

EUGENE URBAN RENEWAL AGENCY

AGENDA ITEM SUMMARY

Action: Resolution 1054 Acknowledging Receipt of the Annual Financial Report of the Urban Renewal Agency of the City of Eugene, Oregon, for the Fiscal Year Ended June 30, 2009

Meeting Date: January 11, 2010
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 4
Staff Contact: Fionan Cronin
Contact Telephone Number: 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, 2009. 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.

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, 2009, and issued an unqualified opinion on the basic financial statements.

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, City 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.

The key pages of the report, which you may wish to review, are page 3 and pages 43-44, where the two auditors' reports are found. In the first report, the auditors have issued a "clean opinion" on the Agency's basic financial statements, indicating that the Agency has prepared these statements in conformity with generally accepted accounting principles (GAAP). GAAP for state and local governments is promulgated by the Governmental Accounting Standards Board (GASB) 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.

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.

RELATED POLICY ISSUES

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, 2009, 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 Resolution 1054 acknowledging receipt of the Annual Financial Report for the Urban Renewal Agency of the City of Eugene for the fiscal year ended June 30, 2009.

ATTACHMENTS

- A. Resolution
- B. Copy of 2009 Report

FOR MORE INFORMATION

Staff Contact: Fionan Cronin
Telephone: 682-5394
Staff E-Mail: finn.j.cronin@ci.eugene.or.us

ATTACHMENT A

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, 2009

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, 2009, 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, 2009."

The foregoing resolution adopted the 11th day of January, 2010.

Director

URBAN RENEWAL AGENCY

A Component Unit of the City of Eugene, Oregon

Annual Financial Report



**Fiscal Year Ended
June 30, 2009**

URBAN RENEWAL AGENCY

A Component Unit of the City of Eugene, Oregon

Annual Financial Report

Fiscal Year Ended June 30, 2009

(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, 2009

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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

Eugene City Hall
777 Pearl Street
Eugene, Oregon 97401

Principal officials as of June 30, 2009

	<u>Name</u>	<u>Term Expires</u>
Mayor:	Kitty Piercy	January 2013
Board Members:	George Brown	January 2013
	Betty Taylor	January 2013
	Alan Zelenka	January 2011
	George Poling	January 2011
	Mike Clark	January 2011
	Jennifer Solomon	January 2011
	Andrea Ortiz	January 2013
	Chris Pryor	January 2013
Administrator:	Jon R. Ruiz	

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INDEPENDENT AUDITORS' 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

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 ("Agency") (a component unit of the City of Eugene, Oregon) as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Agency as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 31 through 32 are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures to management's discussion and analysis on pages 5 through 9, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The schedules of revenues, expenditures, and changes in fund balance – budget and actual, on pages 31 and 32 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. That information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ISLER CPA

By:

Paul R. Nielson

Paul Nielson, CPA, a member of the firm

Eugene, Oregon
November 30, 2009

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Management's Discussion and Analysis

The management of the Urban Renewal Agency (Agency), a component unit of the City of Eugene, Oregon 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, 2009. 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 assets of the Agency (assets less liabilities) at June 30, 2009 were \$20,475,095. Of this amount, \$15,216,991 is unrestricted.
- The Agency purchased two downtown district properties and then sold those properties to Beam Development in exchange for a note. Subsequently, the Agency assigned the note to the City's Community Development Fund.
- At June 30, 2009, the Agency's governmental funds reported combined ending fund balances of \$13,529,649. Of that amount, \$11,123,488 is unreserved and available for spending at the Agency's discretion.
- The General Fund's unreserved fund balance is \$2,115,560 at the end of the current fiscal year. General Fund expenditures for the current fiscal year were \$881,469.

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 Assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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. Such information may be useful in evaluating a government's near-term requirements.

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 within the urban renewal boundary: the Downtown District and the Riverfront District. The Agency maintains five 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 fund and a capital projects fund for the Riverfront District. Information for 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.

