

# EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



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Action: Adoption of Resolution 5076 Acknowledging Receipt of the City of Eugene, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012

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Meeting Date: January 14, 2013  
Department: Central Services  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: 4C  
Staff Contact: Fionan Cronin  
Contact Telephone Number: 541-682-5394

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## **ISSUE STATEMENT**

This is a resolution acknowledging receipt of the City of Eugene, Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. 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.

## **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, 2012, and issued an unqualified opinion on the basic financial statements.

The key pages of the CAFR are pages 11 - 12 and pages 151 - 152, where two of the auditors' reports are found. In the first report, the auditors have issued an unqualified opinion (also known as a "clean opinion") on the City's basic financial statements, indicating that the City 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 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 with one exception - the City exceeded its legal budget (page 48) in one fund:

- The Parking Services Enterprise Fund overspent its Departmental appropriation by \$115,945, or 3.3 percent. The overexpenditure was due primarily to unanticipated garage security costs due to a delay in the implementation of the new downtown police patrol unit.
- The Parking Services Enterprise Fund also exceeded its Capital Outlay appropriations by \$55,844, because of higher than anticipated costs to complete the steam upgrade project.

ORS require that all over-expenditures be brought to the attention of the governing body. Because there is no dollar threshold, it is common for local governments to have occasional over-expenditures.

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 Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. These standards and OMB Circular A-133 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.

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.

Two additional reports, beginning on page 155, 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.

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 2012 is attached and it states that there were no concerns that required communication to the 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 (CAFR) for the fiscal year ended June 30, 2011. This was

the 36th 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.

### **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, 2012, and demonstrates the 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 a resolution acknowledging receipt of the Comprehensive Annual Financial Report (CAFR) for the City of Eugene, for the fiscal year ended June 30, 2012.

### **ATTACHMENTS**

- A. Resolution
- B. Copy of the 2012 Comprehensive Annual Financial Report
- C. Copy of the Isler CPA memo

### **FOR MORE INFORMATION**

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**ATTACHMENT A**

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, 2012

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, 2012, 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, 2012.

The foregoing resolution adopted the 14th day of January, 2013.

City Recorder



**City of Eugene, Oregon**



# **Comprehensive Annual Financial Report**

**Fiscal year Ended June 30, 2012**



**Jon Ruiz, City Manager**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
CITY OF EUGENE, OREGON  
FISCAL YEAR ENDED JUNE 30, 2012



REPORT PREPARED BY THE CITY  
FINANCE DIVISION

# INTRODUCTORY SECTION

CITY OF EUGENE, OREGON  
 Comprehensive Annual Financial Report  
 Year ended June 30, 2012

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December 7, 2012

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

It is my pleasure to submit to you the Comprehensive Annual Financial Report of the City of Eugene, Oregon, for the fiscal year ended June 30, 2012.

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 (1) the cost of the control structure should not exceed the benefits likely to be derived; and (2) the evaluation of cost and benefits require estimates and judgments by management. We believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. To the best of our knowledge, the enclosed data 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, 2012 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2012, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report on the Basic Financial Statements is included in the Financial Section of this report.

In addition to meeting the requirements set forth above, the independent audit also was designed to meet the special needs of federal grantor agencies as provided for in the Federal Single Audit Act and the Office of Management and Budget's (OMB) Circular A-133. These standards require the independent auditor not only report on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the independent audit for the fiscal year ended June 30, 2012 indicated no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The independent auditors' reports related specifically to the Single Audit and OMB Circular A-133 are included in the Government Auditing Standards Section.

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

## **City Overview**

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, 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. Empowered by state statutes, the City levies a property tax on real and personal property located within its boundaries.

As of July 1, 2011, 157,010 people resided in Eugene, making it Oregon's second largest city. City boundaries encompassed 44 square miles in Lane County. The Willamette River runs through the heart of the City and the McKenzie River joins the Willamette to the north of the City. Eugene is the center of government and education including County, State and Federal government agencies, and is home to the University of Oregon. Over the last ten years, Eugene's population has increased on average by 1.1% annually.

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

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

For financial planning and control, the City prepares and adopts an annual budget in accordance with Oregon Revised Statutes Chapters 294.305 through 294.565. Budgeting in Oregon is a joint effort between the people affected by the budget and the appointed and elected officials responsible for providing the services. Elected or appointed officials determine the allocation of resources to the service system. The State of Oregon Department of Revenue checks to ensure that the budget is prepared according to the Oregon Local Budget Law. Citizens involved with budget preparation see that programs they want and need are adequately funded.

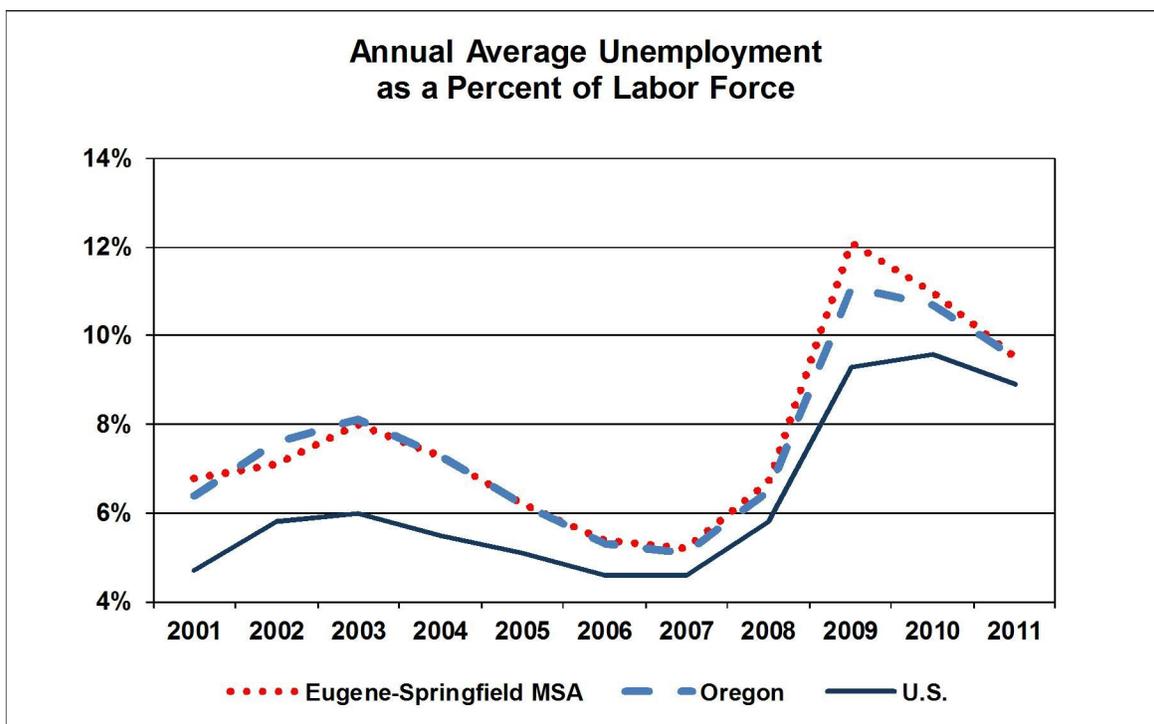
To give the public ample opportunity to participate in the budgeting process, local budget law requires that a Budget Officer be appointed and a Budget Committee be formed. The Budget Officer draws together necessary information and prepares the first draft of the budget. The Budget Committee then reviews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

The legally adopted budget is at the fund and departmental level for operating expenditures, with separate appropriations established for capital projects, debt service, interfund transfers, interfund loans, intergovernmental expenditures, and miscellaneous fiscal transactions. Budgetary control is internally administered 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 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 east 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 four air carriers, linking Eugene to Denver, Honolulu, Las Vegas, Los Angeles, Oakland, Palm Springs, Phoenix/Mesa, Portland, Salt Lake City, San Francisco, and Seattle.

Eugene is the largest city in Lane County and the second largest city in Oregon, representing 45% of the county's, and 4% of the state's population. Eugene's economy typically follows the trends of the state and national economies. The unemployment rate in the Eugene-Springfield Metropolitan Statistical Area (MSA) rose sharply as a result of the recession, from an average annual rate of 5.2% in 2008 to a high of 12.1% in 2009, primarily due to job losses in construction, manufacturing, retail, and professional services. Eugene's 2011 unemployment rate dropped to 9.5%, which is still high by historic standards.



The two pillars that have historically provided relative stability in Eugene's economy are the large public sector employment base and population in-migration. In prior years, the influx of new residents has helped the economy diversify away from lumber and wood products manufacturing. California has been the largest source of new residents to the area due to Eugene's proximity to that state, local environmental and cultural amenities, and relatively low cost of living. However, Eugene's population growth has slowed down somewhat due to the recent recession.

County, state and federal government agencies are centered in Eugene, as well as the University of Oregon and Lane Community College. Between 2002 and 2011, employment in the government, education and health services sectors increased by 15%, largely due to growth of the University of Oregon. In 2011, the University of Oregon had a record enrollment of 24,447 and provided approximately 4,000 local jobs. The University is a major contributor to Oregon's economy, with an estimated economic impact of approximately \$2.0 billion. The University of Oregon is ranked by the Carnegie Foundation to be in the top category among U.S. research institutions.

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

Some of the local job losses have been offset by large construction projects including the University of Oregon's new 405,000 square foot, 12,500 seat, Mathew Knight Arena that was completed in 2011. The University of Oregon campus is also the site for another large project that is close to completion, a 100,000 square-foot Integrative Science Building valued at \$65 million. This building will house brain research, cognitive science, neuroscience, green materials science, nanotechnology research, and solar technology research. The Global Scholars Hall is a recently completed \$75 million project that provides housing for 450 students and academic amenities. A privately funded expansion of Casanova Football Center, which is currently under construction, is estimated at \$63.0 million.

Several public and private construction projects are in progress in downtown Eugene. These include a new \$55.0 million downtown campus for Lane Community College, located across from the Downtown Library. This project incorporates five floors of student housing, completed in the fall of 2012, along with a 90,000 square foot education building which is scheduled to open in January 2013. Other major downtown projects include reconstruction of the Broadway Commerce Center at Broadway and Willamette Streets and the Woolworth office building constructed on an adjacent site. All of these projects have benefited from partnerships with the City of Eugene and the Urban Renewal Agency. New downtown hotel accommodations are provided by the Inn at 5th Street Market, which was completed in 2012. These projects will continue to partially offset decreased demand for residential and commercial construction due to a weak real estate market and will provide new permanent employment opportunities.

In the summer of 2012 Eugene hosted the U.S. Olympic Team track and field trials. This was the largest national championship track meet in the world which selected the athletes to represent Team USA at the London Olympic Games in 2012. The University's venerable Hayward Field received a multi-million dollar upgrade in preparation for the event, which drew approximately 20,000 out-of-area visitors. This event was supported by almost 2,000 volunteers and provided \$31.0 million in estimated local economic impact.

Rail and air connections through Eugene also continue to benefit from new investments. In 2010, the main runway at the Eugene Airport was repaved. Allegiant Air has begun direct service to Honolulu starting November 2012. The Union Pacific Railroad will spend about \$33.5 million to improve 75 miles of its rail line from Oakridge through Eugene and on to Harrisburg, as well as its rail yard in Eugene. The U.S. Department of Transportation has provided a \$13.5 million grant to complete repairs to the Coos Bay rail line, which provides freight services between the City of Coos Bay and Eugene.

