestricted, subject to Agency fund limitations.
- At June 30, 2018, the Agency's governmental funds reported combined ending fund balances of \$17,433,159. Of that amount, \$14,219,701 is available for spending at the Agency's discretion, subject to fund limitations.
- The General Fund's fund balance was \$2,652,792 at the end of FY18. General Fund expenditures for FY18 were \$644,137. The General Fund contains operations for the Downtown District.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components:

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

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

The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency'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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples of such items include earned, but uncollected, property taxes.

The Agency focuses on planning and development activities within the boundaries of the two urban renewal districts in the City of Eugene. Both government-wide financial statements provide information on these activities, which is supported mainly by property taxes.

The government-wide financial statements can be found on Exhibits 1 and 2 of this report.

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 Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are governmental funds.

Governmental funds. Governmental funds are used to account for activities where 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 funds Balance Sheet and the governmental funds 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 on Exhibits 3 and 5 of this report.

The Agency maintains two taxing districts: the Downtown District and the Riverfront District. The Agency maintains six individual governmental funds to account for these two districts: a general fund, a debt service fund, and a capital projects fund for the Downtown District; and a special revenue operating fund, a program revenue fund, and a capital projects fund for the Riverfront District. Each fund is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. For narrative on the funds and projects see the URA section of the adopted budget.

The basic governmental fund financial statements can be found on Exhibits 3 and 4 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to 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. The Agency adopts an annual appropriated budget for all its funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the Riverfront Special Revenue Fund as required supplementary information.

Government-wide Financial Analysis

The Agency's assets exceeded liabilities by \$23,008,340 at the close of the most recent fiscal year compared to a net position of \$19,519,570 in the previous year.

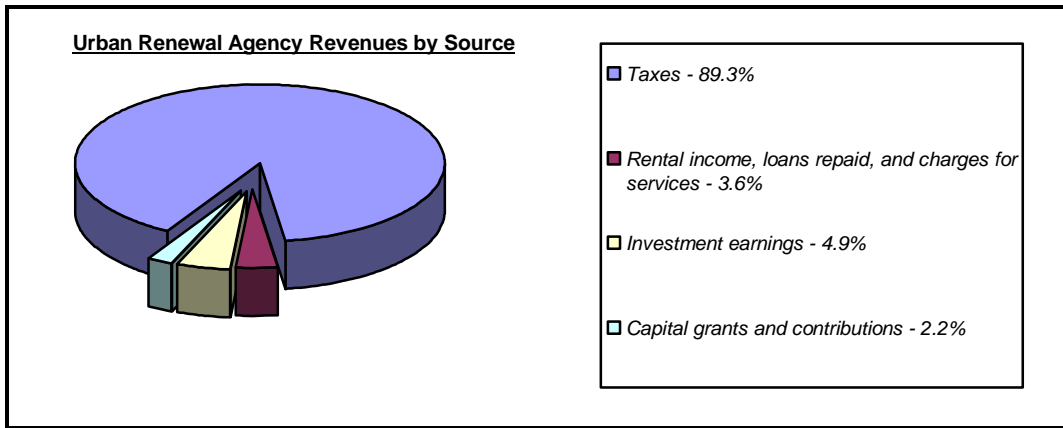
A portion of the Agency's net position (14.98%) reflects its investment in capital assets (land). The Agency uses these capital assets to plan and develop designated properties within the urban renewal district boundaries. Consequently, these assets are not available for future spending. The remaining balance of net position (\$19,561,690) may be used to meet the government's ongoing obligations, in accordance with the Urban Renewal Plans of the two districts and subject to fund limitations.

Urban Renewal Agency's Net Position

| | 2018 | 2017 |
|----------------------------|---------------|------------|
| Current and other assets | \$ 19,792,291 | 19,280,212 |
| Capital assets | 3,446,650 | 711,698 |
| Total assets | 23,238,941 | 19,991,910 |
| Current liabilities | 230,601 | 472,340 |
| Total liabilities | 230,601 | 472,340 |
| Net position: | | |
| Invested in capital assets | 3,446,650 | 711,699 |
| Unrestricted | 19,561,690 | 18,807,871 |
| Total net position | \$ 23,008,340 | 19,519,570 |

Urban Renewal Agency's Change in Net Position

| | 2018 | 2017 |
|--|---------------|------------|
| Revenues: | | |
| Program revenues: | | |
| Rental income, loans repaid, and charges for services | \$ 176,518 | 52,205 |
| Capital grants and contributions: | 106,774 | 0 |
| General revenues: | | |
| Taxes | 4,399,790 | 4,240,495 |
| Investment earnings | 240,850 | 223,311 |
| Total revenues | 4,923,932 | 4,516,011 |
| Expenses: | | |
| Urban renewal redevelopment | 1,435,162 | 1,149,667 |
| Total expenses | 1,435,162 | 1,149,667 |
| Change in net position before transfers | 3,488,770 | 3,366,344 |
| Transfers | 0 | (824,000) |
| Change in net position after transfers | 3,488,770 | 2,542,344 |
| Net position, July 1 | 19,519,570 | 16,977,226 |
| Net position, June 30 | \$ 23,008,340 | 19,519,570 |



Fund-based Financial Analysis

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

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Agency reported combined ending fund balances of \$17,433,159. Approximately 82% of this total amount (\$14,219,701) is available for spending at the Agency's discretion, subject to Agency Board approvals and fund limitations. The remainder of fund balance (\$3,213,458) is not available for new spending because it represents nonspendable assets held for resale.

The General Fund is the chief operating fund of the Agency and houses fiber implementation and operations for the Downtown District, including the non-tax increment revenue and expenditures associated with the Downtown Revitalization Loan Program which provides loans to property owners and businesses in the plan area. At the end of the current fiscal year, the total fund balance was \$2,652,792, all of which was available to spend.

In FY18 the Riverfront District Capital Projects Fund recorded a \$3,213,548 increase to assets held for resale associated with the purchase of the Downtown Riverfront redevelopment site from Eugene Water and Electric Board (EWEB).

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$1,118,515, which primarily consisted of an increase to balance available based on the adjustment to beginning working capital from the FY17 audited actuals.

Capital Assets and Debt Administration

Capital assets. The City maintains all of its assets, including those of the Agency. The Agency's investment in capital assets for its governmental activities as of June 30, 2018 amounted to \$3,446,650.

| Urban Renewal Agency's Capital Assets, Net of Accumulated Depreciation | | |
|---|--------------|---------|
| | 2018 | 2017 |
| Land and construction in process | 3,446,650 | 691,297 |
| Improvements | 0 | 20,401 |
| Total capital assets | \$ 3,446,650 | 711,698 |

Additional information on the Agency's capital assets can be found in note (4)(C) of this report.

Next Year's Budgets and Rates

For FY19, the following factors were taken into account when developing the urban renewal budgets:

- Property taxes in both the Downtown and Riverfront Districts were predicted to increase due to a projected increase in the assessed value of properties in the districts.
- FY18 property tax collection rates were higher than normal due to additional property tax revenue received as a result of the Comcast settlement.
- The property tax collection rate for both districts is estimated to be 94.5% in FY19. The FY18 collection rate was 97.6% for both the Riverfront and Downtown Districts.

The Downtown District FY19 budget includes loan program management, project scoping for Park Blocks/Open Spaces and LCC's former downtown center, high speed fiber implementation, and general oversight.

The Riverfront District FY19 budget includes funding for the eastern portion of the railroad quiet zone, loan program management, high speed fiber implementation, downtown riverfront redevelopment, and general oversight.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency. 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

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Statement of Net Position

June 30, 2018

(amounts in dollars)

AssetsCurrent Assets

| | |
|---------------------------------------|-------------------|
| Equity in pooled cash and investments | 14,213,654 |
| Receivables (net of allowance) | 2,144,808 |
| Due from other governments | 220,371 |
| Total current assets | 16,578,833 |

Noncurrent assets

| | |
|--------------------------------|-------------------|
| Assets held for resale | 3,213,458 |
| Capital assets: | |
| Land | 3,446,650 |
| Total noncurrent assets | 6,660,108 |
| Total assets | 23,238,941 |

LiabilitiesCurrent liabilities

| | |
|--------------------------|----------------|
| Due to other governments | 230,601 |
| Total liabilities | 230,601 |

Net position

| | |
|----------------------------|-------------------|
| Invested in capital assets | 3,446,650 |
| Unrestricted | 19,561,690 |
| Total net position | 23,008,340 |

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

Statement of Activities

For the fiscal year ended June 30, 2018

(amounts in dollars)

| | Program Revenues | | | | Net Expense and Changes in Net Assets |
|--------------------------------------|--|---|---|----------------|---|
| <u>Expenses</u> | <u>Rental income, loans repaid, and charges for services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | | <u>Total</u> |
| <u>Functions/Programs</u> | | | | | |
| <u>Governmental activities:</u> | | | | | |
| Urban renewal redevelopment | 1,435,162 | 176,518 | 0 | 106,774 | (1,151,870) |
| Total governmental activities | 1,435,162 | 176,518 | 0 | 106,774 | (1,151,870) |
| | | | | | |
| General revenues: | | | | | |
| Property taxes | | | | | 4,399,790 |
| Unrestricted investment earnings | | | | | 240,850 |
| Total general revenues and transfers | | | | | 4,640,640 |
| Change in net position | | | | | 3,488,770 |
| Net position, July 1, 2017 | | | | | 19,519,570 |
| Net position, June 30, 2018 | | | | | 23,008,340 |

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

Balance Sheet

Governmental Funds

June 30, 2018

(amounts in dollars)

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Riverfront Special Revenue</u> | <u>Riverfront Capital Projects</u> | <u>Riverfront Program Revenue</u> | <u>Total Governmental Funds</u> |
|--|------------------|---------------------|-------------------------|-----------------------------------|------------------------------------|-----------------------------------|---------------------------------|
| <u>Assets</u> | | | | | | | |
| Equity in pooled cash and investments | 2,757,721 | 2,756,461 | 533,529 | 3,324,992 | 1,659,447 | 3,181,504 | 14,213,654 |
| Receivables: | | | | | | | |
| Interest | 0 | 55,353 | 0 | 28,575 | 0 | 0 | 83,928 |
| Taxes | 0 | 82,490 | 0 | 66,827 | 0 | 0 | 149,317 |
| Accounts | 151,740 | 0 | 0 | 0 | 0 | 0 | 151,740 |
| Loans and notes | 1,967,224 | 0 | 0 | 0 | 0 | 0 | 1,967,224 |
| Allowance for uncollectibles | (145,860) | 0 | 0 | 0 | 0 | 0 | (145,860) |
| Due from other governments | 106,774 | 69,387 | 0 | 44,210 | 0 | 0 | 220,371 |
| Assets held for resale | 0 | 0 | 0 | 0 | 3,213,458 | 0 | 3,213,458 |
| Total assets | 4,837,599 | 2,963,691 | 533,529 | 3,464,604 | 4,872,905 | 3,181,504 | 19,853,832 |
| <u>Liabilities</u> | | | | | | | |
| Due to other governments | 227,980 | 0 | 0 | 2,621 | 0 | 0 | 230,601 |
| Total liabilities | 227,980 | 0 | 0 | 2,621 | 0 | 0 | 230,601 |
| <u>Deferred inflows of resources</u> | | | | | | | |
| Unavailable revenue | 1,956,827 | 137,843 | 0 | 95,402 | 0 | 0 | 2,190,072 |
| Total deferred inflows of resources | 1,956,827 | 137,843 | 0 | 95,402 | 0 | 0 | 2,190,072 |
| <u>Fund balances</u> | | | | | | | |
| Nonspendable | 0 | 0 | 0 | 0 | 3,213,458 | 0 | 3,213,458 |
| Restricted | 2,652,792 | 2,825,848 | 533,529 | 3,366,581 | 1,659,447 | 3,181,504 | 14,219,701 |
| Total fund balances | 2,652,792 | 2,825,848 | 533,529 | 3,366,581 | 4,872,905 | 3,181,504 | 17,433,159 |
| Total liabilities, deferred inflows of resources, and fund balances | 4,837,599 | 2,963,691 | 533,529 | 3,464,604 | 4,872,905 | 3,181,504 | |

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. 2,128,531

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value. 3,446,650

Total net position 23,008,340

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

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the fiscal year ended June 30, 2018

(amounts in dollars)

| | General | Debt Service | Capital Projects | Riverfront Special Revenue | Riverfront Capital Projects | Riverfront Program Revenue | Total Governmental Funds |
|--|------------------|------------------|---------------------|----------------------------------|-----------------------------------|----------------------------------|--------------------------------|
| <u>Revenues</u> | | | | | | | |
| Taxes | 0 | 2,259,639 | 0 | 2,278,307 | 0 | 0 | 4,537,946 |
| Intergovernmental | 106,774 | 0 | 0 | 0 | 0 | 0 | 106,774 |
| Rental income | 0 | 0 | 0 | 0 | 0 | 66,150 | 66,150 |
| Charges for services | 54,065 | 0 | 0 | 0 | 0 | 0 | 54,065 |
| Repayment of revolving loans | 242,181 | 0 | 0 | 0 | 0 | 0 | 242,181 |
| Miscellaneous, primarily interest | 51,131 | 32,717 | 5,734 | 32,282 | 85,379 | 33,607 | 240,850 |
| Total revenues | 454,151 | 2,292,356 | 5,734 | 2,310,589 | 85,379 | 99,757 | 5,247,966 |
| <u>Expenditures</u> | | | | | | | |
| Current - departmental: | | | | | | | |
| Urban renewal program expenditure: | 644,137 | 0 | 0 | 529,378 | 0 | 0 | 1,173,515 |
| Debt service: | | | | | | | |
| Principal | 0 | 298,000 | 0 | 0 | 0 | 0 | 298,000 |
| Interest | 0 | 15,496 | 0 | 0 | 0 | 0 | 15,496 |
| Capital outlay | 0 | 0 | 0 | 0 | 2,982,396 | 0 | 2,982,396 |
| Total expenditures | 644,137 | 313,496 | 0 | 529,378 | 2,982,396 | 0 | 4,469,407 |
| Excess (deficiency) of revenues over expenditures | (189,986) | 1,978,860 | 5,734 | 1,781,211 | (2,897,017) | 99,757 | 778,559 |
| <u>Other financing sources (uses)</u> | | | | | | | |
| Transfers in | 742,716 | 0 | 0 | 0 | 0 | 0 | 742,716 |
| Transfers out | 0 | (742,716) | 0 | 0 | 0 | 0 | (742,716) |
| Total other financing sources (uses) | 742,716 | (742,716) | 0 | 0 | 0 | 0 | 0 |
| Net change in fund balances | 552,730 | 1,236,144 | 5,734 | 1,781,211 | (2,897,017) | 99,757 | 778,559 |
| Fund balance, July 1, 2017 | 2,100,062 | 1,589,704 | 527,795 | 1,585,370 | 7,769,922 | 3,081,747 | 16,654,600 |
| Fund balances, June 30, 2018 | 2,652,792 | 2,825,848 | 533,529 | 3,366,581 | 4,872,905 | 3,181,504 | 17,433,159 |

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

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

For the fiscal year ended June 30, 2018
 (amounts in dollars)

Net change in fund balances - total governmental funds 778,559

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

Governmental funds do not report expenditures for unpaid compensated absences, interest expense, or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs. 1,291

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense. 2,979,181

Transfers of capital assets between different entities sometimes occur. Such transfers will provide or use economic resources, but may not necessarily provide or use spendable financial resources in governmental funds. (244,228)

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. (324,033)

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position. 298,000

Change in net position of governmental activities. 3,488,770

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

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URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies

The financial statements of the Urban Renewal Agency (Agency) 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 Agency has implemented GASB Statement No. 77 Tax Abatement Disclosures, which establishes financial reporting standards for tax abatement agreements entered into by state and local governments.

The more significant of the Agency's accounting policies are described below.

(A) The Financial Reporting Entity

The Agency's governing body is identical to the Eugene City Council, and because the services of the Agency are exclusively for the benefit of the City, the Agency has been determined under GAAP to be a component unit of the City. As a result, the funds of the Agency are blended with those of the City by including them in the appropriate statements and schedules of the City's Comprehensive Annual Financial Report, which can be viewed on the City's website at www.eugene-or.gov.

(B) Organization and Operation

The Urban Renewal Agency of the City of Eugene was established on July 10, 1967 as a separate political body charged with the responsibility to implement the Central Eugene Project (now the Downtown District) and Urban Renewal Plan. On May 24, 1982, the powers granted to the Agency under Oregon Revised Statutes Chapter 457 were transferred to the City Council of Eugene. On September 11, 1985 the Eugene City Council adopted the Riverfront Research Park Urban Renewal Plan (now the Riverfront Urban Renewal Plan).

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

(C) Government-wide and Fund Financial Statements

The government-wide financial statements (Exhibits 1 and 2) report information on all activities of the Agency. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Activities (Exhibit 2) demonstrates the degree to which the expenses of a given function are offset by program revenues. Program revenues include 1) rental income, loans repaid, and charges for services to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Grants and contributions not restricted are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are also reported as general revenues.

Fund financial statements (Exhibits 3 and 4) are provided for all governmental funds.

URBAN RENEWAL AGENCY OF THE 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

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

The government-wide financial statements are accounted for using an economic resources measurement focus, whereby all assets and liabilities are reported in the Statement of Net Position. The increases and decreases in net position are reported in the Statement of Activities. The accrual basis of accounting is used whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are accounted for using a current financial resources measurement focus. The Balance Sheet generally reports only current assets and current liabilities; and the Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases and decreases in fund balance. These funds use the modified accrual basis of accounting whereby revenues are recorded 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 long-term obligations, are recorded when the fund liability is incurred.

Real and personal property taxes were levied as of July 1 for the 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 Agency. 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. In the government-wide financial statements, property tax revenues are fully recognized at the time of levy. 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."

Repayment of revolving loans 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.