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

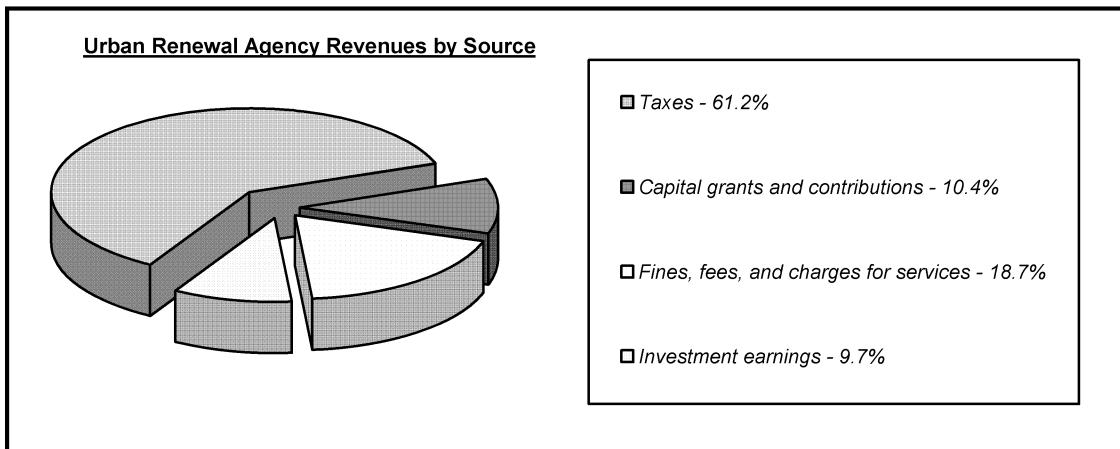
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$20,475,095 at the close of the most recent fiscal year.

A portion of the Agency's net assets (25.7%) reflects its investment in capital assets (land, construction in progress, buildings and building improvements, improvements other than buildings, and infrastructure). The Agency uses these capital assets to plan and develop designated properties within the urban renewal boundary. Consequently, these assets are not available for future spending. The remaining balance of net assets (\$15,216,991) is unrestricted, and may be used to meet the government's ongoing obligations within the urban renewal boundary.

Urban Renewal Agency's Net Assets		
	2009	2008
Current and other assets	\$ 15,221,986	14,260,771
Capital assets	5,258,104	6,658,188
Total assets	<u>20,480,090</u>	<u>20,918,959</u>
Other Liabilities	4,995	101,013
Total liabilities	<u>4,995</u>	<u>101,013</u>
Net assets:		
Invested in capital assets	5,258,104	6,658,188
Unrestricted	15,216,991	14,159,758
Total net assets	<u>\$ 20,475,095</u>	<u>20,817,946</u>

Urban Renewal Agency's Change in Net Assets		
	2009	2008
Revenues		
Program revenues:		
Fines, fees, and charges for services	\$ 768,807	292,438
Capital grants and contributions	428,190	1,196,114
General revenues:		
Taxes	2,517,489	4,460,882
Investment earnings	397,213	608,146
Total revenues	<u>4,111,699</u>	<u>6,557,580</u>
Expenses:		
Urban renewal; redevelopment	4,014,550	4,345,963
Transfers out	440,000	0
Total expenses	<u>4,454,550</u>	<u>4,345,963</u>
Increase (decrease) in net assets	(342,851)	2,211,617
Net assets, July 1	20,817,946	18,606,329
Net assets, June 30	<u>\$ 20,475,095</u>	<u>20,817,946</u>

The Agency's net assets decreased by \$0.3 million compared to a \$2.2 million increase in the prior year.



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, unreserved 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's governmental funds reported combined ending fund balances of \$13,529,649. Approximately 82% of this total amount (\$11,123,488) constitutes unreserved fund balance, which is available for spending at the Agency's discretion. The remainder of fund balance (\$2,406,161) is reserved to indicate that it is not available for new spending because it has already been committed for assets held for resale.

The General Fund is the chief operating fund of the Agency. At the end of the current fiscal year, the total fund balance was \$2,654,489, of which \$2,115,560 is unreserved. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unreserved fund balance is 2.4 times larger than total General Fund expenditures.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$331,021. This increase was funded by unspent resources from the prior year and current year resources.

Capital Assets

Capital assets. The Agency's investment in capital assets for its governmental activities as of June 30, 2009 amounted to \$5,258,104 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, improvements other than buildings, and infrastructure.