### **Long-term Financial Planning**

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

The largest of the City's funds is the General Fund, which is the general operating fund for the City. In preparation for the FY13 Budget, the General Fund forecast was updated to provide policy makers with the financial outlook for the fund. Despite making more than \$20.0 million in reductions in the General Fund budget over several years, the forecast demonstrated that growth in expenditures continued to outpace growth in revenues, resulting in a General Fund structural deficit of \$7.0 million. Each year during the budget process, the City has made adjustments but the persistent economic recession has made it difficult to reach a stable budget. As a result of the updated forecast, the City Manager presented a two-year strategy to close the projected gap and stabilize the General Fund budget by the end of FY14. The goal of the strategy was to close the spread between revenues and expenditures and ensure a reserve balance equal to 8% of expenditures by the end of the forecast period. Budget adjustments of \$4.0 million were proposed in FY13, with the remainder to occur in FY14. The General Fund forecast is in the process of being updated to start the FY14 budget process, and it is anticipated that the forecasted gap has grown again. The City Manager will present a strategy for addressing the gap in his FY14 Proposed Budget.

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

In February of 2011, the City Council approved the *Capital Improvement Program* for FY12 to FY17. The *Capital Improvement Program* (CIP) forecasts the City's capital needs over a six-year period based on various long-range plans, goals, and policies. The underlying strategy of the CIP is to plan for land acquisition, construction, and major maintenance of public facilities necessary for the safe and efficient management of City assets. A critical element of a balanced CIP is the provision of funds to preserve or enhance existing facilities and provide new assets which will help the City respond to changing service needs and community growth. The program serves as the basis for the capital budget and is updated every two years. The FY12-17 CIP totals about \$152.3 million in projects with funding secured or identified from a variety of sources. City staff are currently working on updating the Capital Improvement Program for FY14-19 planning period, with a draft CIP to be presented to the City Budget Committee and the City Council in early 2013.

Transportation is the largest CIP category with a total allocation of \$46.9 million, of which \$41.6 million is dedicated towards pavement preservation, and another \$5.3 million for other transportation projects. Airport capital improvements, including the recently completed airport fire rescue station, terminal building expansion and preservation and maintenance projects, will account for \$46.8 million. About \$25.5 million for public buildings will primarily be invested in preservation and capital maintenance of existing City facilities. Improvements to preserve and rehabilitate the City's wastewater system will be funded with \$13.1 million. Under the City's stormwater program, drywell decommissioning, stream corridor acquisition, bank stabilization and stream restoration, and system upgrades and capacity enhancements are to be funded at \$13.5 million. Approximately \$6.6 million in anticipated capital spending will be for parks and open space projects.

In April 2011, the City's Executive Team reviewed and approved the *Multi-Year Financial Plan (MYFP)* for FY12 to FY17. The MYFP was subsequently presented to the Mayor and the City's Budget Committee. The Multi-Year Financial Plan is an annual compilation of significant but unfunded challenges and opportunities that are likely to occur over the next six years. It serves as a strategic planning tool and helps address Council's goal for "Fair, Stable, and Adequate Resources." It provides an important means to improve the City's ability to link the Council goals process, the Capital Improvement Program, the General Fund Six-year Financial Forecast, other project or service specific strategic plans, and the annual budget process. A wide range of unfunded needs, challenges and opportunities, are included in the MYFP, including several high-priority items. The MYFP includes General Fund and other current service funding shortfalls, preservation and maintenance of existing City assets and facilities, and implementation of adopted plans or policies. The plan also identifies important emerging issues that may have a financial impact on the City.

The FY12-17 MYFP identified a total of about \$281.0 million in unfunded challenges and opportunities that may occur within the next six years. Of this amount, \$134.1 million is for the following high-priority items:

- General Fund shortfall;
- Ambulance Transport Fund shortfall;
- Parking Fund stabilization;
- Parks and Open Space operations and maintenance;
- Deferred maintenance of City facilities;
- Echo Hollow/Sheldon Pool preservation;
- Pavement Preservation backlog;
- Envision Eugene implementation; and
- Additional jail beds.

All of these high-priority items would need to be funded on an ongoing basis in order for the City's budget to become a truly sustainable, rather than merely stable, in the long-run. City staff are currently working on updating the Multi-Year Financial Plan for FY14-19 planning period, with a draft MYFP to be presented to the City Council in late 2012.

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

## **City Council Vision and Goals**

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

### **City Council Vision**

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

### **City Council Goals**

#### **Safe Community**

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

#### **Sustainable Development**

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

#### **Accessible And Thriving Culture And Recreation**

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

#### **Effective, Accountable Municipal Government**

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

#### **Fair, Stable And Adequate Financial Resources**

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

## **City Hall Planning**

One of the major planning efforts currently under way in the City of Eugene is the City Hall transition. In spring of 2011, the City Council directed the City Manager to develop and implement a transition plan for moving all remaining City services out of the City Hall by summer of 2012 and to develop a phased approach to building a new City Hall at the current site utilizing available resources. This goal was accomplished with the Police Department moving to a recently acquired and remodeled facility at 300 Country Club Road, Human Resources and Risk Services Divisions moving to a leased space in the recently completed Woolworth Building, the Municipal Court moving to a leased space at the Roberts Building, and the City Council and the City Manager's office moving to a leased space at the Lane County Public Safety Building.

In the summer of 2011, the City Council expressed general approval to proceed with the staff-presented plan for reaching a final decision on the two primary options being considered for the City Hall: the new building option and the major renovation option. Rowell Brokaw Architects prepared a study of the new building strategy options, while Poticha Architects prepared a report on the major renovation strategies. Both reports contain cost models detailing the elements and assumptions that make up the cost model for each option.

Upon review of the final reports, the City Hall Advisory Committee (CHAC) reached two overarching conclusions:

- Either the new building or major remodel option could be successful, depending on what the City wanted to accomplish;
- Additional analysis is needed, particularly for the new building option, to flesh out opportunities, challenges, benefits and risks associated with various construction options.

In the months since completion and review of the final reports, a number of City staff have been engaged in additional analysis relating to funding strategies, occupancy options, and developer interest in potential public/private partnership to develop the City Hall block site. Meetings with various members of the development community have indicated strong interest and a variety of ideas for redeveloping the City Hall site, including phase one of the new City Hall.

As this additional work was nearing completion on these two options, a third option emerged as a potentially more cost-effective possibility: use of the Eugene Water and Electric Board's (EWEB) administration building and conference room building as the new City Hall location. The next steps in the City Hall planning process include identifying the preferred strategy option, and developing a specific funding and implementation plan.

## **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, 2011. This was the 36th 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.

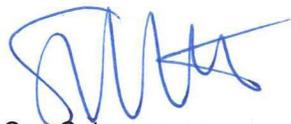
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its adopted budget document for FY12. 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.

### **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, and the City Manager for their interest and support in managing the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Sue Cutsogeorge  
Finance Director

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



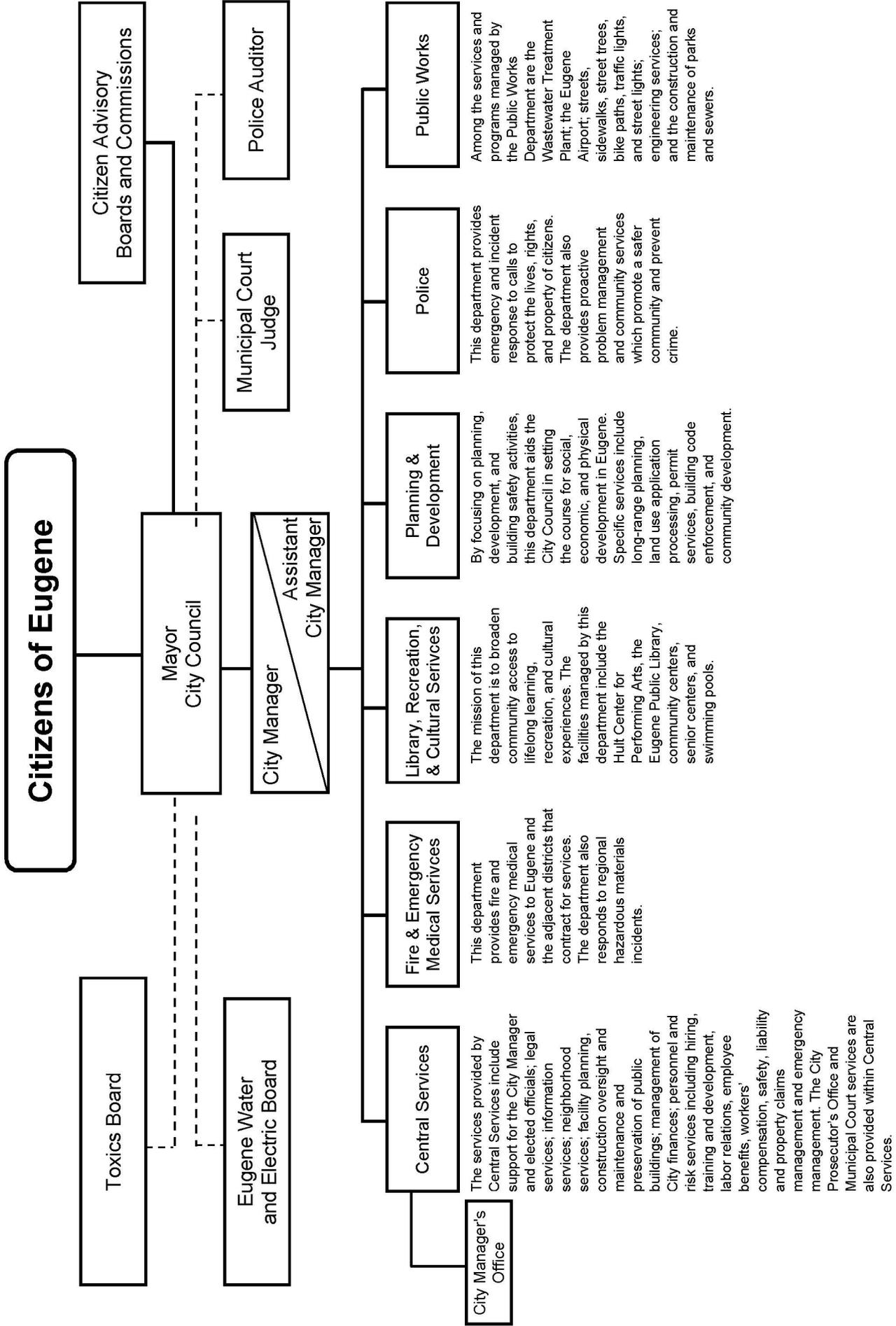
*Christophe P. Moivell*

President

*Jeffrey R. Emer*

Executive Director

# City of Eugene Organizational Chart



CITY OF EUGENE, OREGON

Mayor and City Council as of June 30, 2012

	<u>Name</u>	<u>Term Expires</u>
Mayor:	Kitty Piercy	January 2013
Councilors:	George Brown (Ward 1)	January 2013
	Betty Taylor (Ward 2)	January 2013
	Alan Zelenka (Ward 3)	January 2015
	George Poling (Ward 4)	January 2015
	Mike Clark (Ward 5)	January 2015
	Pat Farr (Ward 6)	January 2015
	Andrea Ortiz (Ward 7)	January 2013
	Chris Pryor (Ward 8)	January 2013

Principal Officials

Jon R. Ruiz, City Manager

Sarah Medary, Assistant City Manager

Glenn Klein, City Attorney

Kristie Hammitt, Central Services Executive Director

Randall B. Groves, Fire and Emergency Medical Services Chief

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

Sarah Medary, Acting Planning and Development Executive Director

Pete Kerns, Chief of Police

Kurt Corey, Public Works Executive Director

# FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Eugene, Oregon ("the City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the 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 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 and the respective budgetary comparison of the General Fund and the Community Development Fund as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 13 through 21) and the schedule of pension funding progress and the schedule of OPEB funding progress (page 79), 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 the required supplementary information 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 financial statements. The introductory section (pages 1 through 10); other supplementary information (pages 81 through 127); and statistical tables section (pages 129 through 148) are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (pages 162 through 164), and is also not a required part of the basic financial statements. The budgetary comparison information, other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the 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 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.