Governmental Funds

Governmental funds finance all of the functions of the Agency. The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination. The following are the Agency's Downtown District governmental funds:

General Fund

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are rental income, interest on investments, principal and interest payments on outstanding loans, and transfers from the Debt Service Fund. Primary expenditures of the General Fund are fiber implementation, Downtown Revitalization Loan Program loans, and Downtown District management costs.

continued

December 10, 2018, Meeting - Item 3

URBAN RENEWAL AGENCY OF THE 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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of tax increment resources and the payment of debt service on tax increment bonds and other expenditures within the Downtown District.

Capital Projects Fund

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of capital projects within the Downtown District and the Downtown Urban Renewal Plan.

The following are the Agency's Riverfront District governmental funds:

Riverfront Special Revenue Fund

The Riverfront Special Revenue Fund is used to account for the accumulation of tax increment resources and to pay Riverfront District management costs.

Riverfront Capital Projects Fund

The Riverfront Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of capital projects within the Riverfront District.

Riverfront Program Revenue Fund

The Riverfront Program Revenue Fund is used to account for program revenue and expenditures from the Riverfront District and the Riverfront Renewal Loan program.

(E) Equity in Pooled Cash and Investments

The Agency invests cash through the City into various investment programs. Policies adopted by the City's 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.

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.

continued

December 10, 2018, Meeting - Item 3

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(E) Equity in Pooled Cash and Investments, continued

The City maintains a common cash and investments pool for all City funds, including funds of the Agency. 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. 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.

(F) Receivables

All receivables are shown net of an allowance for uncollectibles in the Statement of Net Position and the Governmental Funds Balance Sheet.

(G) Land Held For Resale

Land held for resale is property purchased by the City at cost which is intended to be resold at a later date.

(H) Capital Assets

Capital assets are defined as tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The capitalization threshold for tangible assets is \$5,000. Tangible assets include land, rights-of-way (included with land), improvements, and infrastructure.

All Agency assets have been capitalized in the government-wide financial statements. In accordance with the current financial resources measurement focus, capital assets are not capitalized in the governmental fund financial statements. Agency assets are valued at historical cost which 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.

Upon disposal of an asset, cost and accumulated depreciation (if applicable) are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized.

All assets are reported in the Statement of Net Position and any gain or loss upon disposal is recognized in the Statement of Activities in the urban renewal redevelopment function.

(I) Deferred Inflows on Resources

In addition to liabilities, the governmental fund balance sheet reports a separate section for deferred inflows of resources, if applicable. Deferred inflows of resources represent unavailable revenue that will be recognized in a future period(s). The Agency has two primary types of revenues that are reported in this section under the modified accrual basis of accounting. These revenues include: delinquent property taxes and notes receivable. These revenues are deferred and recognized as an inflow of resources in the period that the revenues become available.

(J) 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.

continued

December 10, 2018, Meeting - Item 3

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(J) Fund Balance, continued

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.

(K) Indirect Expenses

The Agency's Statement of Revenues, Expenditures, and Changes in Fund Balances include reimbursement to the City's Central Services department for general services provided to the Agency by the City's General Fund. The charge for general service costs is based on an approved overhead cost plan. The overhead cost reimbursement has been included in program expenses in the Statement of Activities.

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

(A) Explanation of Certain 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 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 \$2,128,531 difference are as follows:

| | | |
|------------------------------|----|-------------------------|
| Receivables: | | |
| Interest | \$ | 83,930 |
| Taxes | | 149,317 |
| Loans and notes | | 1,956,826 |
| Subtotal | | <u>2,190,073</u> |
| Allowance for uncollectibles | | <u>(61,542)</u> |
| Net adjustment | \$ | <u><u>2,128,531</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 \$3,446,650 difference are as follows:

| | | |
|---|----|-------------------------|
| Capital assets reported in the Statement of Net Position: | | |
| Land | \$ | <u><u>3,446,650</u></u> |

continued

December 10, 2018, Meeting - Item 3

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

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

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

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

Governmental funds do not report expenditures for unpaid compensated absences, interest expense, or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs. The details of this \$1,291 difference are as follows:

| | |
|------------------|-----------------|
| Accrued interest | \$ <u>1,291</u> |
|------------------|-----------------|

Capital outlays are 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. The details of this \$2,979,181 difference are as follows:

| | |
|----------------------|---------------------|
| Capital outlay | \$ 2,982,396 |
| Depreciation expense | <u>(3,216)</u> |
| Net adjustment | \$ <u>2,979,181</u> |

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

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenue at their net realizable value when earned, regardless of when collected. The details of this \$324,033 difference are as follows:

| | |
|---|---------------------|
| Change in unavailable revenue from the following sources: | |
| Property taxes receivable | \$ (137,012) |
| Notes receivable | <u>(242,301)</u> |
| Subtotal | (379,313) |
| Change in the allowance for doubtful receivables | <u>55,280</u> |
| Net adjustment | \$ <u>(324,033)</u> |

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position. The details of this \$298,000 difference are as follows:

| | |
|---------------------|-------------------|
| Principal payments: | |
| Tax increment bonds | \$ <u>298,000</u> |

continued

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

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

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

Transfers of capital assets between different entities sometimes occur. Such transfers will provide or use economic resources, but may not necessarily provide or use spendable financial resources in governmental funds. The details of this \$244,228 difference are as follows:

| | |
|---|---------------------|
| Transfers of Capital assets to City of Eugene | \$ <u>(244,228)</u> |
|---|---------------------|

(3) Stewardship, Compliance, and Accountability

(A) Budgetary Information

The City Manager (acting as the Agency Director) submits to the City Council of Eugene (acting as the Urban Renewal Agency Board under provisions of Oregon Revised Statute 457.460) a proposed operating and capital budget a sufficient length of time in advance to allow adoption of the budget prior to July 1.

Prior to July 1, the Agency 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, intergovernmental, 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 Agency. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passing an Agency 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 (Oregon Budget Law). The net effect of amending resolutions passed during the fiscal year was an appropriation increase of \$1,118,515.

(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, including the Agency. The Agency's portion of this pool is displayed in the Statement of Net Position and the Balance Sheet as "Equity in pooled cash and investments." Cash and investments are comprised of the following at June 30, 2018:

| | |
|---------------------|----------------------|
| Deposits with banks | \$ 941,533 |
| Investments | <u>13,272,121</u> |
| | <u>\$ 14,213,654</u> |

Detailed information for the Agency's pooled cash and investments can be found in the City of Eugene's FY18 Comprehensive Annual Financial Report (Notes to Basic Financial Statements).

continued

December 10, 2018, Meeting - Item 3

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(B) Unavailable 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.

The various components of unavailable revenue consist of the following:

| | | <u>Unavailable</u> | |
|------------------------------------|----|-------------------------|--|
| Property taxes receivable: | | | |
| Debt Service Fund | \$ | 137,843 | |
| Riverfront Special Revenue Fund | | 95,402 | |
| Notes receivable: | | | |
| General Fund | | <u>1,956,827</u> | |
| Total unavailable/unearned revenue | \$ | <u><u>2,190,072</u></u> | |

(C) Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

| | | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|--|----|------------------------------|-------------------------|------------------------|---------------------------|
| <u>Governmental activities:</u> | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Work in process | \$ | 197,980 | 2,755,353 | 0 | 2,953,333 |
| Land | | <u>493,317</u> | <u>0</u> | <u>0</u> | <u>493,317</u> |
| Total capital assets, not being depreciated | | <u>691,297</u> | <u>2,755,353</u> | <u>0</u> | <u>3,446,650</u> |
| Capital assets, being depreciated: | | | | | |
| Improvements | | <u>21,171</u> | <u>0</u> | <u>(21,171)</u> | <u>(0)</u> |
| Total capital assets being depreciated | | <u>21,171</u> | <u>0</u> | <u>(21,171)</u> | <u>(0)</u> |
| Less accumulated depreciation for: | | | | | |
| Improvements | | <u>(770)</u> | <u>0</u> | <u>770</u> | <u>0</u> |
| Total accumulated depreciation | | <u>(770)</u> | <u>0</u> | <u>770</u> | <u>0</u> |
| Total capital assets, being depreciated, net | | <u>20,401</u> | <u>0</u> | <u>(20,401)</u> | <u>(0)</u> |
| Governmental activities capital assets, net | \$ | <u><u>711,698</u></u> | <u><u>2,755,353</u></u> | <u><u>(20,401)</u></u> | <u><u>3,446,650</u></u> |

continued

December 10, 2018, Meeting - Item 3

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information

(A) Risk Management

The Agency is a participant in the City's Risk and Benefits Internal Service Fund which accounts for and finances its risks of loss. Detailed information for the City's risk management function can be found in the City of Eugene's FY18 Comprehensive Annual Financial Report (Notes to Basic Financial Statements).

(B) Tax Abatements

Property tax abatements are used to encourage business and economic development. Tax abatements reduce or eliminate the amount of property taxes that a property owner pays. Within the District if a property is exempt from taxation, then the District raises less money than if the property was taxable. For the fiscal year ending June 30, 2018, the District's property tax revenues were reduced by \$241,252 under agreements entered by the City of Eugene.

The amount of property tax was calculated using post division of tax rates. The amount represents the amount of assessed property taxes, it does not take into consideration early payment discounts or property tax collection rates.

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REQUIRED SUPPLEMENTARY INFORMATION

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

Riverfront Special Revenue Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

OTHER SUPPLEMENTARY INFORMATION

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

Riverfront Capital Projects Fund

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

Riverfront Program Revenue

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

For the fiscal year ended June 30, 2018

(amounts in dollars)

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

AUDIT COMMENTS

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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 Urban
Renewal Agency Board and the Administrator
City of Eugene, Oregon

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

We have audited the basic financial statements of the Urban Renewal Agency ("Urban Renewal Agency") of the City of Eugene, Oregon as of and for the year ended June 30, 2018, and have issued our report thereon dated November 30, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants including 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 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 Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

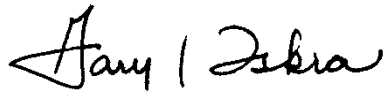
In planning and performing our audit, we considered the Urban Renewal Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness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

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 a 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 over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Honorable Mayor, members of the Urban Renewal Agency Board, the Administrator and management of the Urban Renewal Agency of the City of Eugene, Oregon and the Secretary of State, Audits Division, of the State of Oregon and is not intended to be and should not be used by anyone other than those specified parties.

ISLER CPA

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

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

Eugene, Oregon
November 30, 2018

RESOLUTION NO.

A RESOLUTION ACKNOWLEDGING THE RECEIPT OF THE ANNUAL FINANCIAL REPORT OF THE URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The Urban Renewal Agency of the City of Eugene finds that:

The firm of Isler CPA has completed the audit of the financial statements of the Urban Renewal Agency of the City of Eugene for the fiscal year ended June 30, 2018, as required by ORS 297.425 and, pursuant to ORS 297.465, reported to the Board on its findings.

NOW, THEREFORE,

BE IT RESOLVED by the Urban Renewal Agency of the City of Eugene, as follows:

Section 1. That the Board hereby acknowledges that it has received the "Annual Financial Report of the Urban Renewal Agency, a Component Unit of the City of Eugene, for the fiscal year ended June 30, 2018."

The foregoing resolution adopted the 10th day of December, 2018.

Director

EUGENE URBAN RENEWAL AGENCY

AGENDA ITEM SUMMARY



Public Hearing and Action: A Resolution Adopting a Supplemental Budget; Making Appropriations for the Urban Renewal Agency of the City of Eugene for the Fiscal Year Beginning July 1, 2018, and Ending June 30, 2019

Meeting Date: December 10, 2018
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 4
Staff Contact: Jamie Garner
Contact Telephone Number: 541-682-8417

ISSUE STATEMENT

Urban Renewal Agency Board approval of the first Supplemental Budget for Fiscal Year 2019 is requested. Oregon Local Budget Law (ORS 294.471) allows for supplemental budgets in the event of "An occurrence or condition that is not ascertained when preparing the original budget or a previous supplemental budget for the current year or current budget period and that requires a change in financial planning." ORS 294.471 also allows for a supplemental budget if there are "funds that are made available by another unit of federal, state or local government and the availability of which could not reasonably be foreseen when preparing the original budget or a previous supplemental budget for the current year or current budget period." This Supplemental Budget does not authorize any increase in the property tax levy and has been published in compliance with the Oregon Local Budget Law.

BACKGROUND

The Supplemental Budget that occurs in December of a fiscal year is usually the largest because of the audit adjustments to budgeted Beginning Working Capital and the reappropriation of funds from the prior fiscal year for contracts, program initiatives, or projects that were started but not completed in that fiscal year. This Supplemental Budget consists of transactions to amend the Urban Renewal Agency budget to reconcile Beginning Working Capital and Capital Carryover, to reappropriate those dollars or place them into reserve, and authorizes other unanticipated changes in legal appropriations.

Transactions Related to Beginning Working Capital

Isler & Company, LLC, the Urban Renewal Agency's external auditor, has completed its Fiscal Year 2018 audit of Beginning Working Capital, and this Supplemental Budget includes Marginal Beginning Working Capital adjustments for all URA funds. The MBWC is the difference between the estimate of FY18 ending working capital that was made in the FY19 Adopted Budget and the audited actual FY18 ending working capital. The total audited adjustment to the FY19 budgeted Beginning Working Capital for all URA funds is an increase of \$840,063.

A detailed description of these transactions is provided in Attachment A.

One-Time Funding Requests

The below items are two one-time funding requests that are designed to implement Urban Renewal Agency Board direction on key projects:

- One-time Funding Request of \$900,000 for the purchase of the South portion of the Butterfly Lot by reducing the URA Downtown Debt Service Fund Balance Available by \$900,000, transferring this amount to the URA Downtown Capital Projects Fund, and increasing this Fund's capital appropriation by the same amount.
- One-time Funding Request of \$320,000 to increase the Planning and Development Department operating appropriation for administration staffing for the Downtown Riverfront redevelopment and decrease the URA Riverfront General Fund Balance Available by the same amount.

Reappropriation

This Supplemental Budget includes one reappropriation request in the amount of \$111,110 for continued efforts related to the Downtown Urban Renewal Agency Fiber Project not completed in the prior fiscal year.

Capital Carryover

The Capital Project Carryover Reconciliation is also included in this Supplemental Budget. An estimate of the unspent balance in each capital project was established in the FY19 Adopted Budget. These estimates have been reconciled with the actual FY18 expenditures, and the Capital Budget is adjusted to reflect the remaining unspent balances in each project. The Capital Carryover on this Supplemental Budget decreases the Capital Budget by \$99,654 and increases Balance Available by the same amount.

Timing

In some cases, expenditure authority is needed immediately to carry out URA Board direction or to meet legal or program requirements. Approval of SB1 in December allows the organization to prepare more accurate mid-year projections by having the general ledger reflect the audited balances in each fund. This, in turn, enables staff to more accurately estimate the Beginning Working Capital for the next fiscal year's Proposed Budget.

RELATED CITY POLICIES

These transactions conform to the City's Financial Management Goals and Policies.

AGENCY BOARD OPTIONS

Particular requests requiring more information or discussion may be removed from the supplemental budget and delayed for action in a future supplemental budget. In certain cases there may be a financial or legal impact to delaying budget approval. The URA Board may also adopt amended appropriation amounts or funding sources for specific requests in the supplemental budget.

AGENCY DIRECTOR'S RECOMMENDATION

Adopt the attached resolution.

SUGGESTED MOTION

Move to adopt the resolution adopting a Supplemental Budget; making appropriations for the Urban Renewal Agency of the City of Eugene for the fiscal year beginning July 1, 2018, and ending June 30, 2019.

ATTACHMENTS

- A. Transaction Summary
- B. Resolution

FOR MORE INFORMATION

Staff Contact: Jamie Garner
Telephone: 541-682-5502
Staff E-Mail: jgarner@eugene-or.gov

Transaction Summary

817 Urban Renewal Agency Downtown General Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|------------------|--------------------|---|------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 2,124,181 | 541,295 | a | 2,665,476 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Miscellaneous | 82,000 | 0 | | 82,000 |
| Interfund Transfers | 2,966,138 | 111,110 | b | 3,077,248 |
| Fiscal Transactions | 250,000 | 0 | | 250,000 |
| Total Revenue | 3,298,138 | 111,110 | | 3,409,248 |
| TOTAL RESOURCES | 5,422,319 | 652,405 | | 6,074,724 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Planning and Development | 2,966,138 | 111,110 | b | 3,077,248 |
| Total Department Operating | 2,966,138 | 111,110 | | 3,077,248 |
| Non-Departmental | | | | |
| Special Payments | 2,371,181 | 541,295 | a | 2,912,476 |
| Balance Available | 85,000 | 0 | | 85,000 |
| Total Non-Departmental | 2,456,181 | 541,295 | | 2,997,476 |
| TOTAL REQUIREMENTS | 5,422,319 | 652,405 | | 6,074,724 |

817 Urban Renewal Agency Downtown General Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$541,295 and increase Special Payments by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Iser & Company, LLC, the City's external auditor.

b) **Reappropriation:** Increase the Interfund Transfer revenues by \$111,110 for continued efforts related to the Downtown Urban Renewal Agency Fiber Project not completed in the prior fiscal year and increase the Planning and Development Department operating appropriations by the same amount.

812 Urban Renewal Agency Downtown Debt Service Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------------|-----------------------|-------|-------------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 2,514,127 | 324,644 | a | 2,838,771 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Taxes | 2,256,000 | 0 | | 2,256,000 |
| Miscellaneous | 48,000 | 0 | | 48,000 |
| Total Revenue | <u>2,304,000</u> | <u>0</u> | | <u>2,304,000</u> |
| TOTAL RESOURCES | <u>4,818,127</u> | <u>324,644</u> | | <u>5,142,771</u> |
| II. REQUIREMENTS | | | | |
| Non-Departmental | | | | |
| Interfund Transfers | 2,966,138 | 1,011,110 | b,c | 3,977,248 |
| Balance Available | 1,851,989 | (686,466) | a,b,c | 1,165,523 |
| Total Non-Departmental | <u>4,818,127</u> | <u>324,644</u> | | <u>5,142,771</u> |
| TOTAL REQUIREMENTS | <u>4,818,127</u> | <u>324,644</u> | | <u>5,142,771</u> |

812 Urban Renewal Agency Downtown Debt Service

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$324,644 and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **One-Time Funding Request:** Increase Interfund Transfer to the Urban Renewal Agency Downtown General Fund by \$900,000 for the purchase of the South portion of the Butterfly Lot from Lane County for the Farmers' Market and reduce Balance Available by the same amount.

c) **Reappropriation:** Increase Interfund Transfer to the Urban Renewal Agency Downtown General Fund by \$111,110 for continued efforts related to the Downtown Urban Renewal Agency Fiber Project and decrease Balance Available by the same amount.