**Urban Renewal Agency's Capital Assets
Net of Accumulated Depreciation**

	2009	2008
Land	\$ 2,215,459	1,908,026
Construction in progress	53,189	1,857,468
Improvements other than buildings	1,612,044	1,773,850
Infrastructure	1,377,412	1,118,844
	<u>\$ 5,258,104</u>	<u>6,658,188</u>

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 FY10, the following factors were taken into account when developing the urban renewal budgets:

- Property taxes are predicted to decrease slightly in the downtown district in FY10 due to the soft economy. Property taxes in the Riverfront District are budgeted to increase slightly due to a higher tax rate applied for the division of tax calculation.
- The property tax collection rate for both districts is estimated to be 94% in FY10. The FY09 actual was approximately 98% for both current and delinquent taxes.

The Downtown District will continue to implement redevelopment of two properties in FY10. The budget includes a construction loan to Beam Development for renovating the Centre Court building.

There are no new projects planned in the Riverfront District for FY10.

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
 Financial Reporting Manager
 City of Eugene
 100 West 10th Avenue, Suite 400
 Eugene, Oregon 97401

BASIC FINANCIAL STATEMENTS

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Statement of Net Assets

June 30, 2009

(amounts in dollars)

Assets

Equity in pooled cash and investments	11,101,406
Receivables (net of allowance)	1,693,091
Due from other governments	21,329
Other assets	2,406,160
Capital assets:	
Land and construction in progress	2,268,648
Other capital assets (net of accumulated depreciation)	2,989,456
Total assets	20,480,090

Liabilities

Accounts payable and other liabilities	4,995
Total liabilities	4,995

Net assets

Invested in capital assets	5,258,104
Unrestricted	15,216,991
Total net assets	20,475,095

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

Statement of Activities

For the fiscal year ended June 30, 2009

(amounts in dollars)

	Program Revenues				Net Expense and Changes in Net Assets
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
<u>Functions/Programs</u>					
<u>Governmental activities:</u>					
Urban renewal redevelopment	4,014,550	768,807	0	428,190	(2,817,553)
Total governmental activities	4,014,550	768,807	0	428,190	(2,817,553)
<u>General revenues:</u>					
Property taxes					2,517,489
Unrestricted investment earnings					397,213
Transfers					(440,000)
Total general revenues					<u>2,474,702</u>
Change in net assets					<u>(342,851)</u>
Net assets, July 1, 2008					<u>20,817,946</u>
Net assets, July 1, 2009					<u><u>20,475,095</u></u>

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

Balance Sheet

Governmental Funds

June 30, 2009

(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>Total Governmental Funds</u>
<u>Assets</u>						
Equity in pooled cash and investments	2,114,806	5,772,769	134,973	2,907,575	171,283	11,101,406
Receivables:						
Interest	5,749	48,357	0	9,378	0	63,484
Taxes	0	174,122	0	40,403	0	214,525
Loans and notes	1,441,170	0	0	0	0	1,441,170
Due from other governments	0	17,239	0	4,090	0	21,329
Assets held for resale	538,929	0	0	0	1,867,232	2,406,161
Total assets	4,100,654	6,012,487	134,973	2,961,446	2,038,515	15,248,075
<u>Liabilities and Fund Balances</u>						
<u>Liabilities</u>						
Accounts payable	4,995	0	0	0	0	4,995
Deferred revenue	1,441,170	222,479	0	49,782	0	1,713,431
Total liabilities	1,446,165	222,479	0	49,782	0	1,718,426
<u>Fund balances</u>						
Reserved for assets held for resale	538,929	0	0	0	1,867,232	2,406,161
Unreserved	2,115,560	5,790,008	134,973	2,911,664	171,283	11,123,488
Total fund balances	2,654,489	5,790,008	134,973	2,911,664	2,038,515	13,529,649
Total liabilities and fund balances	4,100,654	6,012,487	134,973	2,961,446	2,038,515	

Reconciliation to the Statement of Net Assets:

The Statement of Net Assets reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	1,687,342
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.	5,258,104
Total net assets	20,475,095

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, 2009

(amounts in dollars)