**ISLER CPA**

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

By Gary Iskra, CPA, a member

Eugene, Oregon  
December 7, 2012

## Management's Discussion and Analysis

The management of the City of Eugene, Oregon (City) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2012. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditors' report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

### Financial Highlights

- The City's total assets at June 30, 2012 increased \$14.0 million from \$961.1 million to \$975.1 million, or 1.5% from the prior year. The primary cause for the increase in total assets was the addition of \$4.1 million in receivables and \$9.1 million in capital assets.
- The City's total liabilities decreased \$3.3 million from \$161.3 million to \$158.0 million.
- The net assets of the City (assets less liabilities) at June 30, 2012 increased \$17.3 million from \$799.8 million to \$817.1 million from the prior year. Total net assets of \$117.9 million are unrestricted.
- At June 30, 2012, the City's governmental funds reported combined ending fund balances of \$100.6 million, a decrease of \$2.2 million in comparison to the prior year. Approximately \$95.4 million is available for spending at the government's discretion, subject to reporting fund limitations.
- The General Fund's spendable fund balance at the end of the current fiscal year was \$41.7 million, or 34.7% of General Fund expenditures.

### Overview of the Financial Statements

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

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

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

The Statement of Net Assets presents information on all of the City'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 City is improving or deteriorating.

The Statement of Activities presents information showing how the City'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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period. Examples of such items include earned, but uncollected property taxes, and earned, but unused compensated absences.

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

The governmental activities of the City include the following:

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

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

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

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

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

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

**Governmental funds.** Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. 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 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 20 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 16 governmental funds are combined into a single, aggregated presentation. Summary fund data by fund-type for these nonmajor governmental funds is provided as other supplementary information in the form of combining statements at B-1 and B-2 of this report. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements at C-1, C-2, D-1, D-2, E-1, and E-2.

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

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

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

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

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

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

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

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

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$817.1 million at the close of the fiscal year ending June 30, 2012.

<b>City of Eugene's Net Assets</b>						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital assets	\$ 421,356,710	413,680,953	243,029,332	241,534,491	664,386,042	655,215,444
Other assets	265,654,233	261,994,371	45,070,204	43,890,356	310,724,437	305,884,727
<b>Total assets</b>	<b>687,010,943</b>	<b>675,675,324</b>	<b>288,099,536</b>	<b>285,424,847</b>	<b>975,110,479</b>	<b>961,100,171</b>
Noncurrent liabilities	108,558,227	112,428,124	276,056	267,467	108,834,283	112,695,591
Other liabilities	43,696,733	41,610,705	5,516,195	7,007,868	49,212,928	48,618,573
<b>Total liabilities</b>	<b>152,254,960</b>	<b>154,038,829</b>	<b>5,792,251</b>	<b>7,275,335</b>	<b>158,047,211</b>	<b>161,314,164</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	384,208,529	363,812,593	243,029,332	241,534,490	627,237,861	605,347,083
Restricted	59,391,855	65,649,036	12,568,710	11,632,556	71,960,565	77,281,592
Unrestricted	91,155,599	92,174,866	26,709,243	24,982,466	117,864,842	117,157,332
<b>Total net assets</b>	<b>\$ 534,755,983</b>	<b>521,636,495</b>	<b>282,307,285</b>	<b>278,149,512</b>	<b>817,063,268</b>	<b>799,786,007</b>

The largest portion of the City's net assets is its investment in capital assets, less any related debt used to acquire these assets that are still outstanding. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$72.0 million (8.8%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets \$117.9 million (14.4%) are unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

**City of Eugene's Changes in Net Assets**

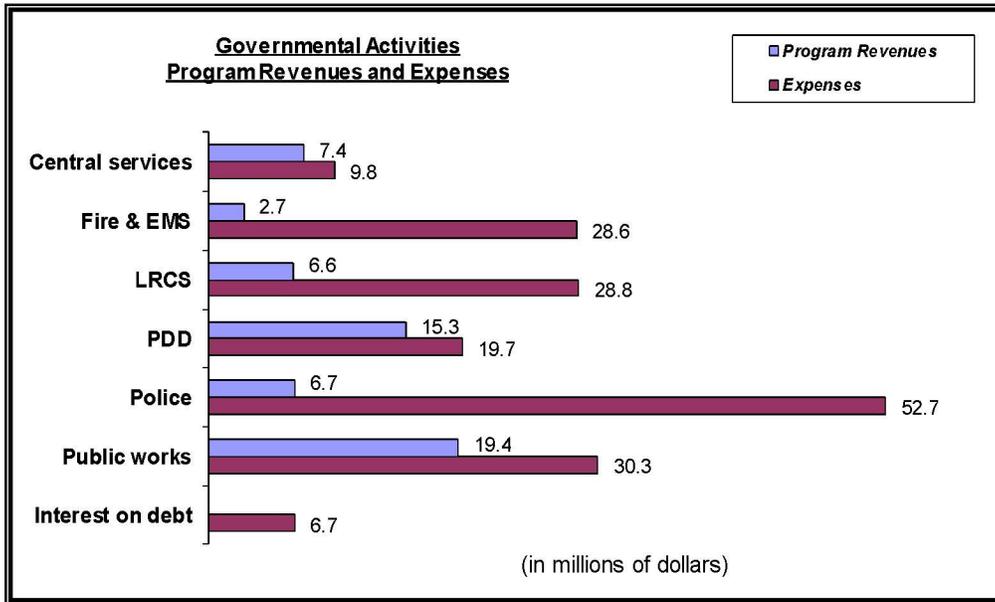
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Fees, fines, and charges for services	\$ 39,934,597	42,595,753	56,199,854	53,186,966	96,134,451	95,782,719
Operating grants and contributions	15,253,888	17,235,076	50,920	295,559	15,304,808	17,530,635
Capital grants and contributions	2,933,678	8,623,632	7,232,486	5,927,862	10,166,164	14,551,494
General revenues:						
Taxes	102,569,362	102,739,643	0	0	102,569,362	102,739,643
Grants and contributions not restricted to specific programs	3,573,073	3,291,002	0	0	3,573,073	3,291,002
Contributions in lieu of taxes	13,469,821	13,762,181	0	0	13,469,821	13,762,181
Franchise fees on telecom providers revenues	10,393,736	10,954,417	0	0	10,393,736	10,954,417
Unrestricted investment earnings	1,219,164	1,170,778	161,900	198,099	1,381,064	1,368,877
Total revenues	<u>189,347,319</u>	<u>200,372,482</u>	<u>63,645,160</u>	<u>59,608,486</u>	<u>252,992,479</u>	<u>259,980,968</u>
<b>Expenses:</b>						
Central services	9,804,909	9,759,910	0	0	9,804,909	9,759,910
Fire and emergency medical services	28,641,938	27,260,063	0	0	28,641,938	27,260,063
Library, recreation, and cultural services	28,820,958	29,249,223	0	0	28,820,958	29,249,223
Planning and development	19,651,543	32,208,704	0	0	19,651,543	32,208,704
Police	52,725,185	47,645,365	0	0	52,725,185	47,645,365
Public works	30,285,866	29,775,680	0	0	30,285,866	29,775,680
Interest on long-term debt	6,650,862	6,280,158	0	0	6,650,862	6,280,158
Ambulance transport	0	0	6,950,263	5,669,204	6,950,263	5,669,204
Municipal airport	0	0	11,969,227	11,031,434	11,969,227	11,031,434
Parking services	0	0	4,554,259	5,517,107	4,554,259	5,517,107
Stormwater utility	0	0	13,301,129	13,084,702	13,301,129	13,084,702
Wastewater utility	0	0	22,359,079	21,351,247	22,359,079	21,351,247
Total expenses	<u>176,581,261</u>	<u>182,179,103</u>	<u>59,133,957</u>	<u>56,653,694</u>	<u>235,715,218</u>	<u>238,832,797</u>
Increase in net assets before transfers	12,766,058	18,193,379	4,511,203	2,954,792	17,277,261	21,148,171
Transfers	353,430	(3,046,158)	(353,430)	3,046,158	0	0
Increase in net assets after transfers	<u>13,119,488</u>	<u>15,147,221</u>	<u>4,157,773</u>	<u>6,000,950</u>	<u>17,277,261</u>	<u>21,148,171</u>
Net assets, July 1	521,636,495	506,489,274	278,149,512	272,148,562	799,786,007	778,637,836
Net assets, June 30	<u>\$ 534,755,983</u>	<u>521,636,495</u>	<u>282,307,285</u>	<u>278,149,512</u>	<u>817,063,268</u>	<u>799,786,007</u>

Expenses above include the indirect expenses as allocated in Exhibit 2 of the basic financial statements.

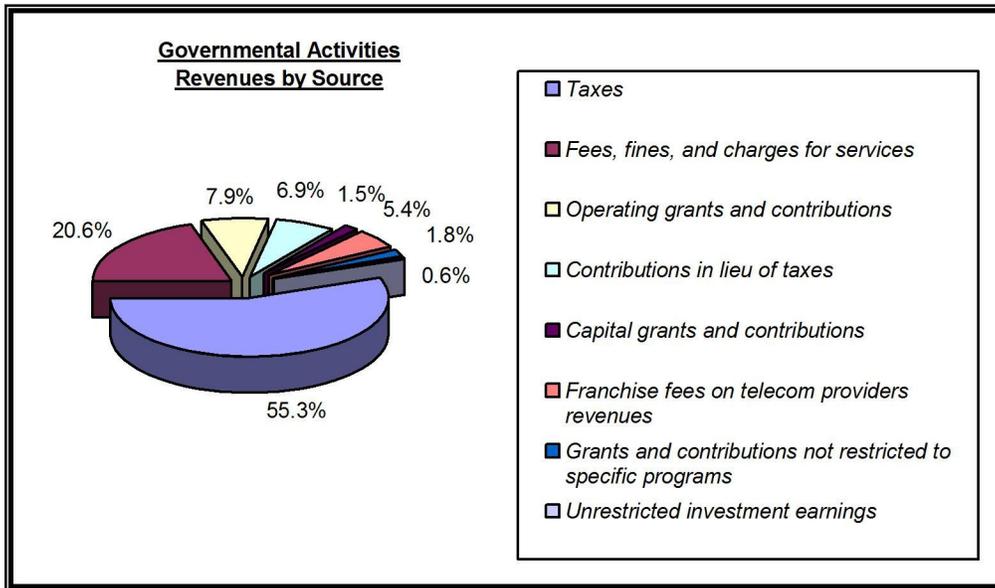
**Governmental activities.** The change in governmental activities before transfers decreased from \$18.2 million in the prior year to \$12.8 million in the current year. The decrease of \$5.4 million between the two years was primarily driven by the following factors:

- Program revenues decreased \$10.3 million, primarily due to a \$5.7 million decrease in capital grants.
- Fire and emergency medical services and Police expenses increased \$1.4 million and \$5.1 million, respectively.
- Planning and development expenses decreased \$12.6 million, primarily due to an \$8.0 million contribution to Lane Community College for construction of their new downtown campus, and \$4.1 million in development loans in the prior year.