813 Urban Renewal Agency Downtown Capital Projects Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-----------------|--------------------|---|------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 533,742 | 2,264 | a | 536,006 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Miscellaneous | 5,000 | 0 | | 5,000 |
| Interfund Transfers | 0 | 900,000 | b | 900,000 |
| Total Revenue | 5,000 | 900,000 | | 905,000 |
| TOTAL RESOURCES | 538,742 | 902,264 | | 1,441,006 |
| II. REQUIREMENTS | | | | |
| Capital Projects | | | | |
| Capital Projects | 0 | 900,000 | b | 900,000 |
| Capital Carryover | 500,000 | 0 | | 500,000 |
| Total Capital Projects | 500,000 | 900,000 | | 1,400,000 |
| Non-Departmental | | | | |
| Balance Available | 38,742 | 2,264 | a | 41,006 |
| Total Non-Departmental | 38,742 | 2,264 | | 41,006 |
| TOTAL REQUIREMENTS | 538,742 | 902,264 | | 1,441,006 |

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$2,264 and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **One-Time Funding Request:** Recognize Interfund Transfer in the amount of \$900,000 from the URA Downtown Debt Service Fund and increase Capital Projects by \$900,000 for the purchase of the South portion of the Butterfly Lot from Lane County for the Farmers' Market.

821 Urban Renewal Agency Riverfront General Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|-----------------------------------|-------------------------|----------------------|------|-------------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 3,352,863 | 29,234 | a | 3,382,097 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Taxes | 2,375,000 | 0 | | 2,375,000 |
| Miscellaneous | 50,000 | 0 | | 50,000 |
| Total Revenue | <u>2,425,000</u> | <u>0</u> | | <u>2,425,000</u> |
| TOTAL RESOURCES | <u>5,777,863</u> | <u>29,234</u> | | <u>5,807,097</u> |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Planning and Development | 793,663 | 320,000 | b | 1,113,663 |
| Total Department Operating | <u>793,663</u> | <u>320,000</u> | | <u>1,113,663</u> |
| Non-Departmental | | | | |
| Interfund Transfers | 3,700,000 | 0 | | 3,700,000 |
| Balance Available | 1,284,200 | (290,766) | a, b | 993,434 |
| Total Non-Departmental | <u>4,984,200</u> | <u>(290,766)</u> | | <u>4,693,434</u> |
| TOTAL REQUIREMENTS | <u>5,777,863</u> | <u>29,234</u> | | <u>5,807,097</u> |

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$29,234 and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **One-Time Funding Request:** Increase the Planning and Development Department operating appropriation by \$320,000 for Riverfront Urban Renewal Agency administration staffing increase for the Downtown Riverfront redevelopment, and decrease Balance Available by the same amount.

823 Urban Renewal Agency Riverfront Capital Projects Fund

| | FY19 Adopted | FY19 SB1 Action | FY19 Revised |
|----------------------------------|------------------|--------------------|------------------|
| I. RESOURCES | | | |
| BEGINNING WORKING CAPITAL | 1,737,376 | (70,223) a | 1,667,153 |
| CHANGE TO WORKING CAPITAL | | | |
| REVENUE | | | |
| Miscellaneous | 8,000 | 0 | 8,000 |
| Interfund Transfers | 3,700,000 | 0 | 3,700,000 |
| Total Revenue | 3,708,000 | 0 | 3,708,000 |
| TOTAL RESOURCES | 5,445,376 | (70,223) | 5,375,153 |
| II. REQUIREMENTS | | | |
| Capital Projects | | | |
| Capital Projects | 3,700,000 | 0 | 3,700,000 |
| Capital Carryover | 1,174,067 | (99,654) b | 1,074,413 |
| Total Capital Projects | 4,874,067 | (99,654) | 4,774,413 |
| Non-Departmental | | | |
| Balance Available | 571,309 | 29,431 a,b | 600,740 |
| Total Non-Departmental | 571,309 | 29,431 | 600,740 |
| TOTAL REQUIREMENTS | 5,445,376 | (70,223) | 5,375,153 |

823 Urban Renewal Agency Riverfront Capital Projects Fund

a) **Beginning Working Capital Reconciliation:** Decrease the budgeted Beginning Working Capital by \$70,223 and decrease Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Capital Carryover Reconciliation:** Decrease capital appropriations by \$99,654 and increase Balance Available by the same amount. This action reconciles the FY19 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

824 Urban Renewal Agency Riverfront Program Revenue Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|------------------|--------------------|---|------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 3,183,430 | 12,849 | a | 3,196,279 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Miscellaneous | 48,000 | 0 | | 48,000 |
| Total Revenue | 48,000 | 0 | | 48,000 |
| TOTAL RESOURCES | 3,231,430 | 12,849 | | 3,244,279 |
| II. REQUIREMENTS | | | | |
| Non-Departmental | | | | |
| Special Payments | 3,231,430 | 12,849 | a | 3,244,279 |
| Total Non-Departmental | 3,231,430 | 12,849 | | 3,244,279 |
| TOTAL REQUIREMENTS | 3,231,430 | 12,849 | | 3,244,279 |

824 Urban Renewal Agency Riverfront Revenue Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$12,849 and increase Special Payments by the same amount. These adjustments bring the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

**A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET;
MAKING APPROPRIATIONS FOR THE URBAN RENEWAL AGENCY
OF THE CITY OF EUGENE
FOR THE FISCAL YEAR BEGINNING JULY 1, 2018,
AND ENDING JUNE 30, 2019.**

The Urban Renewal Agency of the City of Eugene finds that adopting the Supplemental Budget and making appropriations is necessary under ORS 294.471.

NOW THEREFORE,

BE IT RESOLVED BY THE URBAN RENEWAL AGENCY OF THE CITY OF EUGENE as follows:

Section 1.

That the Supplemental Budget for the Urban Renewal Agency of the City of Eugene, Oregon, for the fiscal year beginning July 1, 2018, and ending June 30, 2019, as set forth in attached Exhibit A is hereby adopted.

Section 2.

The supplemental amounts for the fiscal year beginning July 1, 2018, and ending June 30, 2019, and for the purposes shown in attached Exhibit A are hereby appropriated.

Section 3.

That this Supplemental Budget is prepared in accordance with ORS 294.471(1), which authorizes the formulation of a supplemental budget resulting from "An occurrence or condition that is not ascertained when preparing the original budget or a previous supplemental budget for the current year or current budget period and that requires a change in financial planning." This Supplemental Budget was published in accordance with ORS 294.471(3).

Section 4.

This resolution complies with ORS 294.471(4), and does not authorize an increase in the levy of property taxes above the amount in the Annual Budget publication.

The foregoing resolution adopted this 10th day of December, 2018.

City Recorder

EXHIBIT A

In dollars

URBAN RENEWAL AGENCY DOWNTOWN GENERAL FUND

| | | |
|--|--|-----------------------|
| Departmental Operating | | |
| Planning and Development | | 111,110 |
| Total Departmental Operating | | <u>111,110</u> |
| Non-Departmental | | |
| Special Payments | | 541,295 |
| Total Non-Departmental | | <u>541,295</u> |
| TOTAL URA DOWNTOWN GENERAL FUND | | <u>652,405</u> |

URBAN RENEWAL AGENCY DOWNTOWN DEBT SERVICE FUND

| | | |
|---|--|-----------------------|
| Non-Departmental | | |
| Interfund Transfers | | 1,011,110 |
| * Balance Available | | (686,466) |
| Total Non-Departmental | | <u>324,644</u> |
| TOTAL URA DOWNTOWN DEBT SERVICE FUND | | <u>324,644</u> |

URBAN RENEWAL AGENCY DOWNTOWN CAPITAL PROJECTS FUND

| | | |
|---|--|-----------------------|
| Capital Projects | | |
| Capital Projects | | 900,000 |
| Total Capital Projects | | <u>900,000</u> |
| Non-Departmental | | |
| * Balance Available | | 2,264 |
| Total Non-Departmental | | <u>2,264</u> |
| TOTAL URA DOWNTOWN CAPITAL PROJECTS FUND | | <u>902,264</u> |

URBAN RENEWAL AGENCY RIVERFRONT GENERAL FUND

| | |
|--|----------------------|
| Departmental Operating | |
| Planning and Development | 320,000 |
| Total Departmental Operating | <u>320,000</u> |
| Non-Departmental | |
| * Balance Available | (290,766) |
| Total Non-Departmental | <u>(290,766)</u> |
| TOTAL URA RIVERFRONT GENERAL FUND | <u><u>29,234</u></u> |

URBAN RENEWAL AGENCY RIVERFRONT CAPITAL PROJECTS FUND

| | |
|---|------------------------|
| Capital Projects | |
| Capital Projects | (99,654) |
| Total Capital Projects | <u>(99,654)</u> |
| Non-Departmental | |
| * Balance Available | 29,431 |
| Total Non-Departmental | <u>29,431</u> |
| TOTAL URA RIVERFRONT CAPITAL PROJECTS FUND | <u><u>(70,223)</u></u> |

URBAN RENEWAL AGENCY RIVERFRONT PROGRAM REVENUE FUND

| | |
|---|--------------------------------|
| Non-Departmental | |
| Special Payments | 12,849 |
| Total Non-Departmental | <u>12,849</u> |
| TOTAL URA RIVERFRONT PROGRAM REVENUE | <u><u>12,849</u></u> |
| TOTAL REQUIREMENTS - ALL FUNDS | <u><u><u>1,851,173</u></u></u> |

* Reserves and Balance Available amounts are not appropriated for spending and are shown for informational purposes only.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Public Hearing and Action: A Resolution Adopting a Supplemental Budget; Making Appropriations for the City of Eugene for the Fiscal Year Beginning July 1, 2018 and Ending June 30, 2019

Meeting Date: December 10, 2018
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 5
Staff Contact: Jamie Garner
Contact Telephone Number: 541-682-5502

ISSUE STATEMENT

Council approval of the first Supplemental Budget for Fiscal Year 2019 is requested. Oregon Local Budget Law (ORS 294.471) allows for supplemental budgets in the event of “An occurrence or condition that is not ascertained when preparing the original budget or a previous supplemental budget for the current year or current budget period and that requires a change in financial planning.” ORS 294.471 also allows for a supplemental budget if there are “funds that are made available by another unit of federal, state or local government and the availability of which could not reasonably be foreseen when preparing the original budget or a previous supplemental budget for the current year or current budget period.” This Supplemental Budget does not authorize any increase in the property tax levy and has been published in compliance with the Oregon Local Budget Law.

BACKGROUND

The Supplemental Budget that occurs in December of a fiscal year is usually the largest because of the audit adjustments to budgeted Beginning Working Capital and the reappropriation of funds from the prior fiscal year for contracts, program initiatives or projects that were started but not completed in that fiscal year. This Supplemental Budget also recognizes new revenue and authorizes other unanticipated changes in legal appropriations.

Transactions Related to Beginning Working Capital

Isler & Company, LLC, the City's external auditor, has completed its Fiscal Year 2018 (FY18) audit of Beginning Working Capital, and this Supplemental Budget includes Marginal Beginning Working Capital (MBWC) adjustments for all City funds. The MBWC is the difference between the estimate of FY18 ending working capital that was made in the FY19 Adopted Budget and the audited actual FY18 ending working capital. This adjustment is recognized on SB1 and is the largest component of the transactions included in this budget request.

City Council Contingency

This Supplemental Budget does not include any recommendations to use City Council Contingency funds. City Council Contingency is currently budgeted at \$12,000.

General Fund Transactions and Fund Balance Information

For the Main Subfund of the General Fund, the MBWC adjustment is \$10,387,970. The MBWC adjustment is largely due to a combination of higher revenues than anticipated (\$6.2 million) and departmental underspending (\$3.8 million).

For actual revenues received in FY18, the following set of factors resulted in higher than anticipated receipts:

- Taxes were \$4.1 million over estimates, including:
 - Property Taxes were \$3.9 million higher than estimated, \$2.8 million of this amount was due to a property tax settlement with Comcast;
 - \$0.3 million in additional local marijuana tax revenue; and
 - Contributions-in-Lieu-of-Taxes were lower than estimated by \$0.1 million.
- License and Permits revenue was \$0.2 million higher than anticipated;
- Intergovernmental revenue was \$0.7 million above estimates;
- Charges for Services revenue was approximately \$0.1 million below expectations; and
- Miscellaneous revenues were above budget estimates by nearly \$1.3 million, largely as a result of \$0.6 million from the sale of the Hoots and 901 Franklin properties, as well as \$0.3 million in higher-than-projected investment interest revenues.

On the expenditures side, based on historical trends it was anticipated that departmental underspending would be around 1.0%, or approximately \$1.5 million. Total underspending after accounting for funds allocated to cover the budgeted reserve for encumbrance was closer to \$3.8 million, which has been requested for reappropriation to continue work on projects that have been approved in prior budgets (see following page). This amount of underspending is largely attributable to several long-range projects that take time to implement.

The reserve for encumbrance represents a reserve for prior fiscal year encumbrances (contracts that were in effect but not completed as of June 30). Prior fiscal year encumbrances were budgeted at \$2,985,375 but only \$2,126,870 was actually needed, leaving \$858,505 available for appropriation.

This Supplemental Budget includes a total of \$1,118,217 in other General Fund (Main Subfund) revenue increases. These revenues include grants rebudgeted from the prior fiscal year, new FY19 grants, reimbursements for overtime incurred to assist with state fires, rideshare business license revenue, and reimbursement from the Urban Renewal Agency for personnel costs associated with district operations. Operating budget appropriations for the departments receiving these revenues are increased by the same amount.

For more information about FY18 results, the FY18 Ending Working Capital and the Ending Fund Balance for the General Fund, see Attachment D of the Agenda Item Summary on the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018. Attachment D includes information and highlights about FY18 results from the FY18 Comprehensive Annual Financial Report.

Total funds suggested for appropriation on this supplemental budget in the Main Subfund of the General Fund is \$17,347,754 consisting of the following:

| Source | Amount |
|--|---------------------|
| MBWC adjustment | \$10,387,970 |
| FY19 Adopted Reserve for Encumbrances | 2,985,375 |
| Additional Local Marijuana Tax Revenue | 675,000 |
| Liquidate Property Tax Appeals Reserve | 500,000 |
| Liquidate Excess Local Marijuana Tax Reserve | 49,177 |
| Reserve for Revenue Shortfall (RRSF) | 2,750,232 |
| Total funds available for appropriation | \$17,347,754 |

The City Manager is recommending that the MBWC adjustment funds, additional Local Marijuana Tax Revenue, and reserve accounts be utilized for several targeted, strategic investments to continue making progress on council, community and organizational priorities. In addition, the City Manager is recommending the reappropriation of funds for items previously approved by City Council and redirecting the annual capital transfer to the General Capital Projects Fund to a capital transfer for Homeless Shelter Options. A summary of the General Fund reserve for encumbrance, reappropriations and other uses of MBWC is included in Attachment A. The proposed disposition of these funds is as follows:

| Description | Amount |
|---|--------------------|
| Actual prior fiscal year encumbrances | \$2,126,870 |
| Reappropriation of prior project funding | |
| Homeless Shelter Options | \$1,000,000 |
| Downtown Operations | 777,654 |
| Urban Reserves | 484,588 |
| 2021 World Championships Funds | 472,667 |
| Recreation Registration System Replacement | 288,401 |
| Economic Prosperity Strategic Reserve Fund | 135,399 |
| Climate Recovery Ordinance Implementation | 122,438 |
| Community Court | 105,000 |
| Housing and Neighborhood Activities | 100,000 |
| Metro Area Branding and Marketing | 100,000 |
| Equity in Contracting | 88,941 |
| Pillar 7 Growth Monitoring Data | 74,500 |
| Neighborhood Matching Grants | 57,326 |
| Community Safety Initiative | 50,888 |
| River Road/Santa Clara Neighborhood Plan | 34,247 |
| River Road/Santa Clara Neighborhood Funds | 30,165 |
| University Neighborhood Plan | 30,000 |
| Sister Cities Program | 29,670 |
| Total Reappropriation Requests: | \$3,981,884 |

One-time funding requests

| | |
|---|---------------------|
| Community Safety Initiative | \$8,662,000 |
| Downtown Operations | 954,000 |
| Capital Transfer for Homeless Shelter Options | 900,000 |
| Dusk to Dawn/Hwy 99 Support | 300,000 |
| Climate Recovery Ordinance Implementation | 190,000 |
| Employee Relations Support | 133,000 |
| Citywide Communications | 100,000 |
| Total One-time Funding Requests: | <u>\$11,239,000</u> |

Total SB1 requests**\$17,347,754**

The funding requested for prior fiscal year encumbrances, reappropriations and one-time expenditures exceeds the available MBWC, which necessitated the use of additional funding sources in this Supplemental Budget. An outline of these funds and the requests that they support is included in the table on the following page.

The Property Tax Appeals Reserve, budgeted at \$0.5 million in FY19, is a set aside of funds pending the outcome of large property tax appeals. The purpose of this reserve was to mitigate potential impacts from the appeal by Comcast. Since that appeal has been settled, and no large appeals are anticipated at this time the City Manager recommends the use of the funds in this reserve to support the Community Safety Initiative bridge funding.

The Excess Local Marijuana Tax Reserve represents an estimate of local marijuana tax collections in excess of budgeted amounts. This reserve was created for the FY19 Proposed Budget to provide transparency on the future use of these funds, which have been designated by council for parks security, community justice and human services. The Excess Local Marijuana Tax Reserve was set at \$250,000 in the FY19 Proposed Budget and subsequently reduced to \$49,177 by recommendation of the Budget Committee in order to provide one-time funding in the amount of \$200,823 for the Dusk to Dawn program. The City Manager recommends the use of the remaining \$49,177 to support the Community Safety Initiative bridge funding, which aligns with the restrictions on the use of these funds.