	General	Debt Service	Capital Projects	Riverfront Special Revenue	Riverfront Capital Projects	Total Governmental Funds
<u>Revenues</u>						
Taxes	0	1,870,729	0	668,665	0	2,539,394
Intergovernmental	479,232	0	2,716,698	0	0	3,195,930
Rental income	0	0	0	23,190	0	23,190
Charges for services	11,234	0	0	0	0	11,234
Repayment of revolving loans	29,442	0	0	0	0	29,442
Miscellaneous, primarily interest	110,069	194,283	2,652	262,290	4,734	574,028
Total revenues	629,977	2,065,012	2,719,350	954,145	4,734	6,373,218
<u>Expenditures</u>						
Current - departmental:						
Administration	881,469	0	0	177,909	0	1,059,378
Capital outlay	0	0	2,741,161	0	53,189	2,794,350
Intergovernmental	0	2,372,478	0	0	0	2,372,478
Total expenditures	881,469	2,372,478	2,741,161	177,909	53,189	6,226,206
Excess (deficiency) of revenues over expenditures	(251,492)	(307,466)	(21,811)	776,236	(48,455)	147,012
<u>Other financing sources (uses)</u>						
Transfers in	297,041	0	0	0	0	297,041
Transfers out	0	(297,041)	0	0	0	(297,041)
Total other financing sources (uses)	297,041	(297,041)	0	0	0	0
Net change in fund balances	45,549	(604,507)	(21,811)	776,236	(48,455)	147,012
Fund balances, July 1, 2008	2,608,940	6,394,515	156,784	2,135,428	2,086,970	13,382,637
Fund balances, June 30, 2009	2,654,489	5,790,008	134,973	2,911,664	2,038,515	13,529,649

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, 2009

(amounts in dollars)

Net change in fund balances - total governmental funds	147,012
Amounts reported for governmental activities in the Statement of Activities are different because:	
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.	(3,618,060)
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.	2,217,975
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.	910,222
Change in net assets of governmental activities.	<u><u>(342,851)</u></u>

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, 2009

(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 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 standards established by Governmental Accounting Standards Board Statement No. 14 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, copies of which can be obtained from the Financial Services Division of the City.

(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 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.

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) fines, fees, 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. 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.

continued

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 Assets. The increases and decreases in those net assets 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 those net current assets. 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 revenues. 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 deferred 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 made for downtown development and administration costs.

continued

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 intergovernmental expenditures to the City for principal and interest on the Library Certificates of Participation.

Capital Projects Fund

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities within the Downtown District.

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 proceeds of specific revenue sources that are legally restricted to expenditures for the Riverfront District.

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 major capital facilities within the Riverfront District.

When both restricted and unrestricted resources are available for use, it is the Agency's practice to use restricted resources first, then unrestricted resources as they are needed.

(E) Equity in Pooled Cash and Investments

The Agency invests cash through the City into various investment programs. 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, bankers' acceptances, municipal bonds, corporate bonds, commercial paper, repurchase agreements, reverse repurchase agreements, and the Oregon Local Government Investment Pool (LGIP).

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, 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.

continued

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(F) Receivables

All receivables are shown net of an allowance for uncollectibles in the Statement of Net Assets.

(G) Capital Assets

Capital assets include land, construction in progress, buildings, improvements, and infrastructure having initial useful lives extending beyond a single reporting period and a cost of more than \$5,000. Infrastructure assets in the Agency include streets and street improvements.

Except for infrastructure placed in service prior to July 1, 1980, all capital 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.

All purchased capital assets are valued at historical cost. 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. 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 in the appropriate funds as incurred and are not capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land). Depreciation is an accounting process used to allocate the cost of capital assets to expense in a systematic and rational manner to those periods expected to benefit from the use of the capital asset. 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 years
Improvements other than buildings	20 years
Infrastructure	25 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. In accordance with the composite depreciation method, no gain or loss is recorded upon disposal, but rather, cost is removed from the capital asset account and charged to the accumulated depreciation account.

Capital assets are reported net of accumulated depreciation in the Statement of Net Assets, and depreciation expense is reported in the Statement of Activities in the urban renewal redevelopment function.