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



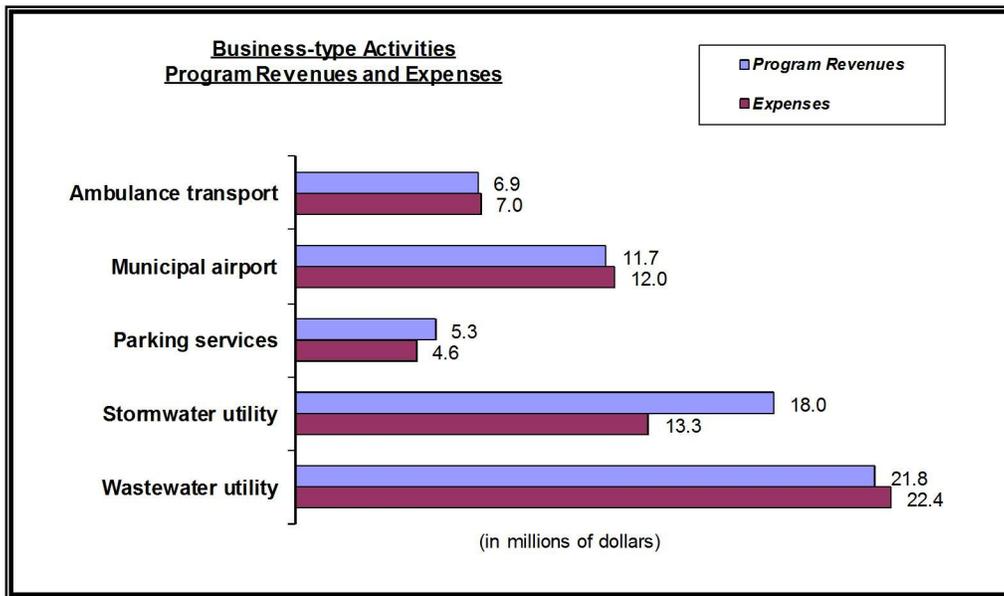
The next chart shows the percent of the total for each source of revenue supporting governmental activities.



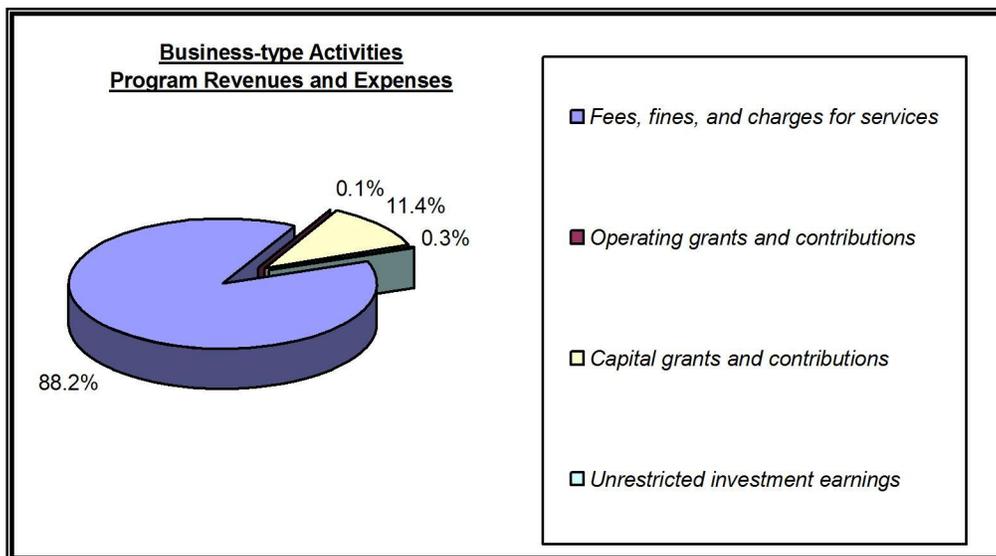
**Business-type activities.** Business-type activities increased the City's net assets by \$1.6 million before transfers. The increase was primarily driven by:

- Program revenues increase by \$4.1 million.
- Expenses increased by \$2.5 million.

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



The chart below shows that 88.2% of revenues for business-type activities are generated from fees, fines, and charges for services. Capital grants and contributions were derived predominantly from grants from the Federal Aviation Administration and the donation of infrastructure stemming from the development of new residential areas



**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounted to \$664.4 million (net of accumulated depreciation). The investment in capital assets includes land, rights-of-way, construction in progress, buildings and equipment, improvements other than buildings (such as parks and park improvements), storm sewers and trunk sewers (stormwater and wastewater systems), and infrastructure (such as roads and sidewalks). The total increase in the City's investment in capital assets for the current fiscal year was 1.4%.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 68,567,562	69,611,011	17,142,705	13,834,865	85,710,267	83,445,876
Construction in progress	27,953,375	22,316,636	8,805,731	3,540,458	36,759,106	25,857,094
Buildings and equipment	135,882,841	138,962,587	37,484,441	39,017,367	173,367,282	177,979,954
Improvements other than buildings	42,354,436	43,418,974	51,409,315	55,404,203	93,763,751	98,823,177
Storm sewers and trunk sewers	0	0	128,187,140	129,737,598	128,187,140	129,737,598
Infrastructure	146,598,496	139,371,745	0	0	146,598,496	139,371,745
	<u>\$ 421,356,710</u>	<u>413,680,953</u>	<u>243,029,332</u>	<u>241,534,491</u>	<u>664,386,042</u>	<u>655,215,444</u>

Major capital asset additions during the current fiscal year included infrastructure and improvements other than buildings.

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 current fiscal year, the City had total liabilities of \$158.0 million. Of this amount, \$102.3 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$28.9 million in general obligation bonds to be serviced by general property taxes, \$0.4 million in certificates of participation to be serviced by general property taxes, \$0.7 million in limited tax improvement bonds to be serviced by property owners subject to the improvements, and \$63.6 million in limited tax pension bonds to be repaid from existing revenue sources, all backed by the full faith and credit of the City. The remainder of the City's bonded debt includes \$1.0 million in certificates of participation serviced by specific fund revenues and \$7.2 million in tax increment bonds to be repaid from tax increment revenues.

**City of Eugene's Bonded Debt**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 28,910,000	32,844,164	0	0	28,910,000	32,844,164
Certificates of participation	1,465,000	1,820,000	0	0	1,465,000	1,820,000
Limited tax bonds	64,290,728	65,030,281	0	0	64,290,728	65,030,281
Tax increment bonds	7,183,000	7,900,000	0	0	7,183,000	7,900,000
Deferred amounts	410,295	(33,274)	0	0	410,295	(33,274)
	<u>\$ 102,259,023</u>	<u>107,561,171</u>	<u>0</u>	<u>0</u>	<u>102,259,023</u>	<u>107,561,171</u>

In December 2011, the City issued \$11.0 million of General Obligation Refunding Bonds. The bonds were sold at a premium of \$489,606. The proceeds of the bonds were used to refund the 2002 Fire Projects bonds (\$5.4 million), 2008 Parks and Open Spaces bonds (\$4.4 million), and \$1.4 million of the GO Revolving Credit Facility. This refunding in addition to scheduled debt payments resulted in a \$5.3 million decrease in bonded debt during the current year.

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

- Aa1 for general obligation bonds (November 2011) with the following exceptions:
  - The General Obligation Refunding Bonds, Series 2006 are insured by Ambac Assurance and were rated Aaa at issuance. Subsequent to issuance, Ambac Assurance was downgraded by Moody's Investors Service to Caa2. In April 2001, Ambac Assurance severed their relationship with Moody's requesting that Ambac ratings be withdrawn. Moody's ratings on securities insured by Ambac will be maintained at the published underlying rating, or Aa1.

- The General Obligation Fire Projects Bonds, Series 2002 are insured by MBIA Insurance Corporation and were rated Aaa at issuance. Subsequent to issuance, MBIA Insurance Corporation was downgraded by Moody's Investors Service. MBIA Insurance Corporation is currently rated as B3.
- Aa2 for full faith and credit obligations, which includes the Atrium Obligations, the Santa Clara Fire Station Obligations, and the Broadway Garages Limited Tax Bonds (November 2011).
- The pension obligation bonds are insured by Ambac Assurance and were rated Aaa at issuance. Subsequent to issuance, Ambac Assurance was downgraded by Moody's Investors Service to Caa2. In November 2010, Moody's Investors Service upgraded the underlying rating on Oregon Local Governments Limited Tax Pension Obligations, Series 2002 to Aa3 from A3 in conjunction with a rating methodology change related to pool financings. In April 2001, Ambac Assurance severed their relationship with Moody's requesting that Ambac ratings be withdrawn. Moody's ratings on securities insured by Ambac will be maintained at the published underlying rating, or Aa3. The pension obligations were issued as one offering for certain Oregon cities, counties, and special districts. The City of Eugene's share of the total pension obligations on which the rating was based is 29.7%.

Under Oregon Revised Statutes, general obligation debt issues are limited to 3.0% of the real market value of all taxable property within the City's boundaries. The \$28.9 million in general obligation debt applicable to this limit is well below the \$636.3 million ceiling. The City's net direct general obligation bonded debt per capita is \$181.

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

### **Fund-based Financial Analysis**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$100.6 million, a decrease of \$2.2 million in comparison to the prior year. Approximately 94.8% of this total amount (\$95.4 million) constitutes fund balance which is available for spending at the government's discretion, subject to reporting fund limitations. The remainder of fund balance (\$5.2 million) is nonspendable because of the following: 1) prepaid expenditures, 2) debt service, 3) inventories, and 4) assets held for resale.

The fund balance of the City's General Fund decreased \$2.9 million from \$46.0 million to \$43.1 million during the current fiscal year. The decrease was caused by \$0.5 million in excess revenues over expenditures offset by net transfers of \$3.4 million.

The fund balance in the General Capital Projects Fund decreased \$6.2 million from \$12.4 million to \$6.2 million during the current fiscal year. The decrease in the fund balance was primarily caused by a \$10.9 million deficiency of revenues over expenditures offset by \$2.9 million in net transfers and \$1.2 million in debt proceeds.

The fund balance in the Systems Development Capital Projects Fund increased \$3.2 million from \$5.7 million to \$8.9 million during the current fiscal year. The increase was due to \$5.3 million in revenues offset by \$2.1 million in expenditures.