The City received the first distribution of local marijuana tax revenues in the fall of 2017 and has been closely monitoring this revenue source to determine trends and realistic estimates. This Supplemental Budget recognizes an additional \$675,000 in local marijuana tax revenues, which are allocated to a capital transfer for Homeless Shelter Options.

Per the City's Financial Management Goals and Policies the General Fund transfer to the General Capital Projects Fund, used to support ongoing preservation of General Fund building assets and Parks and Open space parks preservation and maintenance, is one of the highest priorities for use of MBWC. This year, the City Manager recommends that this \$0.9 million transfer be directed to the General Capital Projects Fund to support capital costs associated with Homeless Shelter Options. To ensure that General Fund building assets and parks preservation and maintenance continue to receive support, the City will use existing resources in the General Capital Projects Fund from previous MBWC transfers that had been set aside for a future City Hall. This existing funding totals \$1.75 million.

| Funding Request | Source(s) | Amount |
|---|---|---------------------|
| Prior fiscal year encumbrances | Reserve for Prior Year Encumbrances | \$2,126,870 |
| Reappropriations | MBWC | \$3,981,884 |
| Community Safety Initiative | MBWC | \$5,662,591 |
| | RRSF | \$2,450,232 |
| | Property Tax Appeals Reserve | \$500,000 |
| | Excess Local Marijuana Tax Reserve | \$49,177 |
| | TOTAL | \$8,662,000 |
| Downtown Operations | MBWC | \$954,000 |
| Capital Transfer for Homeless Shelter Options | Additional Local Marijuana Taxes | \$675,000 |
| | MBWC | \$225,000 |
| | TOTAL | \$900,000 |
| Dusk to Dawn/Hwy 99 Support | RRSF | \$300,000 |
| Climate Recovery Ordinance Implementation | MBWC | \$190,000 |
| Employee Relations Support | MBWC | \$133,000 |
| Citywide Communications | MBWC | \$100,000 |
| Funding Sources Summary | MBWC (includes additional reconciled encumbrance funds) | \$11,246,475 |
| | RRSF | \$2,750,232 |
| | Reserve for Prior Year Encumbrances | \$2,126,870 |
| | Property Tax Appeals Reserve | \$500,000 |
| | Excess Local Marijuana Tax Reserve | \$49,177 |
| | Additional Local Marijuana Taxes | \$675,000 |
| | TOTAL | \$17,347,754 |

At its work session on September 26, 2018, City Council unanimously recommended a one-time, 18-month funding strategy for the Community Safety Initiative. Funding in the amount of \$8,662,000 for this purpose is included in this Supplemental Budget. Specific programs in the 18-month funding strategy include:

Prevention Services

- Youth Mental Health Services and Early Intervention Programs through Eugene's Recreation Division
- 15th Night, a program to reduce youth homelessness by intervening before they spend 15 nights on the street
- Continuation of the Community Court program that connects non-violent offenders cited in downtown Eugene with social service providers
- Continuation of the Community Outreach Response Team (C.O.R.T), a partnership between the Eugene Police Department and White Bird Clinic that works with individuals who are frequent and repeated users of emergency and court services

Homeless Services

- A year-round Dusk to Dawn safe-sleeping program
- A Day Resource Center that provides access to storage, bathrooms, and connections to services
- Ongoing support for programs serving people experiencing homelessness including the weekend Lindholm Center, the Car Camping Program and the Rest Stop Program

Public Safety Services

- Adding 10 Patrol Officers to create a city-wide Rapid Response Team
- Adding five Community Service Officers
- Adding four staff to the 911 Call Center
- Expanding jail services by five beds
- Funding for the Ambulance Transport Fund shortfall
- Funding Municipal Court and City Prosecutor services to meet growing needs

In addition to the bridge funding for the Community Safety Initiative, this Supplemental Budget offers the opportunity to continue to make progress on program offerings and strategic initiatives through targeted one-time investments. Many of the one-time funding requests in the General Fund in this Supplemental Budget are put forward under the strategy utilized over the past several years, allowing pilot programs and previous initiatives to continue as their effectiveness is evaluated, without obligating ongoing funding. This is a way to address important community goals in a deliberate manner without making long-term funding commitments that could lead to greater fiscal pressures in the years ahead. Funding for Downtown Operations, implementation of the Climate Recovery Ordinance, Dusk to Dawn/Hwy 99 Support and the transfer of capital funds to support a Homeless Shelter Option build on prior investments, while new requests to enhance Citywide Communications and Employee Relations Support provide resources where gaps have been identified.

Capital Carryover

The Capital Project Carryover Reconciliation is also included in this Supplemental Budget. An estimate of the unspent balance in each capital project was established in the FY19 Adopted Budget. These estimates have been reconciled with the actual FY18 expenditures, and the Capital Budget is adjusted to reflect the remaining unspent balances in each project. The Capital Carryover on this Supplemental Budget reduces the Capital Budget by \$6,037,379, increases Miscellaneous Fiscal Transactions by \$3,633 for a draw on a line of credit and increases Balance Available by \$6,033,746.

Non-General Fund Transactions

This Supplemental Budget recognizes approximately \$44 million in non-General Fund transactions, other than MBWC, encumbrances and capital carryover reconciliation. Much of this total is reflected in recognizing and re-budgeting approximately \$34 million in grants and other revenue. Other significant transactions related to the Community Safety Initiative bridge funding strategy include a \$0.5 million transfer from the General Fund to the Fleet Services fund for the purchase of police vehicles and a \$0.4 million General Fund transfer to the Ambulance Transport Fund to address a funding shortfall for critical services, both of which are included in the \$8.662 million dollar one-time funding request in the General Fund. Additional notable, non-General Fund transactions include funding for a temporary parking lot on the City Hall block to address a deficit in current parking capacity in the Downtown area, citywide expansion of the curbside food waste collection pilot program and design work for the Emergency Operations Center.

This budget also includes non-General Fund reappropriations for projects not completed in the prior fiscal year. Other non-General Fund transactions are described in Attachment A.

Budget Committee Direction

As part of their recommendation to the City Council on the FY19 Recommended Budget, the Budget Committee included the following motion:

“Move to recommend that the City Council allocate \$500,000 in one-time funding for Community Justice initiatives, including support for the 911 Communications Center. Funds to come from the Reserve for Revenue Shortfall. Allocate an additional \$250,000 on the December Supplemental Budget, with funding to come from Marginal Beginning Working Capital (MBWC) after the capital transfer and any other prearranged expenditures.”

The City Manager’s recommendation is that the additional appropriation of \$250,000 for Community Justice initiatives is satisfied through the Community Safety Initiative bridge funding included in this Supplemental Budget.

Timing

In some cases, expenditure authority is needed immediately to carry out City Council direction or to meet legal or program requirements. Approval of SB1 in December allows the organization to prepare more accurate mid-year projections by having the general ledger reflect the audited balances in each fund. This, in turn, enables staff to more accurately project the Beginning Working Capital for the next fiscal year’s Proposed Budget.

RELATED CITY POLICIES

These transactions conform to the City's Financial Management Goals and Policies.

COUNCIL OPTIONS

Particular requests requiring more information or discussion may be removed from the Supplemental Budget and delayed for action in a future Supplemental Budget. In certain cases there may be a financial or legal impact to delaying budget approval. Council may also adopt amended appropriation amounts or funding sources for specific requests in the Supplemental Budget.

CITY MANAGER'S RECOMMENDATION

Adopt the attached resolution.

SUGGESTED MOTION

Move to adopt a resolution adopting a Supplemental Budget; making appropriations for the City of Eugene for the fiscal year beginning July 1, 2018 and ending June 30, 2019.

ATTACHMENTS

- A. Transaction Summary
- B. Resolution

FOR MORE INFORMATION

Staff Contact: Jamie Garner
Telephone: 541-682-5502
Staff E-Mail: JGarner@eugene-or.gov

Transaction Summary

010 General Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|---|--------------------|--------------------|---------|--------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 52,088,221 | 12,508,444 | a,d,f | 64,596,665 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Taxes | 119,349,000 | 675,000 | a | 120,024,000 |
| Licenses/Permits | 8,723,816 | 70,000 | b | 8,793,816 |
| Intergovernmental | 5,277,000 | 847,189 | b | 6,124,189 |
| Rental | 562,830 | 0 | | 562,830 |
| Charges for Services | 15,232,123 | 665,058 | b | 15,897,181 |
| Fines/Forfeitures | 1,894,575 | 0 | | 1,894,575 |
| Miscellaneous | 1,756,914 | 0 | | 1,756,914 |
| Interfund Transfers | 10,850,023 | 0 | | 10,850,023 |
| Total Revenue | 163,646,281 | 2,257,247 | | 165,903,528 |
| TOTAL RESOURCES | 215,734,502 | 14,765,691 | | 230,500,193 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Central Services | 26,047,835 | 7,643,851 | a | 33,691,686 |
| Fire and Emergency Medical Services | 30,777,064 | 494,447 | a,b | 31,271,511 |
| Library, Recreation and Cultural Services | 31,123,351 | 1,258,579 | a,b,e,g | 32,381,930 |
| Planning and Development | 7,723,477 | 2,352,683 | a,b | 10,076,160 |
| Police | 55,144,120 | 5,254,546 | a,b | 60,398,666 |
| Public Works | 6,492,151 | 225,467 | a | 6,717,618 |
| Total Department Operating | 157,307,998 | 17,229,573 | | 174,537,571 |
| Non-Departmental | | | | |
| Debt Service | 0 | 0 | | 0 |
| Interfund Transfers | 5,865,300 | 1,800,000 | a | 7,665,300 |
| Contingency | 12,000 | 0 | c | 12,000 |
| Special Payments | 700,000 | 0 | | 700,000 |
| Reserves | 22,758,262 | (1,162,940) | a,d,f,h | 21,595,322 |
| Reserve for Encumbrances | 3,100,942 | (3,100,942) | a,e,g,h | 0 |
| UEFB | 25,990,000 | 0 | | 25,990,000 |
| Total Non-Departmental | 58,426,504 | (2,463,882) | | 55,962,622 |
| TOTAL REQUIREMENTS | 215,734,502 | 14,765,691 | | 230,500,193 |

010 General Fund

Main Subfund (011):

a) **Carryover Reconciliation:**

Carryover Resources:

| | |
|--|---------------------|
| Beginning Working Capital Adjustment * | \$10,387,970 |
| FY19 Adopted Reserve for Encumbrances | \$2,985,375 |
| Total Carryover Resources | \$13,373,345 |

New Resources:

| | |
|--|------------------|
| Additional local marijuana tax revenue | \$675,000 |
| Total New Resources | \$675,000 |

Funding from Reserves:

| | |
|---|--------------------|
| Property Tax Appeal Reserve | \$500,000 |
| Reserve for Revenue Short Fall | \$2,750,232 |
| Reserve for Excess Marijuana Tax Revenues | \$49,177 |
| Total Funding from Reserves | \$3,299,409 |

| | |
|--|---------------------|
| Total Funds Available for Appropriation | \$17,347,754 |
|--|---------------------|

Distribution of Funds Available for Appropriation:

Reserve for Encumbrances Distribution to Departments:

| | |
|--|--------------------|
| Central Services | \$1,001,495 |
| Fire and Emergency Medical Services | \$30,417 |
| Library, Recreation, and Cultural Services | \$143,055 |
| Planning and Development | \$413,949 |
| Police | \$404,001 |
| Public Works | \$133,953 |
| Total Encumbrance Distribution to Departments | \$2,126,870 |

Reappropriations from Prior Fiscal Year:

| | |
|--|--------------------|
| Central Services | \$2,128,686 |
| Library, Recreation, and Cultural Services | \$402,839 |
| Planning and Development | \$958,734 |
| Police | \$400,111 |
| Public Works | \$91,514 |
| Total Reappropriations from Prior Fiscal Year | \$3,981,884 |

Other One-time Funding Requests:

| | |
|--|--------------------|
| Interfund Transfer to the General Capital Projects Fund for Homeless Shelter Options capital projects | \$900,000 |
| Interfund Transfer to the Fleet Services Fund for police vehicles as part of the Community Safety Initiative bridge funding | \$500,000 |
| Interfund Transfer to the Ambulance Transport Fund for funding shortfall as part of the Community Safety Initiative bridge funding | \$400,000 |
| | <hr/> |
| | \$1,800,000 |

010 General Fund

Main Subfund (011) (continued from previous page):

| | |
|---|----------------------------|
| <u>Central Services</u> | |
| Climate Recovery Ordinance Implementation | \$190,000 |
| City Wide Communications | \$100,000 |
| Community Safety Initiative | \$3,550,670 |
| Downtown Operations, including downtown manager | \$240,000 |
| Dusk to Dawn Highway 99 Site | \$300,000 |
| Employee Relations Support | \$133,000 |
| Total Central Services One-Time Funding Requests | <u>\$4,513,670</u> |
| <u>Library, Recreation and Cultural Services</u> | |
| Community Safety Initiative | \$115,000 |
| Downtown Operations | \$314,000 |
| Total Library, Recreation and Cultural Services One-Time Funding Requests | <u>\$429,000</u> |
| <u>Planning and Development</u> | |
| Downtown Operations Funding | \$140,000 |
| Total Planning and Development One-Time Funding Requests | <u>\$140,000</u> |
| <u>Police</u> | |
| Community Safety Initiative | \$4,096,330 |
| Downtown Operations Funding | \$260,000 |
| Total Police One-Time Funding Requests | <u>\$4,356,330</u> |
| Total Other One-Time Funding Requests | <u>\$11,239,000</u> |
| Total Available Funds Appropriated | <u>\$17,347,754</u> |

* **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital in the Main Subfund of the General Fund by \$11,246,475. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Revenue Adjustments:** These transactions recognize new FY19 revenues or revenue-backed expenditures and increase operating appropriations in the following Departments:

| | |
|---|-----------|
| <u>Fire and Emergency Medical Services</u> | |
| Fire Prevention and Safety Grant | \$118,972 |
| Reimbursable overtime and logistics support for state conflagration | \$345,058 |
| <u>Library, Recreation, and Cultural Services</u> | |
| 21st Century Learning grant | \$46,666 |
| Madison Middle School 4J grant | \$16,000 |
| Outdoor School 4J grant | \$73,300 |
| Jane Higdon Bicycle Safety grant | \$48,147 |
| <u>Planning and Development</u> | |
| Transportation Overlay District grant | \$450,000 |
| Business License for Transportation Network Company (Rideshare) | \$70,000 |
| Personnel costs associated with the Riverfront URA | \$320,000 |

010 General Fund

Main Subfund (011) (continued from previous page):

| | |
|--|--------------------|
| <u>Police Department</u> | |
| Crisis Intervention Training grant | \$5,044 |
| Various Oregon Department of Transportation grants | \$89,060 |
| <hr/> | |
| Total Revenue Adjustments | \$1,118,217 |

c) **Contingency:** This section is intended to provide the status of the Council's contingency account after including transactions that are authorized by City Council to be charged against it.

| | |
|-------------------------------|----------|
| Starting balance | \$12,000 |
| <hr/> | |
| Contingency balance after SB1 | \$12,000 |

Cultural Services Subfund (031):

d) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$1,121,207 and increase the Cultural Services Subfund Reserve by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

e) **Encumbrance Estimate Reconciliation:** Increase the Library, Recreation and Cultural Services (LRCS) Department operating appropriations by \$86,912 and decrease Reserve for Encumbrance by the same amount to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid.

Equipment Replacement Subfund (041):

f) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$140,762 and increase the Equipment Replacement Subfund Reserve by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

g) **Encumbrance Estimate Reconciliation:** Increase the Library, Recreation and Cultural Services Department operating appropriations by \$12,660 and decrease the Reserve for Encumbrance by the same amount to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid.

h) Summary of the General Fund Reserves (All Subfunds):

| | FY18 Adopted | FY19 Adopted | FY19 SB1 Action | FY19 Revised | |
|--|-------------------------|-------------------------|----------------------------|-------------------------|--|
| General Fund Reserve for Revenue Shortfall | \$18,564,586 | \$20,529,817 | (\$1,891,727) | \$18,638,090 | |
| General Fund 2021 Reserve | \$500,000 | \$0 | \$0 | \$0 | |
| General Fund Reserve for Property Tax Appeals | \$500,000 | \$500,000 | (\$500,000) | \$0 | |
| General Fund Reserve for Excess Local Marijuana Tax Revenues | \$0 | \$49,177 | (\$49,177) | \$0 | |
| Reserve for Prior Year Encumbrances | \$2,877,865 | \$3,100,942 | (\$3,100,942) | \$0 | |
| Cultural Services Subfund Reserve | \$2,133,517 | \$1,197,237 | \$1,121,207 | \$2,318,444 | |
| Cultural Services Reserve - Dedicated Donations for Arts | \$31,111 | \$31,111 | \$0 | \$31,111 | |
| Equipment Replacement Reserve | \$351,054 | \$450,920 | \$156,757 | \$607,677 | |
| <hr/> | | <hr/> | | <hr/> | |
| Total | \$24,958,133 | \$25,859,204 | (\$4,263,882) | \$21,595,322 | |

110 Special Assessments Management Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|------------------|--------------------|---|------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 1,156,349 | 8,081 | a | 1,164,430 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Charges for Services | 47,000 | 0 | | 47,000 |
| Miscellaneous | 17,040 | 0 | | 17,040 |
| Interfund Transfers | 30,000 | 0 | | 30,000 |
| Fiscal Transactions | 4,600 | 0 | | 4,600 |
| Total Revenue | 98,640 | 0 | | 98,640 |
| TOTAL RESOURCES | 1,254,989 | 8,081 | | 1,263,070 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Central Services | 104,728 | 0 | | 104,728 |
| Total Department Operating | 104,728 | 0 | | 104,728 |
| Non-Departmental | | | | |
| Interfund Transfers | 9,000 | 0 | | 9,000 |
| Special Payments | 30,000 | 0 | | 30,000 |
| Reserve | 50,000 | 0 | | 50,000 |
| Balance Available | 1,061,261 | 8,081 | a | 1,069,342 |
| Total Non-Departmental | 1,150,261 | 8,081 | | 1,158,342 |
| TOTAL REQUIREMENTS | 1,254,989 | 8,081 | | 1,263,070 |

110 Special Assessments Management Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$8,081, and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

111 Library Local Option Levy

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|---|-------------------------|-----------------------|-----|-------------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 1,169,252 | 544,992 | a | 1,714,244 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Taxes | 2,576,000 | 0 | | 2,576,000 |
| Miscellaneous | 14,000 | 0 | | 14,000 |
| Total Revenue | <u>2,590,000</u> | <u>0</u> | | <u>2,590,000</u> |
| TOTAL RESOURCES | <u>3,759,252</u> | <u>544,992</u> | | <u>4,304,244</u> |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Library, Recreation and Cultural Services | 2,417,582 | (10,000) | b | 2,407,582 |
| Total Department Operating | <u>2,417,582</u> | <u>(10,000)</u> | | <u>2,407,582</u> |
| Non-Departmental | | | | |
| Reserve | 1,341,670 | 0 | | 1,341,670 |
| Balance Available | 0 | 554,992 | a,b | 554,992 |
| Total Non-Departmental | <u>1,341,670</u> | <u>554,992</u> | | <u>1,896,662</u> |
| TOTAL REQUIREMENTS | <u>3,759,252</u> | <u>544,992</u> | | <u>4,304,244</u> |

111 Library Local Option Levy Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$544,992 and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Encumbrance Estimate Reconciliation:** Reduce the Library, Recreation and Cultural Services Department operating appropriations by \$10,000 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid, and increase Balance Available by the same amount.