(H) Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes.

continued

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(I) 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 rate applied to direct costs. The indirect 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 Assets and the Governmental Fund Balance Sheet

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

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value. The details of this \$5,258,104 difference are as follows:

Capital assets (net of accumulated depreciation) reported in the Statement of Net Assets:	
Land and construction in progress	\$ 2,268,648
Other capital assets (net of accumulated depreciation)	<u>2,989,456</u>
Net adjustment	<u>\$ 5,258,104</u>

The Statement of Net Assets 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 \$1,687,342 difference are as follows:

Receivables:	
Interest	\$ 57,734
Taxes	214,526
Loans and notes	<u>1,441,170</u>
Subtotal	1,713,430
Allowance for uncollectibles	<u>(26,088)</u>
Net adjustment	<u>\$ 1,687,342</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

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:

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 difference of \$3,618,060 is due to sale of capital assets.

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 \$2,217,975 difference are as follows:

Capital outlay	\$ 2,478,466
Depreciation expense	<u>(260,491)</u>
Net adjustment	<u>\$ 2,217,975</u>

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 \$910,222 difference are as follows:

Change in deferred revenue from the following sources:	
Property taxes receivable	\$ (20,843)
Notes receivable	<u>942,299</u>
Subtotal	921,456
Change in the allowance for doubtful receivables	<u>(11,234)</u>
Net adjustment	<u>\$ 910,222</u>

(3) Stewardship, Compliance, and Accountability

(A) Budgetary Information

The City of Eugene 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 miscellaneous fiscal transactions. 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.

continued

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(3) Stewardship, Compliance, and Accountability, continued

(A) Budgetary Information, continued

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 \$331,021.

(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 Assets and the Balance Sheet as "Equity in pooled cash and investments." Cash and investments are comprised of the following at June 30, 2009:

Deposits with banks	\$	1,230,193
Investments		9,871,213
		\$ 11,101,406

Detailed information for the Agency's pooled cash and investments can be found in the City of Eugene's FY09 Comprehensive Annual Financial Report (Notes to Basic Financial Statements).

(B) Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, and for resources that have been received but not yet earned. At June 30, 2009, the deferred revenue reported in the Balance Sheet for governmental funds consist of the following:

		<u>Total</u>
Property taxes receivable:		
Debt Service	\$	174,122
Riverfront Special Revenue		40,403
Notes receivable:		
General		1,441,170
Other:		
Debt Service		48,357
Riverfront Special Revenue		9,379
Total deferred revenue	\$	1,713,431

continued

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(C) Capital Assets

Capital assets activity for the year ended June 30, 2009 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				
Land	\$ 1,908,026	307,433	0	2,215,459
Construction in progress	<u>1,857,468</u>	<u>53,189</u>	<u>(1,857,468)</u>	<u>53,189</u>
Total capital assets, not being depreciated	<u>3,765,494</u>	<u>360,622</u>	<u>(1,857,468)</u>	<u>2,268,648</u>
Capital assets, being depreciated				
Buildings	0	3,618,060	(3,618,060)	0
Improvements other than buildings	3,683,563	0	0	3,683,563
Infrastructure	<u>2,288,466</u>	<u>357,252</u>	<u>0</u>	<u>2,645,718</u>
Total capital assets being depreciated	<u>5,972,029</u>	<u>3,975,312</u>	<u>(3,618,060)</u>	<u>6,329,281</u>
Less accumulated depreciation for:				
Improvements other than buildings	(1,909,713)	(161,806)	0	(2,071,519)
Infrastructure	<u>(1,169,622)</u>	<u>(98,684)</u>	<u>0</u>	<u>(1,268,306)</u>
Total accumulated depreciation	<u>(3,079,335)</u>	<u>(260,490)</u>	<u>0</u>	<u>(3,339,825)</u>
Total capital assets, being depreciated, net	<u>2,892,694</u>	<u>3,714,822</u>	<u>(3,618,060)</u>	<u>2,989,456</u>
Governmental activities capital assets, net	<u>\$ 6,658,188</u>	<u>4,075,444</u>	<u>(5,475,528)</u>	<u>5,258,104</u>

(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. The Risk and Benefits Fund has a self-insured liability program which covers personal injury, public official errors and omissions, automobile, and employer's liability, with a maximum self-insured retention of \$500,000 per occurrence. In addition, the Risk and Benefits Fund 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 \$500,000 per occurrence.