**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 assets and its percent to total net assets of each proprietary fund are as follows:

• Ambulance Transport	\$ 1.9 million	(69.5%)
• Municipal Airport	4.0 million	(4.2%)
• Parking Services	0.1 million	(0.8%)
• Stormwater Utility	7.4 million	(12.2%)
• Wastewater Utility	4.3 million	(4.4%)

Total business-type net assets increased \$2.8 million in the current fiscal year. Significant issues regarding proprietary funds are as follows:

- The Municipal Airport Fund reported a \$0.5 million decrease in net assets. The decrease was due to a \$4.1 million operating loss offset by \$3.5 million in contributions related to FAA grants.
- The Parking Services Fund reported a \$0.7 million decrease in net assets. The decrease was due to a \$0.6 million operating income offset by \$1.3 million in transfers out.
- The Stormwater Utility Fund reported a \$4.9 million increase in net assets. The increase was principally due to \$0.9 million in operating income and \$4.0 million in capital contributions.
- The Wastewater Utility Fund reported a \$1.0 million decrease in net assets. The decrease was mainly due to \$1.4 million in operating losses that were offset by \$0.4 million in capital contributions.

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 budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved during the fiscal year. The final fiscal year 2012 budget for the General Fund was increased by \$10.3 million. The primary reasons for this increase are a \$3.5 million increase for grant-funded activities, \$3.1 million in carry-forward appropriations, \$1.4 million transfer for capital projects, \$0.9 million for fire dispatch, and \$0.5 million for Buckley House and gang prevention.

These changes were funded primarily by an increase of \$3.5 million in intergovernmental revenues, \$0.9 million in charges for services, and \$5.9 million in unspent resources from the prior year.

The net decrease of \$3.2 million in budget-basis fund balance for the year ended June 30, 2012 was better than the projected deficit of \$10.3 million in the General Fund final amended budget. The \$7.1 million difference was as a result of department under spending offset by revenues and transfers in coming in lower than budget by \$1.0 million and \$0.6 million, respectively. The unspent budget will be re-appropriated in the 2013 budget as follows: \$1.6 million for grants, \$1.1 million for contractual obligations to vendors, \$0.8 million for program reappropriations, and the remainder will be placed in the reserve for revenue shortfall.

### **Economic Factors and Next Year's Budgets and Rates**

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY 2013 budget:

- Property tax revenue is expected to increase 2.5% in FY 2013.
- Salaries for non-represented employees will remain unchanged, the other collectively bargained agreements will increase 2.0% - 3.0%.
- Health benefit rates will increase by 5.5%.
- PERS and OPSRP costs are expected to be 25.5% and 21.7% - 24.4% of payroll, respectively.
- Interest rates on investments will be 0.50%.

### **Requests for Information**

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

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

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# BASIC FINANCIAL STATEMENTS

**Statement of Net Assets**

June 30, 2012

(amounts in dollars)

<u>Assets</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<u>Current assets</u>			
Equity in pooled cash and investments	163,664,166	28,038,629	191,702,795
Cash with fiscal agent	513,810	0	513,810
Receivables (net of allowance)	41,713,393	5,340,359	47,053,752
Internal balances	(9,018,815)	9,018,815	0
Due from other governments	5,568,732	1,688,850	7,257,582
Inventories	1,301,393	825,561	2,126,954
Prepays and deposits	1,944,605	0	1,944,605
Assets held for resale	2,729,198	0	2,729,198
<b>Total current assets</b>	<b>208,416,482</b>	<b>44,912,214</b>	<b>253,328,696</b>
<u>Noncurrent assets</u>			
Loans and notes receivable	0	157,990	157,990
Deferred charges	812,652	0	812,652
Pension assets	56,425,099	0	56,425,099
Capital assets:			
Land and construction in progress	96,520,937	25,948,436	122,469,373
Other capital assets (net of accumulated depreciation)	324,835,773	217,080,896	541,916,669
<b>Total noncurrent assets</b>	<b>478,594,461</b>	<b>243,187,322</b>	<b>721,781,783</b>
<b>Total assets</b>	<b>687,010,943</b>	<b>288,099,536</b>	<b>975,110,479</b>
<u>Liabilities</u>			
<u>Current liabilities</u>			
Accounts payable	5,185,530	479,441	5,664,971
Wages payable	5,885,555	1,247,691	7,133,246
Compensated absences payable	8,488,358	1,810,678	10,299,036
Due to other governments	1,670,659	461,782	2,132,441
Notes and contracts payable	128,000	0	128,000
Claims payable	11,828,162	0	11,828,162
Deposits	1,553,680	713,419	2,267,099
Interest payable	423,442	0	423,442
Unearned revenue	2,529,890	803,184	3,333,074
Bonds payable	6,003,457	0	6,003,457
<b>Total current liabilities</b>	<b>43,696,733</b>	<b>5,516,195</b>	<b>49,212,928</b>
<u>Noncurrent liabilities</u>			
Compensated absences payable	182,400	126,147	308,547
Notes and contracts payable	7,767,000	0	7,767,000
General obligation bond and revolving credit facility	1,105,000	0	1,105,000
Bonds payable (net of unamortized discount/premium)	95,150,566	0	95,150,566
Net OPEB obligation	4,353,261	149,909	4,503,170
<b>Total noncurrent liabilities</b>	<b>108,558,227</b>	<b>276,056</b>	<b>108,834,283</b>
<b>Total liabilities</b>	<b>152,254,960</b>	<b>5,792,251</b>	<b>158,047,211</b>
<u>Net assets</u>			
Invested in capital assets (net of related debt)	384,208,529	243,029,332	627,237,861
Restricted for:			
Capital projects	18,408,750	12,568,710	30,977,460
Debt service	2,666,763	0	2,666,763
Community development	23,219,052	0	23,219,052
Urban renewal	6,337,101	0	6,337,101
Other purposes	8,760,189	0	8,760,189
Unrestricted	91,155,599	26,709,243	117,864,842
<b>Total net assets</b>	<b>534,755,983</b>	<b>282,307,285</b>	<b>817,063,268</b>

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

**Statement of Activities**

For the fiscal year ended June 30, 2012

(amounts in dollars)

	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	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
<b>Functions/Programs</b>								
<b>Governmental activities:</b>								
Central services	30,497,667	(20,692,758)	7,414,102	19,027	0	(2,371,780)	0	(2,371,780)
Fire and emergency medical services	24,656,973	3,984,965	2,323,103	348,950	0	(25,969,885)	0	(25,969,885)
Library, recreation, and cultural services	25,748,493	3,072,465	5,636,053	997,006	0	(22,187,899)	0	(22,187,899)
Planning and development	18,096,816	1,554,727	12,067,636	3,208,401	300	(4,375,206)	0	(4,375,206)
Police	45,836,249	6,888,936	4,975,304	1,686,596	25,401	(46,037,884)	0	(46,037,884)
Public works	28,441,201	1,844,665	7,518,399	8,993,908	2,907,977	(10,865,582)	0	(10,865,582)
Interest on long term debt	6,650,862	0	0	0	0	(6,650,862)	0	(6,650,862)
<b>Total governmental activities</b>	<b>179,928,261</b>	<b>(3,347,000)</b>	<b>39,934,597</b>	<b>15,253,888</b>	<b>2,933,678</b>	<b>(118,459,098)</b>	<b>0</b>	<b>(118,459,098)</b>
<b>Business-type activities:</b>								
Ambulance transport	6,488,263	462,000	6,858,744	23,829	0	0	(67,690)	(67,690)
Municipal airport	11,529,227	440,000	8,068,953	0	3,511,320	0	(388,954)	(388,954)
Parking services	4,347,259	207,000	5,333,965	2,635	0	0	782,341	782,341
Stormwater utility	12,436,129	865,000	14,620,589	24,456	3,278,921	0	4,622,837	4,622,837
Wastewater utility	20,986,079	1,373,000	21,317,603	0	442,245	0	(599,231)	(599,231)
<b>Total business-type activities</b>	<b>55,786,957</b>	<b>3,347,000</b>	<b>56,199,854</b>	<b>50,920</b>	<b>7,232,486</b>	<b>0</b>	<b>4,349,303</b>	<b>4,349,303</b>
<b>Total activities</b>	<b>235,715,218</b>	<b>0</b>	<b>96,134,451</b>	<b>15,304,808</b>	<b>10,166,164</b>	<b>(118,459,098)</b>	<b>4,349,303</b>	<b>(114,109,795)</b>
<b>General revenues:</b>								
Property taxes						97,837,712	0	97,837,712
Transient room tax						1,686,458	0	1,686,458
Local motor vehicle fuel tax						3,045,192	0	3,045,192
Contributions in lieu of taxes						13,469,821	0	13,469,821
Franchise fees on telecom provider's revenues						10,393,736	0	10,393,736
Grants and contributions not restricted to specific programs						3,573,073	0	3,573,073
Unrestricted investment earnings						1,219,164	161,900	1,381,064
Transfers						353,430	(353,430)	0
<b>Total general revenues and transfers</b>						<b>131,578,586</b>	<b>(191,530)</b>	<b>131,387,056</b>
<b>Change in net assets</b>						<b>13,119,488</b>	<b>4,157,773</b>	<b>17,277,261</b>
Net assets, July 1, 2011						521,636,495	278,149,512	799,786,007
Net assets, June 30, 2012						534,755,983	282,307,285	817,063,268

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

**Balance Sheet**

## Governmental Funds

June 30, 2012

(amounts in dollars)

	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in pooled cash and investments	45,710,668	1,950,520	7,013,809	8,845,689	36,702,276	100,222,962
Cash with fiscal agent	8,331	0	505,479	0	0	513,810
Receivables:						
Interest	1,218,078	70,298	0	0	194,288	1,482,664
Taxes	6,429,540	0	0	0	1,145,152	7,574,692
Accounts	2,410,104	32,202	0	784,784	1,679,823	4,906,913
Assessments	0	0	0	0	1,046,239	1,046,239
Loans and notes	0	23,899,926	0	5,124	3,584,414	27,489,464
Allowance for uncollectibles	(240)	0	0	0	(72,158)	(72,398)
Due from other governments	2,335,339	896,909	0	0	2,240,437	5,472,685
Inventories	0	0	0	0	912,806	912,806
Prepays and deposits	1,399,020	0	0	0	114,060	1,513,080
Assets held for resale	0	0	0	0	2,729,198	2,729,198
<b>Total assets</b>	<b>59,510,840</b>	<b>26,849,855</b>	<b>7,519,288</b>	<b>9,635,597</b>	<b>50,276,535</b>	<b>153,792,115</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	893,906	48,016	1,299,541	17,371	2,310,420	4,569,254
Wages payable	4,647,283	35,833	0	7,906	534,457	5,225,479
Due to other governments	818,828	253,626	0	0	462,606	1,535,060
Deposits	476,064	0	0	0	933,390	1,409,454
Deferred revenue	9,583,893	23,791,614	0	709,335	6,353,669	40,438,511
<b>Total liabilities</b>	<b>16,419,974</b>	<b>24,129,089</b>	<b>1,299,541</b>	<b>734,612</b>	<b>10,594,542</b>	<b>53,177,758</b>
<b>Fund balances</b>						
Nonspendable	1,399,020	0	0	0	3,836,064	5,235,084
Restricted	1,041,185	2,720,766	713,609	8,900,985	23,431,995	36,808,540
Committed	0	0	0	0	12,413,934	12,413,934
Assigned	37,320,281	0	5,506,138	0	0	42,826,419
Unassigned	3,330,380	0	0	0	0	3,330,380
<b>Total fund balances</b>	<b>43,090,866</b>	<b>2,720,766</b>	<b>6,219,747</b>	<b>8,900,985</b>	<b>39,681,993</b>	<b>100,614,357</b>
<b>Total liabilities and fund balances</b>	<b>59,510,840</b>	<b>26,849,855</b>	<b>7,519,288</b>	<b>9,635,597</b>	<b>50,276,535</b>	