130 Public Safety Communications Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|------------------|--------------------|---|------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 1,877,214 | 505,563 | a | 2,382,777 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Intergovernmental | 1,600,000 | 0 | | 1,600,000 |
| Charges for Services | 107,595 | 0 | | 107,595 |
| Miscellaneous | 13,500 | 0 | | 13,500 |
| Interfund Transfers | 306,000 | 0 | | 306,000 |
| Total Revenue | 2,027,095 | 0 | | 2,027,095 |
| TOTAL RESOURCES | 3,904,309 | 505,563 | | 4,409,872 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Police | 2,219,619 | 0 | | 2,219,619 |
| Total Department Operating | 2,219,619 | 0 | | 2,219,619 |
| Non-Departmental | | | | |
| Interfund Transfers | 180,000 | 0 | | 180,000 |
| Balance Available | 1,504,690 | 505,563 | a | 2,010,253 |
| Total Non-Departmental | 1,684,690 | 505,563 | | 2,190,253 |
| TOTAL REQUIREMENTS | 3,904,309 | 505,563 | | 4,409,872 |

130 Public Safety Communications Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$505,563, and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

131 Road Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|-----------------------------------|-------------------|--------------------|---------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 3,921,574 | 325,286 | a | 4,246,860 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Licenses/Permits | 2,058,000 | 0 | | 2,058,000 |
| Intergovernmental | 11,973,000 | 719,057 | b,c | 12,692,057 |
| Rental | 103,000 | 0 | | 103,000 |
| Charges for Services | 347,500 | 0 | | 347,500 |
| Miscellaneous | 183,800 | 0 | | 183,800 |
| Total Revenue | 14,665,300 | 719,057 | | 15,384,357 |
| TOTAL RESOURCES | 18,586,874 | 1,044,343 | | 19,631,217 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Public Works | 14,694,473 | 520,921 | b,c,d,e | 15,215,394 |
| Total Department Operating | 14,694,473 | 520,921 | | 15,215,394 |
| Non-Departmental | | | | |
| Interfund Transfers | 3,230,000 | 0 | | 3,230,000 |
| Balance Available | 662,401 | 523,422 | a,b,d,e | 1,185,823 |
| Total Non-Departmental | 3,892,401 | 523,422 | | 4,415,823 |
| TOTAL REQUIREMENTS | 18,586,874 | 1,044,343 | | 19,631,217 |

131 Road Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$325,286 and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Reappropriations:** Reappropriate \$417,974 in Intergovernmental Revenue for previous years grants and increase Public Works Department operating appropriations by the same amount. Reappropriate \$164,023 in Public Works Department Operating appropriations for Autonomous Vehicles and Median Design projects and decrease Balance Available by the same amount.

c) **New Revenues:** Recognize \$301,083 in Intergovernmental revenues in ODOT and LCOG grants for the Franklin Blvd. Facility Plan and increase Public Works Department operating appropriations by the same amount.

d) **Encumbrance Estimate Reconciliation:** Decrease Public Works Department operating appropriations by \$462,159 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid, and increase Balance Available by the same amount.

e) **One-Time Funding Requests:** Increase Public Works Department operating appropriations by \$100,000 for Multimodal Street Design Standards and decrease Balance Available by the same amount.

135 Telecom Registration/Licensing Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|-----------------------------------|------------------|--------------------|-------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 4,907,171 | 1,866,791 | a | 6,773,962 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Licenses/Permits | 2,800,000 | 0 | | 2,800,000 |
| Intergovernmental | 0 | 1,854,522 | b | 1,854,522 |
| Miscellaneous | 60,000 | 0 | | 60,000 |
| Total Revenue | 2,860,000 | 1,854,522 | | 4,714,522 |
| TOTAL RESOURCES | 7,767,171 | 3,721,313 | | 11,488,484 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Central Services | 3,308,520 | 3,692,645 | b,c | 7,001,165 |
| Total Department Operating | 3,308,520 | 3,692,645 | | 7,001,165 |
| Non-Departmental | | | | |
| Debt Service | 42,000 | 0 | | 42,000 |
| Interfund Transfers | 476,000 | 0 | | 476,000 |
| Special Payments | 120,000 | 0 | | 120,000 |
| Reserves | 496,847 | 0 | | 496,847 |
| Balance Available | 3,323,804 | 28,668 | a,b,c | 3,352,472 |
| Total Non-Departmental | 4,458,651 | 28,668 | | 4,487,319 |
| TOTAL REQUIREMENTS | 7,767,171 | 3,721,313 | | 11,488,484 |

135 Telecom Registration/Licensing Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$1,866,791 and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Reappropriations:** Reappropriate \$1,854,522 in Intergovernmental revenue for previous years Downtown High Speed Fiber Project grant, increase Central Services Department operating appropriations by \$2,554,550, and decrease Balance Available by \$700,028. Increase Central Services Department operating appropriations by \$938,095 for reappropriated telecommunication projects not completed in the prior fiscal year and decrease Balance Available by the same amount.

c) **One-Time Funding Requests:** Increase Central Services Department operating appropriations by \$200,000 for additional telecommunication projects and decrease Balance Available by the same amount.

150 Construction and Rental Housing Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|-------------------------------------|-------------------|--------------------|-------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 5,022,572 | 527,032 | a | 5,549,604 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Licenses/Permits | 4,296,500 | 0 | | 4,296,500 |
| Charges for Services | 5,453,250 | 0 | | 5,453,250 |
| Fines/Forfeitures | 25,000 | 0 | | 25,000 |
| Miscellaneous | 86,000 | 0 | | 86,000 |
| Total Revenue | 9,860,750 | 0 | | 9,860,750 |
| TOTAL RESOURCES | 14,883,322 | 527,032 | | 15,410,354 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Fire and Emergency Medical Services | 340,239 | 0 | | 340,239 |
| Planning and Development | 7,810,918 | 54,916 | b,c | 7,865,834 |
| Public Works | 481,074 | 0 | | 481,074 |
| Total Department Operating | 8,632,231 | 54,916 | | 8,687,147 |
| Non-Departmental | | | | |
| Interfund Transfers | 984,000 | 0 | | 984,000 |
| Special Payments | 1,050,000 | 0 | | 1,050,000 |
| Balance Available | 4,217,091 | 472,116 | a,b,c | 4,689,207 |
| Total Non-Departmental | 6,251,091 | 472,116 | | 6,723,207 |
| TOTAL REQUIREMENTS | 14,883,322 | 527,032 | | 15,410,354 |

150 Construction and Rental Housing Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$527,032 and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Encumbrance Estimate Reconciliation:** Reduce Planning and Development Department operating appropriations by \$10,084 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid, and increase Balance Available by the same amount.

c) **One-Time Funding Requests:** Increase Planning and Development Department operating appropriations by \$65,000 for additional staffing for land use application review and decrease Balance Available by the same amount.

155 Solid Waste/Recycling Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|------------------|--------------------|-------|------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 736,863 | 6,688 | a | 743,551 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Licenses/Permits | 983,000 | 0 | | 983,000 |
| Miscellaneous | 12,000 | 0 | | 12,000 |
| Total Revenue | 995,000 | 0 | | 995,000 |
| TOTAL RESOURCES | 1,731,863 | 6,688 | | 1,738,551 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Planning and Development | 1,111,696 | 35,473 | b,c | 1,147,169 |
| Total Department Operating | 1,111,696 | 35,473 | | 1,147,169 |
| Non-Departmental | | | | |
| Interfund Transfers | 108,000 | 0 | | 108,000 |
| Balance Available | 512,167 | (28,785) | a,b,c | 483,382 |
| Total Non-Departmental | 620,167 | (28,785) | | 591,382 |
| TOTAL REQUIREMENTS | 1,731,863 | 6,688 | | 1,738,551 |

155 Solid Waste/Recycling Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$6,688 and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **One-Time Funding Requests:** Increase Planning and Development Department operating appropriations by \$105,435 for curbside composting City wide-roll out (\$52,000), for continuation of the Repair Café's "Fix-It-Fair"(\$38,435), for UO dining services food waste assessment (\$15,000), and decrease Balance Available by \$105,435.

c) **Encumbrance Estimate Reconciliation:** Reduce Planning and Development Department operating appropriations by \$69,962 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid, and increase Balance Available by the same amount.

170 Community Development Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------|--------------------|-----------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 5,550,480 | (1,413,964) | a | 4,136,516 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Intergovernmental | 5,451,912 | 1,442,480 | b,c | 6,894,392 |
| Charges for Services | 5,000 | 50,000 | c | 55,000 |
| Miscellaneous | 709,720 | 0 | | 709,720 |
| Fiscal Transactions | 2,995,600 | 0 | | 2,995,600 |
| Total Revenue | 9,162,232 | 1,492,480 | | 10,654,712 |
| TOTAL RESOURCES | 14,712,712 | 78,516 | | 14,791,228 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Planning and Development | 3,244,642 | 299,019 | a,b,c,d,e | 3,543,661 |
| Total Department Operating | 3,244,642 | 299,019 | | 3,543,661 |
| Capital Projects | | | | |
| Capital Projects | 241,614 | 138,716 | a | 380,330 |
| Capital Carryover | 488,642 | 0 | | 488,642 |
| Total Capital Projects | 730,256 | 138,716 | | 868,972 |
| Non-Departmental | | | | |
| Debt Service | 373,395 | 0 | | 373,395 |
| Interfund Transfers | 127,000 | 0 | | 127,000 |
| Special Payments | 8,795,847 | (388,783) | a,c,d | 8,407,064 |
| Reserves | 1,191,572 | 14,289 | a | 1,205,861 |
| Balance Available | 250,000 | 15,275 | e | 265,275 |
| Total Non-Departmental | 10,737,814 | (359,219) | | 10,378,595 |
| TOTAL REQUIREMENTS | 14,712,712 | 78,516 | | 14,791,228 |

170 Community Development Fund

a) **Beginning Working Capital Reconciliation:** Decrease the budgeted Beginning Working Capital by \$1,413,964, decrease Planning and Development Department operating appropriation by \$537,426, increase Capital Projects appropriation by \$138,716, decrease Special Payments by \$1,029,543, and increase Reserves by \$14,289. These adjustments bring the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Reappropriations:** Reappropriate \$433,373 in Intergovernmental Revenue for previous years HUD CDBG and EPA Brownfields Coalition Assessment grants and increase Planning and Development Department operating appropriations by the same amount.

c) **New Revenues:** Increase in Intergovernmental revenue (\$59,107) and Charges for Services revenue (\$50,000) for environmental review of HUD CDBG projects, and increase Planning and Development Department operating appropriations by \$109,107. Recognize Intergovernmental revenue in the amount of \$950,000 from HUD CDBG grants, increase Planning and Development Department operating appropriations by \$300,000, and increase Special Payments by \$650,000.

d) **One-Time Funding Requests:** Decrease Special Payments by \$9,240 for recognition of interest on Historical Grants that will be used for local grants to maintain historical properties and increase Planning and Development Department operating appropriations by the same amount.

e) **Encumbrance Estimate Reconciliation:** Reduce Planning and Development Department operating appropriations by \$15,275 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid, and increase Balance Available by the same amount.

180 Library, Parks, and Recreation Special Revenue Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|--------------------------------------|------------------|--------------------|-------|------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 4,926,621 | 359,790 | a | 5,286,411 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Rental | 35,920 | 0 | | 35,920 |
| Charges for Services | 25,000 | 0 | | 25,000 |
| Miscellaneous | 453,116 | 0 | | 453,116 |
| Fiscal Transactions | 7,710 | 0 | | 7,710 |
| Total Revenue | 521,746 | 0 | | 521,746 |
| TOTAL RESOURCES | 5,448,367 | 359,790 | | 5,808,157 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Library Recreation and Cultural Svcs | 377,000 | 0 | | 377,000 |
| Total Department Operating | 377,000 | 0 | | 377,000 |
| Capital Projects | | | | |
| Capital Projects | 56,679 | 150,000 | b | 206,679 |
| Capital Carryover | 674,357 | (35,468) | c | 638,889 |
| Total Capital Projects | 731,036 | 114,532 | | 845,568 |
| Non-Departmental | | | | |
| Reserves | 3,153,764 | 363,236 | a | 3,517,000 |
| Special Payments | 102,844 | 701 | a | 103,545 |
| Balance Available | 1,083,723 | (118,679) | a,b,c | 965,044 |
| Total Non-Departmental | 4,340,331 | 245,258 | | 4,585,589 |
| TOTAL REQUIREMENTS | 5,448,367 | 359,790 | | 5,808,157 |

180 Library, Parks, and Recreation Special Revenue Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$359,790, increase Special Payments by \$701, increase Reserves by \$363,236, and decrease Balance Available by \$4,147. These adjustments bring the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **One-Time Funding Requests:** Increase Capital Projects appropriation by \$150,000 for the purchase of an equipment shed and decrease Balance Available by the same amount.

c) **Capital Carryover Reconciliation:** Decrease Capital Carryover appropriations by \$35,468 and increase Balance Available by the same amount. This adjustment reconciles the FY19 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

211 General Obligation Debt Service Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------|--------------------|---|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 238,669 | 580,907 | a | 819,576 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Taxes | 13,388,556 | 0 | | 13,388,556 |
| Miscellaneous | 60,000 | 0 | | 60,000 |
| Total Revenue | 13,448,556 | 0 | | 13,448,556 |
| TOTAL RESOURCES | 13,687,225 | 580,907 | | 14,268,132 |
| II. REQUIREMENTS | | | | |
| Non-Departmental | | | | |
| Debt Service | 13,687,225 | 580,907 | a | 14,268,132 |
| Total Non-Departmental | 13,687,225 | 580,907 | | 14,268,132 |
| TOTAL REQUIREMENTS | 13,687,225 | 580,907 | | 14,268,132 |

211 General Obligation Debt Service Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$580,907 and increase Debt Service by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

250 Special Assessment Bond Debt Service Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-----------------|--------------------|---|-----------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 68,565 | 6,529 | a | 75,094 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Miscellaneous | 28,270 | 0 | | 28,270 |
| Fiscal Transactions | 200,160 | 0 | | 200,160 |
| Total Revenue | 228,430 | 0 | | 228,430 |
| TOTAL RESOURCES | 296,995 | 6,529 | | 303,524 |
| II. REQUIREMENTS | | | | |
| Non-Departmental | | | | |
| Debt Service | 225,000 | 0 | | 225,000 |
| Interfund Transfers | 10,000 | 0 | | 10,000 |
| Reserves | 61,995 | 6,529 | a | 68,524 |
| Total Non-Departmental | 296,995 | 6,529 | | 303,524 |
| TOTAL REQUIREMENTS | 296,995 | 6,529 | | 303,524 |

250 Special Assessment Bond Debt Service Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$6,529, and increase Reserves by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

310 General Capital Projects Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|---|-------------------|--------------------|-----|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 24,206,571 | 7,928,449 | a | 32,135,020 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Rental | 10,000 | 0 | | 10,000 |
| Charges for Services | 0 | 32,256 | b | 32,256 |
| Miscellaneous | 77,327 | 0 | | 77,327 |
| Interfund Transfers | 3,809,300 | 900,000 | b | 4,709,300 |
| Fiscal Transactions | 12,000,000 | 0 | | 12,000,000 |
| Total Revenue | 15,896,627 | 932,256 | | 16,828,883 |
| TOTAL RESOURCES | 40,103,198 | 8,860,705 | | 48,963,903 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Library, Recreation & Cultural Services | 20,000 | 0 | | 20,000 |
| Total Department Operating | 20,000 | 0 | | 20,000 |
| Capital Projects | | | | |
| Capital Projects | 12,064,769 | 907,082 | a,b | 12,971,851 |
| Capital Carryover | 23,233,048 | (1,112,068) | c | 22,120,980 |
| Total Capital Projects | 35,297,817 | (204,986) | | 35,092,831 |
| Non-Departmental | | | | |
| Debt Service | 380,000 | 0 | | 380,000 |
| Reserve | 26,560 | 0 | | 26,560 |
| Balance Available | 4,378,821 | 9,065,691 | a,c | 13,444,512 |
| Total Non-Departmental | 4,785,381 | 9,065,691 | | 13,851,072 |
| TOTAL REQUIREMENTS | 40,103,198 | 8,860,705 | | 48,963,903 |

310 General Capital Projects Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$7,928,449, decrease Capital Projects appropriations by \$25,174, and increase Balance Available by \$7,953,623. These adjustments bring the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **New Revenues:** Recognize Charges for Services revenue by \$32,256 for revenues received from the purchase of property easements and increase capital appropriations by the same amount. Recognize Interfund Transfers revenue from the General Fund in the amount of \$900,000 for homeless shelter options and increase Capital Projects by the same amount.