The Agency, as a participant in the Risk and Benefits Fund, retains a portion of the risk of loss for general liability. Coverage for workers' compensation, general liability, and employees' medical claims in excess of the self-insurance retention limit is purchased from commercial insurers. The Risk and Benefits Fund also purchases all risk property insurance coverage from a commercial insurer. The property insurance policy has a basic \$25,000 deductible, however, earthquake and flood insurance coverage were subject to \$250,000 deductible per occurrence. During the previous three fiscal years, there were no general liability claims that exceeded the insurance coverage levels.

continued

URBAN RENEWAL AGENCY OF THE CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(B) Commitments

Pursuant to an intergovernmental agreement between the City and the Agency, the Agency's tax increment revenues are to be used to provide funding resources to the City to cover debt service associated with the certificates of participation (COPs) issued by the City to finance the construction of a library. If the Agency's revenues exceed the debt service requirements, such excess may be disbursed to the City to pay other obligations incurred for the library project. During the fiscal year, \$2,372,478 in payments were made to the City to cover debt service. The payments are reported as intergovernmental expenditures in the Agency's Debt Service Fund.

Annual debt service requirements to maturity for the City's Library COPs are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	2,350,000	58,750
Total	<u>\$ 2,350,000</u>	<u>58,750</u>

(C) Outstanding Encumbrances

Encumbrances outstanding at June 30, 2009 which the Agency intends to honor are \$4,195 in the Riverfront Capital Projects Fund.

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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, 2009

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
<u>Revenues</u>					
Intergovernmental	6,700,000	7,308,190	479,232	0	479,232
Charges for services	2,000	2,000	11,234	0	11,234
Repayment of revolving loans	0	0	0	29,442	29,442
Miscellaneous	79,000	579,000	103,677	6,392	110,069
Total revenues	6,781,000	7,889,190	594,143	35,834	629,977
<u>Expenditures</u>					
Administration	532,000	972,000	302,494	578,975	881,469
Loans granted	8,809,783	9,761,000	578,975	(578,975)	0
Total expenditures	9,341,783	10,733,000	881,469	0	881,469
Excess (deficiency) of revenues over expenditures	(2,560,783)	(2,843,810)	(287,326)	35,834	(251,492)
<u>Other financing sources (uses)</u>					
Principal payments received	55,000	55,000	29,442	(29,442)	0
Transfers in	332,000	772,000	297,041	0	297,041
Total other financing sources (uses)	387,000	827,000	326,483	(29,442)	297,041
Net change in fund balance	(2,173,783)	(2,016,810)	39,157	6,392	45,549
Fund balance, July 1, 2008	2,223,783	2,066,810	2,066,810	542,130	2,608,940
Fund balance, June 30, 2009	50,000	50,000	2,105,967	548,522	2,654,489

Riverfront Special Revenue Fund*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*

For the fiscal year ended June 30, 2009

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
<u>Revenues</u>					
Taxes	615,000	615,000	668,665	0	668,665
Rental income	25,000	25,000	23,190	0	23,190
Miscellaneous	52,000	52,000	254,117	8,173	262,290
Total revenues	692,000	692,000	945,972	8,173	954,145
<u>Expenditures</u>					
Administration	342,000	342,000	177,909	0	177,909
Total expenditures	342,000	342,000	177,909	0	177,909
Excess (deficiency) of revenues over expenditures	350,000	350,000	768,063	8,173	776,236
Total other financing sources (uses)	0	0	0	0	0
Net change in fund balance	350,000	350,000	768,063	8,173	776,236
Fund balance, July 1, 2008	1,992,782	2,131,187	2,131,187	4,241	2,135,428
Fund balance, June 30, 2009	2,342,782	2,481,187	2,899,250	12,414	2,911,664

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, 2009

(amounts in dollars)

	Budget	Actual		GAAP basis
		Budget basis	Adjustment	
<u>Revenues</u>				
Taxes	1,925,000	1,870,729	0	1,870,729
Miscellaneous	219,000	181,075	13,208	194,283
Total revenues	2,144,000	2,051,804	13,208	2,065,012
<u>Expenditures</u>				
Intergovernmental	2,437,500	2,372,478	0	2,372,478
Total expenditures	2,437,500	2,372,478	0	2,372,478
Excess (deficiency) of revenues over expenditures	(293,500)	(320,674)	13,208	(307,466)
<u>Other financing sources (uses)</u>				
Transfers out	(772,000)	(297,041)	0	(297,041)
Total other financing sources (uses)	(772,000)	(297,041)	0	(297,041)
Net change in fund balance	(1,065,500)	(617,715)	13,208	(604,507)
Fund balance, July 1, 2008	6,379,506	6,379,506	15,009	6,394,515
Fund balance, June 30, 2009	5,314,006	5,761,791	28,217	5,790,008