**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.	37,373,503
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.	401,437,443
All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	(53,764,705)
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 assets are reported along with governmental activities in the Statement of Net Assets.	49,095,385
Net assets of governmental activities	<b>534,755,983</b>

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, 2012

(amounts in dollars)

	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	95,408,813	0	0	0	19,021,426	114,430,239
Licenses and permits	5,882,739	0	0	0	8,738,429	14,621,168
Intergovernmental	5,665,339	2,630,404	4,890	3,314	11,480,013	19,783,960
Rental income	114,379	0	24,219	111,416	182,646	432,660
Charges for services	10,253,469	15,912	0	5,078,964	7,985,137	23,333,482
Fines and forfeits	2,631,021	0	0	0	17,080	2,648,101
Special assessments	0	0	0	0	269,691	269,691
Repayment of revolving loans	0	1,494,051	0	0	82,972	1,577,023
Miscellaneous	594,981	461,013	79,269	108,206	1,400,320	2,643,789
<b>Total revenues</b>	<b>120,550,741</b>	<b>4,601,380</b>	<b>108,378</b>	<b>5,301,900</b>	<b>49,177,714</b>	<b>179,740,113</b>
<b>Expenditures</b>						
Current - departmental:						
Central services	15,281,590	117,000	0	3,000	4,292,198	19,693,788
Fire and emergency medical services	24,432,924	0	0	0	233,824	24,666,748
Library, recreation, and cultural services	24,837,778	0	0	0	149,869	24,987,647
Planning and development	5,370,332	3,712,955	0	66,691	8,749,994	17,899,972
Police	43,933,676	0	0	0	2,791,248	46,724,924
Public works	5,953,611	0	0	215,488	9,722,765	15,891,864
Debt service:						
Principal	215,000	0	0	0	24,364,753	24,579,753
Interest	24,510	45,798	0	0	2,000,822	2,071,130
Issuance costs	0	0	3,806	0	133,470	137,276
Capital outlay	0	42,579	10,990,817	1,866,527	15,581,793	28,481,716
<b>Total expenditures</b>	<b>120,049,421</b>	<b>3,918,332</b>	<b>10,994,623</b>	<b>2,151,706</b>	<b>68,020,736</b>	<b>205,134,818</b>
Excess (deficiency) of revenues over expenditures	501,320	683,048	(10,886,245)	3,150,194	(18,843,022)	(25,394,705)
<b>Other financing sources (uses)</b>						
Proceeds of debt issuance	0	0	1,200,000	0	7,340,000	8,540,000
Proceeds of note issuance	0	1,777,000	0	0	0	1,777,000
Proceeds of refunding bonds issuance	0	0	0	0	11,464,606	11,464,606
Transfers in	2,668,020	0	3,469,300	0	4,666,714	10,804,034
Transfers out	(6,122,540)	(2,354,318)	(552,727)	0	(1,223,716)	(10,253,301)
<b>Total other financing sources (uses)</b>	<b>(3,454,520)</b>	<b>(577,318)</b>	<b>4,116,573</b>	<b>0</b>	<b>22,247,604</b>	<b>22,332,339</b>
Net change in fund balances	(2,953,200)	105,730	(6,769,672)	3,150,194	3,404,582	(3,062,366)
Fund balances, July 1, 2011	46,044,066	2,615,036	12,436,692	5,750,791	35,969,978	102,816,563
Prior period adjustment (Note 5G)	0	0	552,727	0	307,433	860,160
Fund balances, July 1, 2011, as restated	46,044,066	2,615,036	12,989,419	5,750,791	36,277,411	103,676,723
<b>Fund balances, June 30, 2012</b>	<b>43,090,866</b>	<b>2,720,766</b>	<b>6,219,747</b>	<b>8,900,985</b>	<b>39,681,993</b>	<b>100,614,357</b>

*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, 2012

(amounts in dollars)

Net change in fund balances - total governmental funds	(3,062,366)
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.	3,215,549
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.	778,221
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.	(466,699)
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.	10,556,999
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 Assets.	2,798,147
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.	(1,769,385)
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.	1,069,022
Change in net assets of governmental activities	<u><u>13,119,488</u></u>

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

# Statement of Fund Net Assets

Proprietary Funds

June 30, 2012

(amounts in dollars)

	Business-type Activities Enterprise Funds						Totals	Governmental Activities
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Total Internal Service Funds		
<b>Assets</b>								
<b>Current assets</b>								
Equity in pooled cash and investments	1,729,112	16,127,630	33,345	6,376,932	3,771,610	28,038,629	63,441,202	
Receivables:								
Accounts								
Allowance for uncollectibles	1,455,008	821,684	389,968	1,823,750	1,331,222	5,821,632	45,017	
Due from other governments	(345,950)	(10,987)	(111,544)	(7,758)	(5,034)	(481,273)	(6,650)	
Inventories	15,455	239,375	115,702	71,707	1,246,611	1,688,850	96,047	
Prepays and deposits	0	0	38,034	0	526,055	564,089	388,587	
Wetlands mitigation credits	0	0	0	0	0	0	431,525	
<b>Total current assets</b>	<b>2,853,625</b>	<b>17,177,702</b>	<b>465,505</b>	<b>8,526,103</b>	<b>6,870,464</b>	<b>35,893,399</b>	<b>64,395,728</b>	
<b>Noncurrent assets</b>								
Loans and notes receivable	0	146,986	0	0	11,004	157,990	300,000	
Deferred charges	0	0	0	0	0	0	438,224	
Pension assets	0	0	0	0	0	0	56,425,099	
<b>Capital assets:</b>								
Land	0	6,502,960	2,130,235	7,086,273	1,423,237	17,142,705	455,834	
Improvements other than buildings	379,107	95,769,956	1,005,967	2,609,033	2,365,964	102,130,027	51,913	
Trunk sewers	0	339,320	0	238,919	153,673,100	154,251,339	0	
Storm sewers	0	738,060	0	53,098,229	1,860,724	55,697,013	0	
Buildings and equipment	1,159,200	33,908,460	29,193,373	1,245,456	1,036,891	66,543,380	47,762,881	
Construction in progress	0	3,476,596	0	4,170,799	1,158,336	8,805,731	96,740	
Accumulated depreciation	(711,859)	(62,840,664)	(14,409,118)	(15,380,949)	(68,198,273)	(161,540,863)	(28,448,102)	
<b>Total noncurrent assets</b>	<b>826,448</b>	<b>78,041,674</b>	<b>17,920,457</b>	<b>53,067,760</b>	<b>93,330,983</b>	<b>243,187,322</b>	<b>77,082,589</b>	
<b>Total assets</b>	<b>3,680,073</b>	<b>95,219,376</b>	<b>18,385,962</b>	<b>61,593,863</b>	<b>100,201,447</b>	<b>279,080,721</b>	<b>141,478,317</b>	

continued

	Business-type Activities Enterprise Funds						Governmental Activities	
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Totals	Internal Service Funds	Total
<u>Liabilities</u>								
<u>Current liabilities</u>								
Accounts payable	15,107	101,935	56,979	125,536	179,884	479,441	616,276	
Wages payable	218,209	186,739	52,308	306,841	483,594	1,247,691	660,076	
Compensated absences payable	269,946	300,280	72,527	435,819	732,106	1,810,678	811,928	
Due to other governments	0	35,145	0	33,406	393,231	461,782	135,599	
Claims payable	0	0	0	0	0	0	11,828,162	
Deposits	0	5,269	8,150	0	700,000	713,419	144,225	
Interest payable	0	0	0	0	0	0	280,961	
Unearned revenue	449,732	64,375	98,889	189,665	523	803,184	517,428	
Certificates of participation payable	0	0	0	0	0	0	145,000	
Bonds payable	0	0	0	0	0	0	899,457	
<b>Total current liabilities</b>	<b>952,994</b>	<b>693,743</b>	<b>288,853</b>	<b>1,091,267</b>	<b>2,489,338</b>	<b>5,516,195</b>	<b>16,039,112</b>	
<u>Noncurrent liabilities</u>								
Compensated absences payable	0	38,594	11,770	26,089	49,694	126,147	89,161	
Certificates of participation payable	0	0	0	0	0	0	890,000	
Bonds payable (net of unamortized discount/premium)	0	0	0	0	0	0	62,559,241	
Net OPEB obligation	14,081	18,734	13,966	37,239	65,889	149,909	3,786,603	
<b>Total noncurrent liabilities</b>	<b>14,081</b>	<b>57,328</b>	<b>25,736</b>	<b>63,328</b>	<b>115,583</b>	<b>276,056</b>	<b>67,325,005</b>	
<b>Total liabilities</b>	<b>967,075</b>	<b>751,071</b>	<b>314,589</b>	<b>1,154,595</b>	<b>2,604,921</b>	<b>5,792,251</b>	<b>83,364,117</b>	
<u>Net assets</u>								
Invested in capital assets (net of related debt)	826,448	77,894,688	17,920,457	53,067,760	93,319,979	243,029,332	18,884,265	
Restricted for capital projects	0	12,568,710	0	0	0	12,568,710	0	
Unrestricted	1,886,550	4,004,907	150,916	7,371,508	4,276,547	17,690,428	39,229,935	
<b>Total net assets</b>	<b>2,712,998</b>	<b>94,468,305</b>	<b>18,071,373</b>	<b>60,439,268</b>	<b>97,596,526</b>	<b>273,288,470</b>	<b>58,114,200</b>	