c) **Capital Carryover Reconciliation:** Decrease Capital Carryover appropriations by \$1,112,068 and increase Balance Available by the same amount. This adjustment reconciles the FY19 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

330 System Development Capital Projects Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------|--------------------|---------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 30,930,884 | 613,469 | a | 31,544,353 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Rental | 97,740 | 0 | | 97,740 |
| Charges for Services | 4,587,231 | 330,549 | b | 4,917,780 |
| Miscellaneous | 330,819 | 0 | | 330,819 |
| Total Revenue | 5,015,790 | 330,549 | | 5,346,339 |
| TOTAL RESOURCES | 35,946,674 | 944,018 | | 36,890,692 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Planning and Development | 166,511 | 0 | | 166,511 |
| Public Works | 506,821 | 0 | | 506,821 |
| Total Department Operating | 673,332 | 0 | | 673,332 |
| Capital Projects | | | | |
| Capital Projects | 8,550,000 | 1,633,177 | b,c | 10,183,177 |
| Capital Carryover | 15,525,272 | (816,948) | c,d | 14,708,324 |
| Total Capital Projects | 24,075,272 | 816,229 | | 24,891,501 |
| Non-Departmental | | | | |
| Interfund Transfers | 58,000 | 81,605 | c | 139,605 |
| Balance Available | 11,140,070 | 46,184 | a,b,c,d | 11,186,254 |
| | 11,198,070 | 127,789 | | 11,325,859 |
| TOTAL REQUIREMENTS | 35,946,674 | 944,018 | | 36,890,692 |

330 System Development Capital Projects Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$613,469 and increase Balance Available by the same amount. This adjustment brings the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **New Revenues:** Recognize Charges for Services revenue in the amount of \$330,549 for System Development Charges for Striker Field and the Shadowview extension and increase Capital Projects appropriations by the same amount.

c) **One-Time Funding Requests:** Increase Capital Projects appropriation by \$1,302,628 for Amazon Park projects (\$688,474), the Amazon Active Corridor project (\$450,000), and for the Stormwater Low Impact Development project (\$164,154). Decrease Balance Available by \$1,302,628 to provide funding for these projects. Increase Interfund Transfers to the Transportation Capital Projects Fund in the amount of \$81,605 to consolidate capital projects related to City trees and decrease Capital Carryover appropriation by the same amount.

d) **Capital Carryover Reconciliation:** Decrease capital appropriations by \$735,343 and increase Balance Available by the same amount. This adjustment reconciles the FY19 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

340 Transportation Capital Projects Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------|--------------------|---------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 29,721,202 | (21,210,641) | a | 8,510,561 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Taxes | 3,000,000 | 0 | | 3,000,000 |
| Intergovernmental | 2,954,000 | 21,017,557 | b,c | 23,971,557 |
| Miscellaneous | 7,130,000 | 0 | | 7,130,000 |
| Charges for Services | 182,000 | 0 | | 182,000 |
| Interfund Transfers | 2,140,000 | 121,250 | d | 2,261,250 |
| Fiscal Transactions | 6,779,500 | 2,450,003 | a,e | 9,229,503 |
| Total Revenue | 22,185,500 | 23,588,810 | | 45,774,310 |
| TOTAL RESOURCES | 51,906,702 | 2,378,169 | | 54,284,871 |
| II. REQUIREMENTS | | | | |
| Capital Projects | | | | |
| Capital Projects | 21,909,000 | 3,760,434 | c,d | 25,669,434 |
| Capital Carryover | 28,680,857 | (1,571,406) | d,e | 27,109,451 |
| Total Capital Projects | 50,589,857 | 2,189,028 | | 52,778,885 |
| Non-Departmental | | | | |
| Debt Service | 30,000 | 0 | | 30,000 |
| Balance Available | 1,286,845 | 189,141 | a,b,d,e | 1,475,986 |
| Total Non-Departmental | 1,316,845 | 189,141 | | 1,505,986 |
| TOTAL REQUIREMENTS | 51,906,702 | 2,378,169 | | 54,284,871 |

340 Transportation Capital Projects Fund

a) **Beginning Working Capital Reconciliation:** Decrease the budgeted Beginning Working Capital by \$21,210,641, increase Fiscal Transactions revenue by \$2,446,370 for Draws on General Obligation Line of Credit for bonds authorized but not sold in the prior fiscal year, and decrease Balance Available by \$18,764,271. These adjustments bring the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Reappropriations:** Reappropriate \$17,293,286 in Intergovernmental revenue for previous years grants and increase Balance Available by the same amount.

c) **New Revenues:** Recognize Intergovernmental revenue associated with ODOT grants in the amount of \$3,553,454 for bikeway and signal improvements and increase Capital Projects appropriations by the same amount. Increase Intergovernmental revenue by \$170,817 as part of a contract with EWEB for the Amazon Active Corridor project and increase Capital Projects appropriations by the same amount.

d) **One-Time Funding Requests:** Increase Interfund Transfer revenues from the System Development Capital Projects Fund and the Stormwater Utility Fund in the amount of \$121,250 to consolidate all capital projects related to City trees and increase Capital Carryover appropriation by the same amount. Increase Capital Projects appropriation by \$36,163 for City tree capital projects and decrease Balance Available by the same amount.

e) **Capital Carryover Reconciliation:** Decrease capital appropriations by \$1,692,656, increase Fiscal Transaction revenue by \$3,633 for Draws on General Obligation Line of Credit, and increase Balance Available by \$1,696,289. This adjustment reconciles the FY19 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

350 Special Assessment Capital Projects Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|------------------|--------------------|---|------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 1,288,386 | 19,652 | a | 1,308,038 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Miscellaneous | 35,300 | 0 | | 35,300 |
| Fiscal Transactions | 3,200 | 0 | | 3,200 |
| Total Revenue | 38,500 | 0 | | 38,500 |
| TOTAL RESOURCES | 1,326,886 | 19,652 | | 1,346,538 |
| II. REQUIREMENTS | | | | |
| Non-Departmental | | | | |
| Interfund Transfers | 20,000 | 0 | | 20,000 |
| Balance Available | 1,306,886 | 19,652 | a | 1,326,538 |
| Total Non-Departmental | 1,326,886 | 19,652 | | 1,346,538 |
| TOTAL REQUIREMENTS | 1,326,886 | 19,652 | | 1,346,538 |

350 Special Assessment Capital Projects Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$19,652 and increase Balance Available by the same amount. This adjustment brings the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

510 Municipal Airport Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|-------------------------------------|-------------------|--------------------|-------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 22,258,517 | (8,793,350) | a | 13,465,167 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Licenses/Permits | 43,700 | 0 | | 43,700 |
| Intergovernmental | 2,917,258 | 805,869 | b | 3,723,127 |
| Rental | 989,284 | 0 | | 989,284 |
| Charges for Services | 12,803,266 | 6,799,380 | b | 19,602,646 |
| Fines/Forfeitures | 3,200 | 0 | | 3,200 |
| Miscellaneous | 20,000 | 0 | | 20,000 |
| Total Revenue | 16,776,708 | 7,605,249 | | 24,381,957 |
| TOTAL RESOURCES | 39,035,225 | (1,188,101) | | 37,847,124 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Fire and Emergency Medical Services | 1,235,585 | 0 | | 1,235,585 |
| Police | 709,000 | 0 | | 709,000 |
| Public Works | 8,822,783 | 0 | | 8,822,783 |
| Total Department Operating | 10,767,368 | 0 | | 10,767,368 |
| Capital Projects | | | | |
| Capital Projects | 3,613,000 | 0 | | 3,613,000 |
| Capital Carryover | 12,804,223 | (987,126) | c | 11,817,097 |
| Total Capital Projects | 16,417,223 | (987,126) | | 15,430,097 |
| Non-Departmental | | | | |
| Interfund Transfers | 632,000 | 0 | | 632,000 |
| Reserves | 3,835,436 | (7,837,173) | a | (4,001,737) |
| Balance Available | 7,383,198 | 7,636,198 | a,b,c | 15,019,396 |
| Total Non-Departmental | 11,850,634 | (200,975) | | 11,649,659 |
| TOTAL REQUIREMENTS | 39,035,225 | (1,188,101) | | 37,847,124 |

510 Municipal Airport Fund

a) **Beginning Working Capital Reconciliation:** Decrease the budgeted Beginning Working Capital by \$8,793,350, decrease Reserves by \$7,837,173, and decrease Balance Available by \$956,177. This adjustment brings the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Reappropriations:** Recognize Intergovernmental revenues for previously budgeted Airport grants in the amount of \$805,869 and increase Balance Available by the same amount. Increase Charges for Services by \$6,799,380 for Customer Facility Charges (\$3,826,400) and for Passenger Facility Charges (\$2,972,980) and increase Balance Available by the same amount.

c) **Capital Carryover Reconciliation:** Decrease capital appropriations by \$987,126 and increase Balance Available by the same amount. This adjustment reconciles the FY19 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

520 Parking Services Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------|--------------------|---------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 2,616,260 | (448,162) | a | 2,168,098 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Rental | 520,605 | 0 | | 520,605 |
| Charges for Services | 5,380,140 | 150,000 | b | 5,530,140 |
| Fines/Forfeitures | 1,351,500 | 0 | | 1,351,500 |
| Miscellaneous | 185,000 | 0 | | 185,000 |
| Fiscal Transactions | 750,000 | 0 | | 750,000 |
| Total Revenue | 8,187,245 | 150,000 | | 8,337,245 |
| TOTAL RESOURCES | 10,803,505 | (298,162) | | 10,505,343 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Central Services | 395,512 | 0 | | 395,512 |
| Planning and Development | 6,293,570 | (49,726) | b,c,e | 6,243,844 |
| Public Works | 90,061 | 0 | | 90,061 |
| Total Department Operating | 6,779,143 | (49,726) | | 6,729,417 |
| Capital Projects | | | | |
| Capital Projects | 1,500,000 | 140,000 | e | 1,640,000 |
| Capital Carryover | 220,633 | (63,244) | c | 157,389 |
| Total Capital Projects | 1,720,633 | 76,756 | | 1,797,389 |
| Non-Departmental | | | | |
| Debt Service | 26,250 | 0 | | 26,250 |
| Interfund Transfers | 1,119,350 | 0 | | 1,119,350 |
| Balance Available | 1,158,129 | (325,192) | a,c,d,e | 832,937 |
| Total Non-Departmental | 2,303,729 | (325,192) | | 1,978,537 |
| TOTAL REQUIREMENTS | 10,803,505 | (298,162) | | 10,505,343 |

520 Parking Services Fund

a) **Beginning Working Capital Reconciliation:** Decrease the budgeted Beginning Working Capital by \$448,162 and decrease Balance Available by the same amount. This adjustment brings the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **New Revenues:** Recognize Charges for Services revenue in the amount of \$150,000 as a result of downtown and campus parking rate increases. Increase the Planning and Development Department operating appropriations by the same amount for partial funding downtown ambassadors and to fund a downtown Parking and Mobility Services study.

c) **Encumbrance Estimate Reconciliation:** Reduce the Planning and Development Department operating appropriations by \$499,726 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid, and increase Balance Available by the same amount.

d) **Capital Carryover Reconciliation:** Decrease Capital Carryover appropriations by \$63,244 and increase Balance Available by the same amount. This adjustment reconciles the FY19 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

e) **One-Time Funding Requests:** Increase Planning and Development Department operating appropriations by \$300,000 for Overpark Garage Chiller replacement, increase Capital Projects appropriation by \$140,000 for City Hall block temporary surface parking lot, and decrease Balance Available by \$440,000.

530 Wastewater Utility Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------|--------------------|-------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 6,540,622 | (492,089) | a | 6,048,533 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Licenses/Permits | 16,000 | 0 | | 16,000 |
| Intergovernmental | 9,000 | 0 | | 9,000 |
| Charges for Services | 55,630,953 | 728,463 | a,d | 56,359,416 |
| Fines/Forfeitures | 5,000 | 0 | | 5,000 |
| Miscellaneous | 62,800 | 0 | | 62,800 |
| Total Revenue | 55,723,753 | 728,463 | | 56,452,216 |
| TOTAL RESOURCES | 62,264,375 | 236,374 | | 62,500,749 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Public Works | 24,932,977 | 385,249 | b,d | 25,318,226 |
| Total Department Operating | 24,932,977 | 385,249 | | 25,318,226 |
| Capital Projects | | | | |
| Capital Projects | 2,140,000 | 0 | | 2,140,000 |
| Capital Carryover | 5,317,812 | (1,186,897) | c | 4,130,915 |
| Total Capital Projects | 7,457,812 | (1,186,897) | | 6,270,915 |
| Non-Departmental | | | | |
| Interfund Transfers | 1,865,000 | 0 | | 1,865,000 |
| Special Payments | 27,845,000 | 0 | | 27,845,000 |
| Balance Available | 163,586 | 1,038,022 | a,b,c | 1,201,608 |
| Total Non-Departmental | 29,873,586 | 1,038,022 | | 30,911,608 |
| TOTAL REQUIREMENTS | 62,264,375 | 236,374 | | 62,500,749 |

530 Wastewater Utility Fund

a) **Beginning Working Capital Reconciliation**: Decrease the budgeted Beginning Working Capital by \$492,089 and increase Charges for Services revenues by \$251,593, and decrease Balance Available by \$240,496. These adjustments bring the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Encumbrance Estimate Reconciliation**: Decrease the Public Works Department operating appropriations by \$91,621 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid, and increase Balance Available by the same amount.

c) **Capital Carryover Reconciliation**: Decrease capital appropriations by \$1,186,897 and increase Balance Available by the same amount. This adjustment reconciles the FY18 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

d) **Reappropriations**: Increase Public Works Department operating appropriations by \$476,870 for air drying beds and clarifier projects that were not completed in the prior fiscal year, and increase Charges for Services revenues by the same amount.

539 Stormwater Utility Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|-----------------------------------|-------------------|--------------------|-------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 11,504,146 | 1,195,865 | a | 12,700,011 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Licenses/Permits | 155,000 | 0 | | 155,000 |
| Intergovernmental | 9,000 | 1,056,229 | b,c | 1,065,229 |
| Rental | 0 | 0 | | 0 |
| Charges for Services | 19,320,239 | 0 | | 19,320,239 |
| Miscellaneous | 71,125 | 0 | | 71,125 |
| Total Revenue | 19,555,364 | 1,056,229 | | 20,611,593 |
| TOTAL RESOURCES | 31,059,510 | 2,252,094 | | 33,311,604 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Public Works | 16,574,573 | 383,485 | b,c | 16,958,058 |
| Total Department Operating | 16,574,573 | 383,485 | | 16,958,058 |
| Capital Projects | | | | |
| Capital Projects | 2,665,000 | 56,160 | c,e | 2,721,160 |
| Capital Carryover | 5,552,835 | (258,428) | d,e | 5,294,407 |
| Total Capital Projects | 8,217,835 | (202,268) | | 8,015,567 |
| Non-Departmental | | | | |
| Interfund Transfers | 1,351,000 | 39,645 | e | 1,390,645 |
| Special Payments | 15,000 | 0 | | 15,000 |
| Balance Available | 4,901,102 | 2,031,232 | a,b,d | 6,932,334 |
| Total Non-Departmental | 6,267,102 | 2,070,877 | | 8,337,979 |
| TOTAL REQUIREMENTS | 31,059,510 | 2,252,094 | | 33,311,604 |

539 Stormwater Utility Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$1,195,865 and increase Balance Available by the same amount. This adjustment brings the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Reappropriations:** Recognize Intergovernmental revenues supporting previously budgeted Stormwater operating grants in the amount of \$933,069, increase Public Works Department operating appropriations by \$313,485, and increase Balance Available by \$619,584.

c) **New Revenues:** Recognize Intergovernmental revenue in the amount of \$123,160 for a BLM Native Plant Materials grant (\$53,160) and a BLM Fuels Reduction grant (\$70,000). Increase Public Works Department operating appropriations by \$70,000 and Capital Projects appropriations by \$53,160.

d) **Capital Carryover Reconciliation:** Decrease Capital Carryover appropriation by \$218,783 and increase Balance Available by the same amount. This adjustment reconciles the FY19 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

e) **One-Time Funding Requests:** Increase Interfund Transfer expenditures to the Transportation Capital Fund in the amount of \$39,645 to consolidate all capital projects related to City trees and decrease Capital Carryover appropriations by the same amount. Increase Capital Projects appropriation by \$3,000 for City tree replacement and decrease Balance Available by the same amount.

592 Ambulance Transport Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|-------------------------------------|-------------------|--------------------|-----|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 921,348 | (278,437) | a | 642,911 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Intergovernmental | 0 | 1,322,708 | b | 1,322,708 |
| Charges for Services | 9,131,280 | 0 | | 9,131,280 |
| Miscellaneous | 638,507 | 0 | | 638,507 |
| Interfund Transfers | 750,000 | 400,000 | c | 1,150,000 |
| Total Revenue | 10,519,787 | 1,722,708 | | 12,242,495 |
| TOTAL RESOURCES | 11,441,135 | 1,444,271 | | 12,885,406 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Fire and Emergency Medical Services | 9,603,371 | 1,722,708 | b,c | 11,326,079 |
| Total Department Operating | 9,603,371 | 1,722,708 | | 11,326,079 |
| Non-Departmental | | | | |
| Interfund Transfers | 1,189,673 | 0 | | 1,189,673 |
| Balance Available | 648,091 | (278,437) | a | 369,654 |
| Total Non-Departmental | 1,837,764 | (278,437) | | 1,559,327 |
| TOTAL REQUIREMENTS | 11,441,135 | 1,444,271 | | 12,885,406 |

592 Ambulance Transport Fund

a) **Beginning Working Capital Reconciliation:** Decrease the budgeted Beginning Working Capital by \$278,437 and decrease Balance Available by the same amount. This adjustment brings the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **New Revenue:** Increase Intergovernmental revenue in the amount of \$1,322,708 for Healthcare Preparedness Program (\$61,162), Department of Public Safety Standards and Training grant (\$7,000), and the Fiscal Year 2018 Assistance to Firefighters grant for AED Cardiac Monitors (1,254,546). Increase Fire and Emergency Medical Services Department operating appropriations by the same amount.

c) **One-Time Funding Requests:** Recognize Interfund Transfer revenue in the amount of \$400,000 from the General Fund and increase Fire and Emergency Medical Services Department operating appropriations by the same amount to address fund shortfall as addressed in the Community Safety Initiative.