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

For the fiscal year ended June 30, 2009

(amounts in dollars)

	Budget	Actual		GAAP basis
		Budget basis	Adjustment	
<u>Revenues</u>				
Intergovernmental	2,782,740	2,716,698	0	2,716,698
Miscellaneous	16,000	2,272	380	2,652
Total revenues	2,798,740	2,718,970	380	2,719,350
<u>Expenditures</u>				
Capital outlay	2,879,314	2,741,161	0	2,741,161
Total expenditures	2,879,314	2,741,161	0	2,741,161
Excess (deficiency) of revenues over expenditures	(80,574)	(22,191)	380	(21,811)
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(80,574)	(22,191)	380	(21,811)
Fund balance, July 1, 2008	156,784	156,784	0	156,784
Fund balance, June 30, 2009	76,210	134,593	380	134,973

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

For the fiscal year ended June 30, 2009

(amounts in dollars)

	Budget	Actual		GAAP basis
		Budget basis	Adjustment	
<u>Revenues</u>				
Miscellaneous	6,000	4,414	320	4,734
Total revenues	6,000	4,414	320	4,734
<u>Expenditures</u>				
Capital outlay	210,918	53,189	0	53,189
Total expenditures	210,918	53,189	0	53,189
Excess (deficiency) of revenues over expenditures	(204,918)	(48,775)	320	(48,455)
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(204,918)	(48,775)	320	(48,455)
Fund balance, July 1, 2008	219,322	219,322	1,867,648	2,086,970
Fund balance, June 30, 2009	14,404	170,547	1,867,968	2,038,515

Urban Renewal Agency of the City of Eugene, Oregon
Schedule of Property Tax Transactions

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For the fiscal year ended June 30, 2009
(amounts in dollars)

<u>Fiscal year</u>	<u>Uncollected balances July 1, 2008</u>	<u>Current year's levy</u>	<u>Adjustments, interest, and discounts</u>	<u>Collections</u>	<u>Uncollected balances June 30, 2009</u>
1965-02	30,201	0	6,430	(1,061)	35,570
2003	5,199	0	160	(993)	4,366
2004	4,963	0	(98)	(1,265)	3,600
2005	9,968	0	(148)	(4,813)	5,007
2006	22,640	0	2,159	(16,466)	8,333
2007	45,723	0	403	(22,070)	24,056
2008	124,635	0	(8,534)	(58,464)	57,637
2009	0	2,582,431	(73,321)	(2,433,154)	75,956
Totals	243,329	2,582,431	(72,949)	(2,538,286)	214,525

Summary by fund type

Special Revenue Fund	(668,401)	40,403
Debt Service Fund	(1,869,885)	174,122
Totals	(2,538,286)	214,525

AUDIT COMMENTS

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AUDIT COMMENTS
(Comments and Disclosures Required by State Regulators)

Oregon Administrative Rules 162-010-050 through 162-010-320, of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required financial statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth following.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *OREGON AUDITING STANDARDS*



To the Honorable Mayor, Members of the Urban
Renewal Agency Board and the Administrator
City of Eugene, Oregon

We have audited the basic financial statements of the Urban Renewal Agency (Agency) of the City of Eugene, Oregon as of and for the year ended June 30, 2009 and have issued our report thereon dated November 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds,
- The requirements relating to debt.
- The requirements relating to preparation, adoption and execution of the annual budgets for fiscal years 2009 and 2010.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to investment of public funds.
- The requirements pertaining to awarding of public contracts of public improvements.

The results of our tests indicate that with respect to the items tested the Agency complied, in all material respects, with the provisions referred to above.

This report is intended solely for the information of the Honorable Mayor, member 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 these specified parties.

ISLER CPA

By:



Paul Nielson, CPA, a member of the firm

Eugene, Oregon
November 30, 2009