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

Net assets of business-type activities

9,018,815  
282,307,285

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

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	Business-type Activities Enterprise Funds					Totals	Governmental Activities
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility		Total Internal Service Funds
<u>Operating revenues</u>							
Licenses and permits	0	0	0	87,740	0	87,740	480
Intergovernmental	23,829	0	5,166	24,456	0	53,451	309,644
Rental income	0	3,279,829	482,232	35,340	24,165	3,821,566	714,593
Charges for services	6,775,553	4,759,092	3,862,257	13,678,582	21,225,525	50,301,009	61,675,561
Fines and forfeits	0	7,999	982,234	0	4,819	995,052	0
Miscellaneous	83,191	22,033	4,711	818,927	63,094	991,956	519,894
<b>Total operating revenues</b>	<b>6,882,573</b>	<b>8,068,953</b>	<b>5,336,600</b>	<b>14,645,045</b>	<b>21,317,603</b>	<b>56,250,774</b>	<b>63,220,172</b>
<u>Operating expenses</u>							
Personnel services	4,223,082	4,177,069	1,315,265	7,005,245	10,652,584	27,373,245	15,554,861
Contractual services	63,600	796,822	986,950	2,359,162	1,659,057	5,865,591	4,520,809
Materials and supplies	610,841	946,752	157,351	389,872	2,349,919	4,454,735	4,491,543
Maintenance	1,643,220	412,529	1,090,346	1,531,778	1,685,506	6,363,379	1,674,237
Utilities	11,407	443,309	20,945	64,696	1,045,508	1,585,865	2,903,522
Rent	0	0	39,300	42,464	46,653	128,417	437,895
Taxes	0	0	23,292	0	0	23,292	0
Insurance	62,461	134,008	81,133	116,812	211,312	605,726	2,101,221
Claims	0	0	0	0	0	0	22,069,113
Central business functions	462,000	440,000	207,000	865,000	1,373,000	3,347,000	1,387,000
Depreciation	37,734	4,775,285	805,366	1,418,269	3,736,265	10,772,919	3,021,507
<b>Total operating expenses</b>	<b>7,114,345</b>	<b>12,125,774</b>	<b>4,726,948</b>	<b>13,793,298</b>	<b>22,759,804</b>	<b>60,520,169</b>	<b>58,161,708</b>
<b>Operating income (loss)</b>	<b>(231,772)</b>	<b>(4,056,821)</b>	<b>609,652</b>	<b>851,747</b>	<b>(1,442,201)</b>	<b>(4,269,395)</b>	<b>5,058,464</b>
<u>Nonoperating revenues (expenses)</u>							
Interest revenue	9,084	83,164	0	43,461	26,191	161,900	390,099
Interest expense	0	0	0	0	0	0	(4,526,883)
Amortization of issuance costs	0	0	0	0	0	0	(38,530)
<b>Total nonoperating revenues (expenses)</b>	<b>9,084</b>	<b>83,164</b>	<b>0</b>	<b>43,461</b>	<b>26,191</b>	<b>161,900</b>	<b>(4,175,314)</b>
Income (loss) before capital contributions and transfers	(222,688)	(3,973,657)	609,652	895,208	(1,416,010)	(4,107,495)	883,150
Capital contributions	0	3,511,320	0	3,998,752	442,245	7,952,317	1,049,555
Transfers in	610,300	0	0	0	0	610,300	1,819,170
Transfers out	(354,890)	0	(1,328,672)	0	0	(1,683,562)	(1,296,641)
<b>Change in net assets</b>	<b>32,722</b>	<b>(462,337)</b>	<b>(719,020)</b>	<b>4,893,960</b>	<b>(973,765)</b>	<b>2,771,560</b>	<b>2,455,234</b>
<b>Total net assets, July 1, 2011</b>	<b>2,680,276</b>	<b>94,930,642</b>	<b>18,790,393</b>	<b>55,545,308</b>	<b>98,570,291</b>		<b>55,658,966</b>
<b>Total net assets, June 30, 2012</b>	<b>2,712,998</b>	<b>94,468,305</b>	<b>18,071,373</b>	<b>60,439,268</b>	<b>97,596,526</b>		<b>58,114,200</b>

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

1,386,213

Change in net assets of business-type activities

4,157,773

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

# Statement of Cash Flows

## Proprietary Funds

For the fiscal year ended June 30, 2012

(amounts in dollars)

### Business-type Activities Enterprise Funds

### Governmental Activities

	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Totals	Total Internal Service Funds
<u>Cash flows from operating activities</u>							
Cash received from customers	6,760,387	7,803,213	5,495,120	14,714,661	28,901,373	63,674,754	13,615,598
Cash received from interfund services provided	0	0	0	0	0	0	49,869,617
Cash received from MVMC for operating reimbursements	0	0	0	0	12,241,127	12,241,127	0
Cash paid to MVMC for sewer user and septic hauler fees collected	0	0	0	0	(19,136,386)	(19,136,386)	0
Cash paid to suppliers for goods and services	(665,024)	(2,635,369)	(1,343,379)	(2,391,118)	(6,116,896)	(13,151,786)	(35,901,234)
Cash paid to employees for services	(3,768,801)	(3,600,094)	(1,087,556)	(5,963,295)	(9,165,776)	(23,585,522)	(11,869,679)
Cash paid for interfund services used	(2,174,683)	(1,136,071)	(1,431,693)	(3,460,940)	(3,411,237)	(11,614,624)	(4,338,570)
Cash paid for central business functions	(462,000)	(440,000)	(207,000)	(865,000)	(1,373,000)	(3,347,000)	(1,387,000)
Net cash provided by (used for) operating activities	(310,121)	(8,321)	1,425,492	2,034,308	1,939,205	5,080,563	9,988,732
<u>Cash flows from noncapital financing activities</u>							
Transfers in	610,300	0	0	0	0	610,300	1,819,170
Transfers out	(354,890)	0	(1,328,672)	0	0	(1,683,562)	(1,296,641)
Principal payments on pension bonds	0	0	0	0	0	0	(1,680,000)
Interest payments on pension bonds	0	0	0	0	0	0	(3,314,373)
Net cash provided by (used for) noncapital financing activities	255,410	0	(1,328,672)	0	0	(1,073,262)	(4,471,844)
<u>Cash flows from capital and related financing activities</u>							
Principal payments on notes, bonds, and certificates	0	0	0	0	0	0	(140,000)
Interest payments on notes, bonds, and certificates	0	0	0	0	0	0	(84,720)
Contributions from other funds and governments	0	3,487,622	0	1,804,192	0	5,291,814	696,859
Proceeds from sale of capital assets	0	0	0	0	0	0	28,453
Acquisition and construction of capital assets	0	(2,880,833)	(63,475)	(4,838,928)	(1,847,720)	(9,630,956)	(1,667,341)
Net cash provided by (used for) capital and related financing activities	0	606,789	(63,475)	(3,034,736)	(1,847,720)	(4,339,142)	(1,146,749)
<u>Cash flows from investing activities</u>							
Interest revenue	9,084	83,164	0	43,461	26,191	161,900	390,099
Repayment of loans and notes receivable	0	67,978	0	0	0	67,978	0
Net cash provided by (used for) investing activities	9,084	151,142	0	43,461	26,191	229,878	390,099
Net increase (decrease) in cash	(45,627)	749,610	33,345	(956,967)	117,676	(101,963)	4,760,238
Cash, July 1, 2011	1,774,739	15,378,020	0	7,333,899	3,653,934	28,140,592	58,680,964
Cash, June 30, 2012	1,729,112	16,127,630	33,345	6,376,932	3,771,610	28,038,629	63,441,202

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)	(231,772)	(4,056,821)	609,652	851,747	(1,442,201)	(4,269,395)	5,058,464
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u>							
Depreciation	37,734	4,775,285	805,366	1,418,269	3,736,265	10,772,919	3,021,507
Amortization of pension assets	0	0	0	0	0	0	1,722,892
(Increase) Decrease in accounts receivable	245,746	(69,995)	27,103	(122,464)	160,391	240,781	125,995
(Increase) Decrease in loans and notes receivable	0	0	0	0	0	0	(300,000)
Increase (Decrease) in allowance for uncollectibles	(75,580)	388	(22,361)	(608)	565	(97,596)	6,430
(Increase) Decrease in due from other governments	701	(132,120)	221,900	6,926	(99,544)	(2,137)	210,548
(Increase) Decrease in prepaids and deposits	0	0	0	0	0	0	(400,544)
(Increase) Decrease in wetlands mitigation credits	0	0	0	(12,326)	0	(12,326)	0
(Increase) Decrease in inventories	0	0	(12,386)	0	4,852	(7,534)	(36,433)
Increase (Decrease) in accounts payable	2,127	(439,926)	(60,831)	(237,834)	(46,246)	(782,710)	(370,824)
Increase (Decrease) in wages payable	(43,036)	(38,074)	(22,276)	(87,966)	(208,981)	(400,333)	(277,362)
Increase (Decrease) in compensated absences payable	40,746	13,104	5,446	(7,840)	26,941	78,397	40,754
Increase (Decrease) in net OPEB obligation	6,266	8,624	3,259	15,825	23,544	57,518	54,879
Increase (Decrease) in claims payable	0	0	0	0	0	0	911,553
Increase (Decrease) in deposits	0	0	0	0	0	0	55,916
Increase (Decrease) in due to other governments	0	(4,773)	(193)	24,817	(216,904)	(197,053)	(1,198)
Increase (Decrease) in due to other funds	0	0	(61,065)	0	0	(61,065)	0
Increase (Decrease) in deferred revenue	(293,053)	(64,013)	(68,122)	185,762	523	(238,903)	166,155
<u>Net cash provided by (used for) operating activities</u>	<u>(310,121)</u>	<u>(8,321)</u>	<u>1,425,492</u>	<u>2,034,308</u>	<u>1,939,205</u>	<u>5,080,563</u>	<u>9,988,732</u>
<u>Noncash capital and related financing activities</u>							
During the year, the Stormwater Utility Fund capitalized \$1,474,729 in assets contributed from customers and \$719,831 in assets contributed from governmental funds.							
During the year, the Wastewater Utility Fund capitalized \$442,245 in assets contributed from customers.							
During the year, \$15,150 of capital assets purchased by governmental funds were transferred to the Information Systems and Services Fund.							
During the year, \$337,546 of capital assets purchased by governmental funds were transferred to the Fleet Services Fund.							
<i>The accompanying notes are an integral part of the financial statements.</i>							

CITY OF EUGENE, OREGON  
Notes to Basic Financial Statements

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# CITY OF EUGENE, OREGON

## Notes to Basic Financial Statements

June 30, 2012

(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 early implemented GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA, issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

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

(A) The Financial Reporting Entity

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

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

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

(B) Organization and Operation

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

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

continued

## CITY OF EUGENE, OREGON

### Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(C) Government-wide and Fund Financial Statements

The 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.

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

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

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

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

Government-wide and Proprietary Fund Financial Statements

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

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

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

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

continued

## CITY OF EUGENE, OREGON

### Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

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

Government-wide and Proprietary Fund Financial Statements, continued

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

Governmental Fund Financial Statements

The governmental fund financial statements are accounted for using a current financial resources measurement focus. The balance sheet generally reports only current assets and current liabilities; and the Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases and decreases in net current assets. 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.

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 revenues. 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 deferred 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 offset by deferred revenues.

continued

## CITY OF EUGENE, OREGON

### Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

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

Governmental Funds

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

General Fund

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

Community Development Fund

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

General Capital Projects Fund

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

Systems Development Capital Projects Fund

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

Proprietary Funds

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

The following are the City's major proprietary funds:

Ambulance Transport Fund

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

continued

## CITY OF EUGENE, OREGON

### Notes to Basic Financial Statements

- (1) Summary of Significant Accounting Policies, continued
- (D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

#### Proprietary Funds, continued

##### Municipal Airport Fund

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

##### Parking Services Fund

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

##### Stormwater Utility Fund

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

##### Wastewater Utility Fund

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

Additionally, the City reports the following fund type:

##### Internal Service Funds

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

##### 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

continued

CITY OF EUGENE, OREGON  
Notes to Basic Financial Statements

- (1) Summary of Significant Accounting Policies, continued
- (D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Other Governmental Funds, continued

Special Revenue Funds, continued:

- Road
- Solid Waste and Recycling
- Special Assessment Management
- Telecom Registration and Licensing
- Urban Renewal Agency General
- Urban Renewal Agency Riverfront

Debt Service Funds:

- General Obligation
- Special Assessment Bond
- Urban Renewal Agency

Capital Projects Funds:

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

- (E) Risk Management

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

- (F) Equity in Pooled Cash and Investments

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

continued

## CITY OF EUGENE, OREGON

### Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(F) Equity in Pooled Cash and Investments, continued

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

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

(G) Receivables

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

(H) Interfund Receivables and Payables

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

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

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

(I) Inventories and Prepaid Items

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

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(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 \$50,000. Intangible assets include copyrights, trademarks, and computer software.

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

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

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

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

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

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

continued

## CITY OF EUGENE, OREGON

### Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(J) Capital Assets, continued

Capital assets of proprietary funds are reported net of accumulated depreciation in the government-wide Statement of Net Assets and the proprietary funds Statement of Fund Net Assets. 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 Assets. 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 Assets. 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, 2012, 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.

(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, premiums, and issuance costs 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.