600 Fleet Services Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------|--------------------|-----|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 20,088,721 | (134,033) | a | 19,954,688 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Rental | 25,000 | 0 | | 25,000 |
| Charges for Services | 9,674,286 | 0 | | 9,674,286 |
| Miscellaneous | 855,000 | 0 | | 855,000 |
| Interfund Transfers | 1,510,000 | 500,000 | b | 2,010,000 |
| Fiscal Transactions | 120,000 | 0 | | 120,000 |
| Total Revenue | 12,184,286 | 500,000 | | 12,684,286 |
| TOTAL RESOURCES | 32,273,007 | 365,967 | | 32,638,974 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Public Works | 16,401,757 | 1,355,000 | b,c | 17,756,757 |
| Total Department Operating | 16,401,757 | 1,355,000 | | 17,756,757 |
| Non-Departmental | | | | |
| Interfund Transfers | 380,000 | 0 | | 380,000 |
| Reserves | 14,761,688 | (1,027,934) | a,c | 13,733,754 |
| Special Payments | 0 | 0 | | 0 |
| Balance Available | 729,562 | 38,901 | a | 768,463 |
| Total Non-Departmental | 15,871,250 | (989,033) | | 14,882,217 |
| TOTAL REQUIREMENTS | 32,273,007 | 365,967 | | 32,638,974 |

600 Fleet Services Fund

a) **Beginning Working Capital Reconciliation:** Decrease the budgeted Beginning Working Capital by \$134,033, decrease Reserves by \$172,934, and increase Balance Available by \$38,091. These adjustments bring the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **One-Time Funding Requests:** Recognize Interfund Transfer revenue in the amount of \$500,000 from the General Fund and increase Public Works Department operating appropriations by the same amount for police vehicles as addressed in the Community Safety bridge funding

c) **Reappropriations:** Increase Public Works Department operating appropriations by \$855,000 for the purchase of motor vehicles and decrease Reserves by the same amount.

610 Information Systems and Services Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------|--------------------|-------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 8,546,546 | (418,799) | a | 8,127,747 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Charges for Services | 7,568,501 | 0 | | 7,568,501 |
| Miscellaneous | 5,000 | 0 | | 5,000 |
| Total Revenue | 7,573,501 | 0 | | 7,573,501 |
| TOTAL RESOURCES | 16,120,047 | (418,799) | | 15,701,248 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Central Services | 13,015,741 | (1,425,062) | a,b,c | 11,590,679 |
| Total Department Operating | 13,015,741 | (1,425,062) | | 11,590,679 |
| Non-Departmental | | | | |
| Interfund Transfers | 364,000 | 0 | | 364,000 |
| Reserves | 1,686,947 | 0 | | 1,686,947 |
| Balance Available | 1,053,359 | 1,006,263 | a,b,c | 2,059,622 |
| Total Non-Departmental | 3,104,306 | 1,006,263 | | 4,110,569 |
| TOTAL REQUIREMENTS | 16,120,047 | (418,799) | | 15,701,248 |

610 Information Systems and Services Fund

a) **Beginning Working Capital Reconciliation:** Decrease the budgeted Beginning Working Capital by \$418,799, decrease Central Services Department operating appropriation by \$1,160,264, and increase Balance Available by \$741,465. This adjustment brings the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Reappropriations:** Increase Central Services Department operating appropriations by \$300,000 for the Municipal Court case management software acquisition and decrease Balance Available by the same amount.

c) **Encumbrance Estimate Reconciliation:** Reduce the Central Services Department operating appropriations by \$564,798 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid, and increase Balance Available by the same amount.

615 Facilities Services Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|----------------------------------|-------------------|--------------------|-------|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 4,162,892 | (285,275) | a | 3,877,617 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Rental | 588,600 | 0 | | 588,600 |
| Charges for Services | 10,502,397 | 0 | | 10,502,397 |
| Miscellaneous | 32,050 | 0 | | 32,050 |
| Total Revenue | 11,123,047 | 0 | | 11,123,047 |
| TOTAL RESOURCES | 15,285,939 | (285,275) | | 15,000,664 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Central Services | 10,329,448 | (80,549) | b | 10,248,899 |
| Planning and Development | 518,118 | (34,214) | b | 483,904 |
| Total Department Operating | 10,847,566 | (114,763) | | 10,732,803 |
| Capital Projects | | | | |
| Capital Projects | 275,000 | 0 | | 275,000 |
| Capital Carryover | 477,567 | (2,161) | c | 475,406 |
| Total Capital Projects | 752,567 | (2,161) | | 750,406 |
| Non-Departmental | | | | |
| Interfund Transfers | 507,000 | 0 | | 507,000 |
| Special Payments | 750,000 | 0 | | 750,000 |
| Reserves | 300,000 | (78,448) | a | 221,552 |
| Balance Available | 2,128,806 | (89,903) | a,b,c | 2,038,903 |
| Total Non-Departmental | 3,685,806 | (168,351) | | 3,517,455 |
| TOTAL REQUIREMENTS | 15,285,939 | (285,275) | | 15,000,664 |

615 Facilities Services Fund

a) **Beginning Working Capital Reconciliation:** Decrease the budgeted Beginning Working Capital by \$285,275, decrease Reserves by \$78,448, and decrease Balance Available by \$206,827. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Encumbrance Estimate Reconciliation:** Decrease Central Services Department operating appropriations by \$80,549, decrease Planning and Development operating appropriations by \$34,214, and increase Balance Available by \$114,763 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid.

c) **Capital Carryover Reconciliation:** Decrease Capital Carryover appropriation by \$2,161 and increase Balance Available by the same amount. This adjustment reconciles the FY19 Capital Carryover Estimate to the actual ending FY18 capital projects balance.

620 Risk and Benefits Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|-----------------------------------|-------------------|--------------------|-----|-------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 17,171,788 | 3,333,190 | a | 20,504,978 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Intergovernmental | 220,000 | 0 | | 220,000 |
| Charges for Services | 44,345,716 | 0 | | 44,345,716 |
| Miscellaneous | 412,160 | 0 | | 412,160 |
| Total Revenue | 44,977,876 | 0 | | 44,977,876 |
| TOTAL RESOURCES | 62,149,664 | 3,333,190 | | 65,482,854 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Central Services | 39,378,122 | (40,541) | b | 39,337,581 |
| Total Department Operating | 39,378,122 | (40,541) | | 39,337,581 |
| Non-Departmental | | | | |
| Debt Service | 6,999,400 | 0 | | 6,999,400 |
| Interfund Transfers | 236,000 | 0 | | 236,000 |
| Reserves | 7,121,362 | 321,074 | a,b | 7,442,436 |
| Balance Available | 8,414,780 | 3,052,657 | a,b | 11,467,437 |
| Total Non-Departmental | 22,771,542 | 3,373,731 | | 26,145,273 |
| TOTAL REQUIREMENTS | 62,149,664 | 3,333,190 | | 65,482,854 |

620 Risk and Benefits Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$3,333,190, increase Reserves by \$321,074, and increase Balance Available by \$3,012,116. These adjustments bring the FY19 Budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **Encumbrance Estimate Reconciliation:** Reduce the Central Services Department operating appropriations by \$40,541 to reconcile the amount estimated for payment of obligations incurred but not paid in FY18 to the actual amount paid, and increase Balance Available by the same amount.

630 Professional Services Fund

| | FY19 Adopted | FY19 SB1 Action | | FY19 Revised |
|-----------------------------------|------------------|--------------------|---|------------------|
| I. RESOURCES | | | | |
| BEGINNING WORKING CAPITAL | 328,483 | 731,284 | a | 1,059,767 |
| CHANGE TO WORKING CAPITAL | | | | |
| REVENUE | | | | |
| Charges for Services | 7,430,586 | 250,000 | b | 7,680,586 |
| Miscellaneous | 14,000 | 0 | | 14,000 |
| Total Revenue | 7,444,586 | 250,000 | | 7,694,586 |
| TOTAL RESOURCES | 7,773,069 | 981,284 | | 8,754,353 |
| II. REQUIREMENTS | | | | |
| Department Operating | | | | |
| Public Works | 6,747,126 | 250,000 | b | 6,997,126 |
| Total Department Operating | 6,747,126 | 250,000 | | 6,997,126 |
| Non-Departmental | | | | |
| Interfund Transfers | 684,000 | 0 | | 684,000 |
| Reserves | 319,250 | 0 | | 319,250 |
| Balance Available | 22,693 | 731,284 | a | 753,977 |
| Total Non-Departmental | 1,025,943 | 731,284 | | 1,757,227 |
| TOTAL REQUIREMENTS | 7,773,069 | 981,284 | | 8,754,353 |

630 Professional Services Fund

a) **Beginning Working Capital Reconciliation:** Increase the budgeted Beginning Working Capital by \$731,284 and increase Balance Available by the same amount. This adjustment brings the FY19 budgeted Beginning Working Capital in compliance with the audited FY18 actual revenues and expenditures as determined by Isler & Company, LLC, the City's external auditor.

b) **One-Time Funding Requests:** Increase Public Works Department operating appropriations by \$250,000 for additional staffing to support capital projects associated with the Parks and Recreation capital bond measure and increase Charges for Services revenue due to internal service fund charges that will be billed to the capital projects.

**A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET;
MAKING APPROPRIATIONS FOR THE CITY OF EUGENE
FOR THE FISCAL YEAR BEGINNING JULY 1, 2017,
AND ENDING JUNE 30, 2018.**

The City Council of the City of Eugene finds that Adopting the Supplemental Budget and Making Appropriations is necessary under ORS 294.471.

NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, A
Municipal Corporation of the State of Oregon, as follows:

Section 1.

That the Supplemental Budget for the City of Eugene, Oregon, for the fiscal year beginning July 1, 2017, and ending June 30, 2018, as set forth in attached Exhibit A is hereby adopted.

Section 2.

The supplemental amounts for the fiscal year beginning July 1, 2017, and ending June 30, 2018, and for the purposes shown in attached Exhibit A are hereby appropriated.

Section 3.

That this Supplemental Budget is prepared in accordance with ORS 294.471(1), which authorizes the formulation of a supplemental budget resulting from "An occurrence or condition that is not ascertained when preparing the original budget or a previous supplemental budget for the current year or current budget period and that requires a change in financial planning." This Supplemental Budget was published in accordance with ORS 294.471(3).

Section 4.

This resolution complies with ORS 294.471(4), and does not authorize an increase in the levy of property taxes above the amount in the Adopted Budget publication.

The foregoing resolution adopted this 11th day of December, 2017.

City Recorder

EXHIBIT A

Amounts
in dollars

GENERAL FUND

| | |
|---|--------------------------|
| Department Operating | |
| Central Services | 7,643,851 |
| Fire and Emergency Medical Services | 494,447 |
| Library, Recreation and Cultural Services | 1,258,579 |
| Planning and Development | 2,352,683 |
| Police | 5,254,546 |
| Public Works | 225,467 |
| Total Department Operating | <u>17,229,573</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 1,800,000 |
| Reserves | (4,263,882) |
| * Unappropriated Ending Fund Balance | 0 |
| Special Payments | 0 |
| Total Non-Departmental | <u>(2,463,882)</u> |
| TOTAL GENERAL FUND | <u>14,765,691</u> |

SPECIAL ASSESSMENT MANAGEMENT FUND

| | |
|---|---------------------|
| Department Operating | |
| Central Services | 0 |
| Total Department Operating | <u>0</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | 8,081 |
| Special Payments | 0 |
| Total Non-Departmental | <u>8,081</u> |
| TOTAL SPECIAL ASSESSMENT MANAGEMENT FUND | <u>8,081</u> |

LIBRARY LOCAL OPTION LEVY FUND

| | |
|---|-----------------------|
| Department Operating | |
| Library, Recreation and Cultural Services | (10,000) |
| Total Department Operating | <u>(10,000)</u> |
| Non-Departmental | |
| * Balance Available | 554,992 |
| Total Non-Departmental | <u>554,992</u> |
| TOTAL LIBRARY LOCAL OPTION LEVY FUND | <u>554,992</u> |

PUBLIC SAFETY COMMUNICATIONS FUND

| | |
|--|-----------------------|
| Department Operating | |
| Police | 0 |
| Total Department Operating | <u>0</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | 505,563 |
| Special Payments | 0 |
| Total Non-Departmental | <u>505,563</u> |
| TOTAL PUBLIC SAFETY COMMUNICATIONS FUND | <u>505,563</u> |

ROAD FUND

| | |
|-----------------------------------|-------------------------|
| Department Operating | |
| Public Works | 520,921 |
| Total Department Operating | <u>520,921</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | 523,422 |
| Special Payments | 0 |
| Total Non-Departmental | <u>523,422</u> |
| TOTAL ROAD FUND | <u>1,044,343</u> |

TELECOM REGISTRATION/LICENSING FUND

| | |
|--|-------------------------|
| Department Operating | |
| Central Services | 3,692,645 |
| Total Department Operating | <u>3,692,645</u> |
| Capital Projects | |
| Capital Projects | 0 |
| Total Capital Projects | <u>0</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | 28,668 |
| Special Payments | 0 |
| Total Non-Departmental | <u>28,668</u> |
| TOTAL TELECOM REGISTRATION/LICENSING FUND | <u>3,721,313</u> |

CONSTRUCTION AND RENTAL HOUSING FUND

| | |
|---|-----------------------|
| Department Operating | |
| Fire and Emergency Medical Services | 0 |
| Planning and Development | 54,916 |
| Public Works | 0 |
| Total Department Operating | <u>54,916</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | 472,116 |
| Special Payments | 0 |
| Total Non-Departmental | <u>472,116</u> |
| TOTAL CONSTRUCTION AND RENTAL HOUSING FUND | <u>527,032</u> |

SOLID WASTE/RECYCLING FUND

| | |
|---|---------------------|
| Department Operating | |
| Planning and Development | 35,473 |
| Total Department Operating | <u>35,473</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | (28,785) |
| Special Payments | 0 |
| Total Non-Departmental | <u>(28,785)</u> |
| TOTAL SOLID WASTE/RECYCLING FUND | <u>6,688</u> |

COMMUNITY DEVELOPMENT FUND

| | |
|---|----------------------|
| Department Operating | |
| Central Services | 0 |
| Planning and Development | 299,019 |
| Total Department Operating | <u>299,019</u> |
| Capital Projects | |
| Capital Projects | 138,716 |
| Total Capital Projects | <u>138,716</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 14,289 |
| * Balance Available | 15,275 |
| Special Payments | (388,783) |
| Total Non-Departmental | <u>(359,219)</u> |
| TOTAL COMMUNITY DEVELOPMENT FUND | <u>78,516</u> |

LIBRARY, PARKS AND RECREATION SPECIAL REVENUE FUND

| | | |
|---|--|-----------------------|
| Department Operating | | |
| Central Services | | 0 |
| Library Recreation and Cultural Svcs | | 0 |
| Public Works | | 0 |
| Total Department Operating | | <u>0</u> |
| Capital Projects | | |
| Capital Projects | | 114,532 |
| Total Capital Projects | | <u>114,532</u> |
| Non-Departmental | | |
| Debt Service | | 0 |
| Contingency | | 0 |
| Interfund Loans | | 0 |
| Interfund Transfers | | 0 |
| * Reserves | | 363,236 |
| * Balance Available | | (118,679) |
| Special Payments | | 701 |
| Total Non-Departmental | | <u>245,258</u> |
| TOTAL LIBRARY, PARKS AND REC. SPECIAL REVENUE FUND | | <u>359,790</u> |

GENERAL OBLIGATION DEBT SERVICE FUND

| | | |
|---|--|-----------------------|
| Non-Departmental | | |
| Debt Service | | 580,907 |
| Contingency | | 0 |
| Interfund Loans | | 0 |
| Interfund Transfers | | 0 |
| * Reserves | | 0 |
| * Balance Available | | 0 |
| Special Payments | | 0 |
| Total Non-Departmental | | <u>580,907</u> |
| TOTAL GENERAL OBLIGATION DEBT SERVICE FUND | | <u>580,907</u> |

SPECIAL ASSESSMENT BOND DEBT SERVICE FUND

| | | |
|---|--|---------------------|
| Non-Departmental | | |
| Debt Service | | 0 |
| Contingency | | 0 |
| Interfund Loans | | 0 |
| Interfund Transfers | | 0 |
| * Reserves | | 6,529 |
| * Balance Available | | 0 |
| Special Payments | | 0 |
| Total Non-Departmental | | <u>6,529</u> |
| TOTAL SPECIAL ASSESSMENT BOND DEBT SVC. FUND | | <u>6,529</u> |

GENERAL CAPITAL PROJECTS FUND

| | |
|--|-------------------------|
| Department Operating | |
| Central Services | 0 |
| Library, Recreation and Cultural Services | 0 |
| Planning and Development | 0 |
| Public Works | 0 |
| Total Department Operating | <u>0</u> |
| Capital Projects | |
| Capital Projects | (204,986) |
| Total Capital Projects | <u>(204,986)</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | 9,065,691 |
| Special Payments | 0 |
| Total Non-Departmental | <u>9,065,691</u> |
| TOTAL GENERAL CAPITAL PROJECTS FUND | <u>8,860,705</u> |

SYSTEMS DEVELOPMENT CAPITAL PROJECTS FUND

| | |
|---|-----------------------|
| Department Operating | |
| Public Works | 0 |
| Total Department Operating | <u>0</u> |
| Capital Projects | |
| Capital Projects | 816,229 |
| Total Capital Projects | <u>816,229</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 81,605 |
| * Reserves | 0 |
| * Balance Available | 46,184 |
| Special Payments | 0 |
| Total Non-Departmental | <u>127,789</u> |
| TOTAL SYSTEMS DEVELOPMENT CAP. PROJECTS FUND | <u>944,018</u> |

TRANSPORTATION CAPITAL PROJECTS FUND

| | | |
|--|--|------------------|
| Department Operating | | |
| Public Works | | 0 |
| Total Department Operating | | <u>0</u> |
| Capital Projects | | |
| Capital Projects | | 2,189,028 |
| Total Capital Projects | | <u>2,189,028</u> |
| Non-Departmental | | |
| Debt Service | | 0 |
| Contingency | | 0 |
| Interfund Loans | | 0 |
| Interfund Transfers | | 0 |
| * Reserves | | 0 |
| * Balance Available | | 189,141 |
| Special Payments | | 0 |
| Total Non-Departmental | | <u>189,141</u> |
| TOTAL TRANSPORTATION CAPITAL FUND | | <u>2,378,169</u> |

SPECIAL ASSESSMENTS CAPITAL PROJECTS FUND

| | | |
|---|--|---------------|
| Department Operating | | |
| Central Services | | 0 |
| Total Department Operating | | <u>0</u> |
| Capital Projects | | |
| Capital Projects | | 0 |
| Total Capital Projects | | <u>0</u> |
| Non-Departmental | | |
| Debt Service | | 0 |
| Contingency | | 0 |
| Interfund Loans | | 0 |
| Interfund Transfers | | 0 |
| * Reserves | | 0 |
| * Balance Available | | 19,652 |
| Special Payments | | 0 |
| Total Non-Departmental | | <u>19,652</u> |
| TOTAL SPECIAL ASSESSMENTS CAP. PROJECTS FUND | | <u>19,652</u> |

MUNICIPAL AIRPORT FUND

| | | |
|-------------------------------------|--|--------------------|
| Department Operating | | |
| Fire and Emergency Medical Services | | 0 |
| Police | | 0 |
| Public Works | | 0 |
| Total Department Operating | | <u>0</u> |
| Capital Projects | | |
| Capital Projects | | <u>(987,126)</u> |
| Total Capital Projects | | (987,126) |
| Non-Departmental | | |
| Debt Service | | 0 |
| Contingency | | 0 |
| Interfund Loans | | 0 |
| Interfund Transfers | | 0 |
| * Reserves | | (7,837,173) |
| * Balance Available | | 7,636,198 |
| Special Payments | | 0 |
| Total Non-Departmental | | <u>(200,975)</u> |
| TOTAL MUNICIPAL AIRPORT FUND | | <u>(1,188,101)</u> |

PARKING SERVICES FUND

| | | |
|-------------------------------------|--|------------------|
| Department Operating | | |
| Central Services | | 0 |
| Fire and Emergency Medical Services | | 0 |
| Planning and Development | | (49,726) |
| Public Works | | 0 |
| Total Department Operating | | <u>(49,726)</u> |
| Capital Projects | | |
| Capital Projects | | <u>76,756</u> |
| Total Capital Projects | | 76,756 |
| Non-Departmental | | |
| Debt Service | | 0 |
| Contingency | | 0 |
| Interfund Loans | | 0 |
| Interfund Transfers | | 0 |
| * Reserves | | 0 |
| * Balance Available | | (325,192) |
| Special Payments | | 0 |
| Total Non-Departmental | | <u>(325,192)</u> |
| TOTAL PARKING SERVICES FUND | | <u>(298,162)</u> |

WASTEWATER UTILITY FUND

| | |
|--------------------------------------|-----------------------|
| Department Operating | |
| Public Works | 385,249 |
| Total Department Operating | <u>385,249</u> |
| Capital Projects | |
| Capital Projects | (1,186,897) |
| Total Capital Projects | <u>(1,186,897)</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | 1,038,022 |
| Special Payments | 0 |
| Total Non-Departmental | <u>1,038,022</u> |
| TOTAL WASTEWATER UTILITY FUND | <u>236,374</u> |

STORMWATER UTILITY FUND

| | |
|--------------------------------------|-------------------------|
| Department Operating | |
| Public Works | 383,485 |
| Total Department Operating | <u>383,485</u> |
| Capital Projects | |
| Capital Projects | (202,268) |
| Total Capital Projects | <u>(202,268)</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 39,645 |
| * Reserves | 0 |
| * Balance Available | 2,031,232 |
| Special Payments | 0 |
| Total Non-Departmental | <u>2,070,877</u> |
| TOTAL STORMWATER UTILITY FUND | <u>2,252,094</u> |

AMBULANCE TRANSPORT FUND

| | |
|---------------------------------------|-------------------------|
| Department Operating | |
| Central Services | 0 |
| Fire and Emergency Medical Services | 1,722,708 |
| Police | 0 |
| Total Department Operating | <u>1,722,708</u> |
| Capital Projects | |
| Capital Projects | 0 |
| Total Capital Projects | <u>0</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | (278,437) |
| Special Payments | 0 |
| Total Non-Departmental | <u>(278,437)</u> |
| TOTAL AMBULANCE TRANSPORT FUND | <u>1,444,271</u> |

FLEET SERVICES FUND

| | |
|-----------------------------------|-----------------------|
| Department Operating | |
| Central Services | 0 |
| Police | 0 |
| Public Works | 1,355,000 |
| Total Department Operating | <u>1,355,000</u> |
| Capital Projects | |
| Capital Projects | 0 |
| Total Capital Projects | <u>0</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | (1,027,934) |
| * Balance Available | 38,901 |
| Special Payments | 0 |
| Total Non-Departmental | <u>(989,033)</u> |
| TOTAL FLEET SERVICES FUND | <u>365,967</u> |

INFORMATION SYSTEMS AND SERVICES FUND

| | |
|--|-------------------------|
| Department Operating | |
| Central Services | (1,425,062) |
| Total Department Operating | <u>(1,425,062)</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | 1,006,263 |
| Special Payments | 0 |
| Total Non-Departmental | <u>1,006,263</u> |
| TOTAL INFORMATION SYSTEMS AND SERVICES FUND | <u>(418,799)</u> |

FACILITIES SERVICES FUND

| | |
|---------------------------------------|-------------------------|
| Department Operating | |
| Central Services | (80,549) |
| Planning and Development | (34,214) |
| Public Works | 0 |
| Total Department Operating | <u>(114,763)</u> |
| Capital Projects | |
| Capital Projects | (2,161) |
| Total Capital Projects | <u>(2,161)</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | (78,448) |
| * Balance Available | (89,903) |
| Special Payments | 0 |
| Total Non-Departmental | <u>(168,351)</u> |
| TOTAL FACILITIES SERVICES FUND | <u>(285,275)</u> |

RISK AND BENEFITS FUND

| | |
|-------------------------------------|-------------------------|
| Department Operating | |
| Central Services | (40,541) |
| Total Department Operating | <u>(40,541)</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 321,074 |
| * Balance Available | 3,052,657 |
| Special Payments | 0 |
| Total Non-Departmental | <u>3,373,731</u> |
| TOTAL RISK AND BENEFITS FUND | <u><u>3,333,190</u></u> |

PROFESSIONAL SERVICES FUND

| | |
|---|---------------------------------|
| Department Operating | |
| Central Services | 0 |
| Public Works | 250,000 |
| Total Department Operating | <u>250,000</u> |
| Non-Departmental | |
| Debt Service | 0 |
| Contingency | 0 |
| Interfund Loans | 0 |
| Interfund Transfers | 0 |
| * Reserves | 0 |
| * Balance Available | 731,284 |
| Special Payments | 0 |
| Total Non-Departmental | <u>731,284</u> |
| TOTAL PROFESSIONAL SERVICES FUND | <u><u>981,284</u></u> |
| TOTAL REQUIREMENTS - ALL FUNDS | <u><u><u>40,774,832</u></u></u> |

* Reserves, Balance Available, and UEFB amounts are not appropriated for spending and are shown for informational purposes only.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Update: Eugene Public Library – Year 2 Levy Report

Meeting Date: December 10, 2018

Department: Library, Recreation and Cultural Services

www.eugene-or.gov

Agenda Item Number: 6

Staff Contact: Ben Klipfel

Contact Telephone Number: 541-682-5363

ISSUE STATEMENT

The purpose of this update is to report on the second year of the expanded “Library of the Future” services, provided with levy funding.

BACKGROUND

On November 3, 2015, the City of Eugene voters approved Measure 20-235 to fund expanded Eugene Public Library services for five years beginning July 2016. The expanded services promised in the levy were in three categories:

1. More hours and access
2. More programs for all ages
3. More materials and technology

Accountability and transparency were built into the levy measure through an annual review by the citizen Library Advisory Board.

RELATED CITY POLICIES

This item relates to the following City Council Goals:

- Accessible and Thriving Culture and Recreation: A community where arts and outdoors are integral to our social and economic well-being and are available to all.
- Sustainable Development
- Effective and Accountable Municipal Government

COUNCIL OPTIONS

This is an informational item.

CITY MANAGER’S RECOMMENDATION

No City Manager recommendation.

SUGGESTED MOTION

No motions provided.

ATTACHMENTS

- A. Eugene Public Library: Year 2 Levy Report as approved by the Library Advisory Board
- B. Memo to City Manager Jon Ruiz from the Library Advisory Board Chair, Tristan Bentzinger

FOR MORE INFORMATION

Staff Contact: Ben Klipfel
Telephone: 541-682-5363
Staff E-Mail: BKlipfel@eugene-or.gov



Eugene
Public
Library

Year 2 Levy Report

Building Our Expanded Services



More hours
and access



More programs
for all ages



More materials
and technology



Expanded services
for 5 years

On November 3, 2015, City of Eugene voters approved Measure 20-235 to fund expanded Eugene Public Library services for five years beginning in July 2016.

Eugene Public Library (EPL) supports an informed community, lifelong learning, and the love of reading by providing access for all city residents to the universe of ideas and information. The levy funds provide increased hours, free programs, and materials and technology at all Eugene Public Library locations: Downtown, Bethel, and Sheldon. These expansion areas were selected in response to the community needs expressed during *Library of the Future* community engagement efforts.

This report covers the time period of July 1, 2017 to June 30, 2018 (FY18).



More Hours and Access

Levy Promise: The levy added 22 hours each week at the neighborhood Bethel and Sheldon Branches, bringing each to a total of 48 open hours across six days. Sunday morning hours were restored at the Downtown Library.

FY18 - Total Visitors for the Year: 1,158,737 (Up 10% with increased hours)

Increased hours provided more opportunities for cardholders to come and borrow materials.

Circulation in FY18

Downtown Library: 2,029,180

Bethel Branch: 158,364

Sheldon Branch: 221,103

Electronic materials: 291,949

Total: 3,700,601 (Up 10% with the increased open hours)

Total Registered Borrowers: 107,763, which is an increase of 6,108 from FY17.



Expanding the volunteer program at EPL contributed to the increased access offered to all Eugeneans. In FY18, 151 new volunteers joined the other EPL volunteers, totaling 368 community members volunteering last year.



More Programs for All Ages

Levy Promise: Increasing events by 33% over the life of the levy with a particular focus on priorities identified by the community: support for young readers and their parents; activities and programs for teens; and “maker” opportunities (access to tools and skills training for individuals or small businesses, including new technologies). An additional priority was to deliver more Library programs off-site.

Adults, teens, and kids are informed, entertained, and inspired at EPL programs. In FY18, the total number of programs delivered was 2,173, exceeding the goal of 1,800. Total attendance at programs for in FY18 was 67,478.

YOUNG READERS: Language-rich activities help young children develop the skills they’ll need as they grow into learning to read. Storytimes provide pre-literacy skill development for children and training for their parents. Every week the Library offers 12 Storytimes, plus the offsite Storytime-To-Go program.

In FY18, a total of 986 programs for young kids, were attended by 30,012 people.

TEENS: Teen Services were expanded even further in FY18. EPL adopted a national renowned approach to teen services that puts an emphasis on hanging out, messing around, and geeking out. To support this, the teen space at the Downtown Library doubled in size when movies and music were relocated to the 2nd floor. The lives of many teens have been touched in numerous ways: help passing GED exams; introducing them to their new favorite author; teaching them technology skills to help prepare them for future tech jobs; and so on. Every day hundreds of teens are coming in for the safety, support, and inspiration provided by the Library.

In FY18, a total of 187 programs for teens were attended by 2,080 people.

The number of programs provided to teens has increased at all three locations 62% with the support of levy funds.



Spread out over one of the new teen room tables Drake works on a puzzle. He has moved to Eugene from Indiana, but is now homeless. As he works on the puzzle with the Teen Librarian he talks about being so close to obtaining his GED, but doesn’t know how to finish and figures he might as well give up. When Cat, another teen in the room, sits down to help with the puzzle they begin to talk. Even though they had never met, she offers to take him across the street to Lane Community College to help him sign up for the same classes she is taking. Now, they are both close to finishing their GED’s and spend all their free time in the Teen Center.

MAKER: Library cardholders have access to workshops and independent project work in the Maker Hub Open Lab and Media Lab on the Downtown Library's 3rd floor.

Media Lab offers state-of-the-art audio, video, and design equipment and software.
FY18 Media Lab uses: 1,741

Open Lab offers ways to develop skills and use tools in an open, unguided environment; volunteers facilitate the Open Lab.

FY18 Open Lab uses: 3,134

Maker Hub use has increased 76% from FY17.

OFF-SITE: Library staff and volunteers delivered programs at a variety of locations: schools, senior housing, apartment complexes, community events, etc. The programs all had a Maker theme: painting, electric circuitry, virtual reality, embroidery, etc; appealing to a broad range of community members. FY18: 412 off-site events; 9,918 reached. (Reaching 78% more than FY17)



During a visit to Olive Plaza senior living facility, staff brought Virtual Reality equipment. The participants were asked, "Where would you like to go?" Many visited old vacation spots or childhood neighborhoods. One participant was overjoyed that she was able to "visit" the remote Rock Islands off of Palau; she even went up to her apartment to bring us a big shell kept from her time spent there. The nostalgia factor and ease of experience helped alleviate some of the anxiety of encountering a new piece of technology.



More Materials and Technology

Levy Promise: The Library's budget for books, movies, eBooks, etc., returned to pre-recession levels, providing quicker availability of in-demand items. New laptops increased internet access at Bethel and Sheldon Branches.

MATERIALS: EPL maintains a diverse collection of Library materials in a variety of formats, responsive to community needs.

Total Number of Physical Items: 467,064

Total Number of Electronic Items: 695,546

Number of Materials Increased: 171,847

TECHNOLOGY: Bridging the digital divide for community members who lack access is a critical role of EPL. A total of 159 computers are available to community members, which includes the laptops that can be borrowed for up to two days from the Bethel and Sheldon Branches.



Accountability and Transparency

Levy Promise: To ensure accountability and transparency, the measure specified provisions including: separate levy fund budget and accounting (as per state law); annual staff summary of spending and performance measures; annual review by the citizen Library Advisory Board; and an annual City Manager's report to City Council.

Prior to the levy, EPL's level of service was supported by \$10.6 million per year from the City of Eugene's General Fund (FY16), plus donation funds.

The Library Local Option Levy is set at \$2.7 million per year for five years, in accordance with state law restrictions regarding how levies are structured.

FY18 Levy Funds

Total Revenue: 2,692,172

Total Expenses: 1,923,399

As with the first year of the levy, some FY18 funds have been reserved as part of budget planning for the full five years. While the levy will provide the same amount of revenue every year, spending will increase each year due to continued expansion of services as well as inflation and other factors. Funds are being budgeted in order to ensure the ability to fulfill levy promises throughout the full five years.

Total Library Expenditures FY18

General Fund: 11,036,113

Levy Funds: 1,923,339

Miscellaneous Trust : 180,725

EPL has dedicated a section of the website where community members can get information about the specific expanded services supported with levy funds: www.eugene-or.gov/3354/Levy-information . These pages are updated throughout the year with current information. After review from the Library Advisory Board and City Council this report will be available on EPL's website.

  541-682-5450
www.eugene-or.gov/library





December 3, 2018

To: Jon Ruiz, Manager
City of Eugene

From: Tristan Bentzinger, Chair 
Eugene Public Library Advisory Board

Re: Report on the 2nd Year of the Library Levy

The Eugene Public Library Advisory Board is pleased to present this report for the second year of the Library Levy. On November 3, 2015, the City of Eugene voters approved Measure 20-235 to fund expanded Eugene Public Library services for five years beginning in July 2016. The citizen Library Advisory Board has the responsibility to annually review the levy performance to ensure accountability and transparency.

As you will read in the attached report, the focus of Eugene Public Library's levy implementation is: "*Promises made, Promises kept.*" The expanded services promised in the levy were in three categories:

1. More Hours and Access

Promises made: The Library promised to add 22 hours each week at the neighborhood Bethel and Sheldon Branches bringing each to a total of 48 open hours across six days and restore Sunday morning hours at the Downtown Library.

Promises kept: The expanded hours were implemented on Friday, July 1, 2016, which was the first day of the levy funding. This expansion has led to a 10% increase in visitors in 2018, and increased use of all three library locations.

2. More Programs for All Ages

Promises made: The Library promised to increase free events by 33% over the course of the levy with a particular emphasis on areas identified as community priorities: early literacy, activities for teens, and "Maker" opportunities. Additionally, the Library promised to provide more free programs off-site and to bring these services to parts of the community not currently served by one of the three branch locations.

Promises kept: The Library achieved the programmatic goal of increasing free events by 33%, with increases in all priority areas: early literacy, activities for teens, and "Maker" opportunities. Early literacy activities included 986 young reader programs which were attended by over 30,000 people. Activities for teens increased 62% across all three locations, while off-site programs reached 78% more users in 2018.

3. More Materials and Technology

Promises made: The Library promised to return the budget for books, movies, eBooks, and etc., to pre-recession levels, and to increase the community's Internet access at the Bethel and Sheldon Branches by providing laptops for patrons.

Promises kept: The Library's spending on new materials has been restored to pre-recession levels and providing quicker availability for in-demand items. The lending of laptops continues at each of the two neighborhood branches.

In closing, the Eugene Public Library Advisory Board takes great pride in reporting to you the continued success of the levy in the second year.