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 Assets and as interest expense on the Statement of Activities.

(N) 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.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(N) Fund Balance, continued

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

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

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

Fund balances by classification for the year ended June 30, 2012 were as follows:

<u>Fund balances</u>	Systems						<u>Total</u>
	<u>General</u>	<u>Community</u>	<u>General</u>	<u>Development</u>	<u>Other</u>	<u>Total</u>	
		<u>Development</u>	<u>Capital</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>	
			<u>Projects</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>	
<b>Nonspendable:</b>							
Inventories	\$ 0	0	0	0	912,806	912,806	912,806
Prepays and deposits	1,399,020	0	0	0	114,060	1,513,080	1,513,080
Assets held for resale	0	0	0	0	2,729,198	2,729,198	2,729,198
Permanent balance	0	0	0	0	80,000	80,000	80,000
<b>Restricted:</b>							
Capital projects	0	0	713,609	8,900,985	6,434,193	16,048,787	16,048,787
Community development	0	2,720,766	0	0	0	2,720,766	2,720,766
Rental housing program	0	0	0	0	209,224	209,224	209,224
Cultural services	1,041,185	0	0	0	3,588,585	4,629,770	4,629,770
Debt service	0	0	0	0	999,694	999,694	999,694
Road maintenance	0	0	0	0	2,454,060	2,454,060	2,454,060
Public safety communications	0	0	0	0	1,870,964	1,870,964	1,870,964
Solid waste and recycling	0	0	0	0	701,702	701,702	701,702
Urban renewal	0	0	0	0	7,173,573	7,173,573	7,173,573
<b>Committed:</b>							
Construction Permits	0	0	0	0	2,313,139	2,313,139	2,313,139
Special assessments	0	0	0	0	2,536,667	2,536,667	2,536,667
Telecommunications	0	0	0	0	7,564,128	7,564,128	7,564,128
<b>Assigned:</b>							
Unappropriated							
ending fund balance	21,150,000	0	0	0	0	21,150,000	21,150,000
Capital projects	0	0	5,506,138	0	0	5,506,138	5,506,138
Cultural services	1,342,578	0	0	0	0	1,342,578	1,342,578
Reserve for encumbrances	1,201,735	0	0	0	0	1,201,735	1,201,735
Reserve for next year's spending	1,325,082	0	0	0	0	1,325,082	1,325,082
Reserve for revenue shortfall	10,428,107	0	0	0	0	10,428,107	10,428,107
Other reserves	1,872,779	0	0	0	0	1,872,779	1,872,779
Unassigned	3,330,380	0	0	0	0	3,330,380	3,330,380
<b>Total fund balances</b>	<b>\$ 43,090,866</b>	<b>2,720,766</b>	<b>6,219,747</b>	<b>8,900,985</b>	<b>39,681,993</b>	<b>100,614,357</b>	

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(O) Indirect Expenses Allocation

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

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

(A) Explanation of 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 of governmental activities in the Statement of Net Assets (Exhibit 1). The following are selected elements of that reconciliation.

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 \$37,373,503 difference are as follows:

Receivables:	
Interest	\$ 1,401,818
Taxes	7,299,836
Systems development charges	704,211
Municipal court	636,221
Assessments	1,020,607
Loans and notes	<u>27,363,358</u>
Subtotal	38,426,051
Allowance for uncollectibles	<u>(1,052,548)</u>
Net adjustment	<u>\$ 37,373,503</u>

Capital assets are not financial resources in governmental funds, but reported in the Statement of Net Assets at their net depreciable value. The details of this \$401,437,443 difference are as follows:

Capital assets (net of accumulated depreciation) reported in the Statement of Net Assets - governmental activities column:	
Land and construction in progress	\$ 96,520,937
Other capital assets (net of accumulated depreciation)	324,835,773
Capital assets (net of accumulated depreciation) reported in internal service funds included in the Statement of Net Assets - governmental activities column	<u>(19,919,267)</u>
Net adjustment	<u>\$ 401,437,443</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

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

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

All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds. The details of this \$53,764,705 difference are as follows:

Bonds payable (less: deferred charge for issuance costs)	\$ (37,390,897)
Notes and contracts payable	(7,895,000)
Accrued interest payable	(142,481)
Compensated absences	(7,769,669)
Net OPEB obligation	<u>(566,658)</u>
Net adjustment	<u>\$ (53,764,705)</u>

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

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

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. The details of this \$3,215,549 difference are as follows:

Change in deferred revenue from the following sources:	
Property taxes receivable	\$ 1,608,944
Special assessments receivable	(256,969)
System development charges receivable	(987,159)
Municipal court receivables	(563,470)
Notes receivable	<u>3,329,424</u>
Subtotal	3,130,770
Change in the allowance for uncollectibles	<u>84,779</u>
Net adjustment	<u>\$ 3,215,549</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 \$778,221 difference are as follows:

Donations of capital assets	\$ 189,397
Sale of capital assets	<u>588,824</u>
Net adjustment	<u>\$ 778,221</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

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

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

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 \$466,699 difference are as follows:

Compensated absences	\$	(357,608)
Net OPEB obligation		(193,518)
Accrued interest		88,765
Amortization of issuance costs		<u>(4,338)</u>
Net adjustment	\$	<u><u>(466,699)</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 \$10,556,999 difference are as follows:

Capital outlay	\$	28,617,017
Depreciation expense		<u>(18,060,018)</u>
Net adjustment	\$	<u><u>10,556,999</u></u>

Repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. The payment of debt principal affects the Statement of Activities and is reported as a decrease in noncurrent liabilities in the Statement of Net Assets. The details of this \$2,798,147 difference are as follows:

Debt issued:		
Issuance of general obligation bonds	\$	(20,004,606)
Issuance of notes payable		<u>(1,777,000)</u>
		<u>(21,781,606)</u>
Principal payments:		
General obligation debt		23,449,164
Certificates of participation		215,000
Limited tax bonds		198,589
Tax increment bonds		<u>717,000</u>
		<u>24,579,753</u>
Net adjustment	\$	<u><u>2,798,147</u></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><u>(1,769,385)</u></u>
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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(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 taxpayer 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, 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.

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 \$19,737,171.

(B) Overexpenditures of Appropriations

For the year ended June 30, 2012, the Parking Services Fund had budget-basis expenses in excess of legal appropriations of \$171,789.

(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 Assets, the Statement of Fund Net Assets, or the Balance Sheet as "Equity in pooled cash and investments." Cash and investments are comprised of the following at June 30, 2012:

Cash on hand	\$	47,630
Cash with fiscal agent		513,810
Deposits with banks		17,477,203
Investments		174,177,962
	\$	<u>192,216,605</u>

Deposits

At June 30, 2012, the City's deposits with various financial institutions had a bank value of \$21,176,381, which included \$10,306,846 in time certificates of deposits and \$513,810 held by escrow companies (cash with fiscal agent). 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.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(A) Equity in Pooled Cash and Investments, continued

Deposits, continued

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

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

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

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2012, the City had deposits of \$1,246,569 insured by federal depository insurance and \$19,415,911 collateralized under the PFCP.

At June 30, 2012, the City had \$513,810 in deposits (cash with fiscal agent) held by escrow companies that were uninsured and uncollateralized.

Investments

As of June 30, 2012, the City held the following investments and maturities:

<u>Investment type</u>	<u>Carrying value</u>	<u>Weighted average maturity in years</u>	<u>% of investment portfolio</u>
Corporate securities	\$ 6,872,811	0.620	3.9%
Local government investment pool	40,715,441	0.003	23.5%
Municipal bonds	32,993,356	0.812	18.9%
U.S. agency securities	91,596,514	1.381	52.6%
U.S. treasury securities	1,999,840	0.125	1.1%
Total	<u>\$ 174,177,962</u>	<u>0.907</u>	<u>100.0%</u>

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

*Interest Rate Risk*

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

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

With the exception of pass-through funds, the maximum amount of pooled investments to be placed in the Local Government Investment Pool is limited by Oregon Statute to \$44,474,164, which will increase proportionately to the Portland Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

*Credit Risk*

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

At June 30, 2012, the City's investments were rated as follows:

<u>Investment type</u>	<u>Total</u>	<u>Highest Rating From</u>				<u>Not rated</u>
		<u>Moody's Investors Service or Standard &amp; Poor's Corporation</u>				
		<u>Aaa/AA</u>	<u>Aa/AA</u>	<u>A/A</u>	<u>D</u>	
Corporate securities	\$ 6,872,811	0	6,872,811	0	0	0
Local government investment pool	40,715,441	0	0	0	0	40,715,441
Municipal bonds	32,993,356	2,303,775	28,597,340	1,369,335	722,906	0
U.S. agency securities	91,596,514	91,596,514	0	0	0	0
U.S. treasury securities	1,999,840	1,999,840	0	0	0	0
<b>Total</b>	<b>\$ 174,177,962</b>	<b>95,900,129</b>	<b>35,470,151</b>	<b>1,369,335</b>	<b>722,906</b>	<b>40,715,441</b>

Subsequent to year end, the City received principal payments of \$722,906 on the Greater Wenatchee Regional Events Center Public Facilities District Limited Sales Tax Bond Anticipation Notes, Series 2008. Standard & Poor's Rating Services downgraded this security's rating to "D" following the District's failure to make scheduled principal payments on the bond anticipation notes on December 1, 2011.

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

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, 2012, 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, 2012 included: Corporate Notes (46.9%), U.S. Treasury and Agency Securities (41.1%), Government Guaranteed Corporate Securities (5.7%), Commercial Paper (3.3%), Municipal Bonds (1.3%), Certificates of Deposits (0.9%), and Non-US Government Debt (0.8%). The credit risk associated with the investments was: AA rating (36.3%), A rating (33.9%), BBB rating (7.1%), and not rated (22.7%).

*Concentration of Credit Risk*

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(B) Receivables

Receivables for individual major funds, internal service funds, and other governmental funds in the aggregate, including the applicable allowances for uncollectible accounts at June 30, 2012, are as follows:

<u>Fund description</u>	<u>Interest</u>	<u>Taxes</u>	<u>Accounts</u>	<u>Assessments</u>	<u>Loans and notes</u>	<u>Total gross receivables</u>	<u>Less allowance for uncollectibles</u>	<u>Total net receivables</u>
General	\$ 1,218,078	6,429,540	2,410,104	0	0	10,057,722	(240)	10,057,482
Community Development	70,298	0	32,202	0	23,899,926	24,002,426	0	24,002,426
Systems Development Capital Projects	0	0	784,784	0	5,124	789,908	0	789,908
Ambulance Transport	0	0	1,455,008	0	0	1,455,008	(345,950)	1,109,058
Municipal Airport	0	0	821,684	0	146,986	968,670	(10,987)	957,683
Parking Services	0	0	389,968	0	0	389,968	(111,544)	278,424
Stormwater Utility	0	0	1,823,750	0	0	1,823,750	(7,758)	1,815,992
Wastewater Utility	0	0	1,331,222	0	11,004	1,342,226	(5,034)	1,337,192
Internal service funds	194,288	1,145,152	45,017	0	300,000	345,017	(6,650)	338,367
Other governmental funds	<u>1,482,664</u>	<u>7,574,692</u>	<u>10,773,562</u>	<u>1,046,239</u>	<u>3,584,414</u>	<u>7,649,916</u>	<u>(72,158)</u>	<u>7,577,758</u>
	\$ <u>1,482,664</u>	<u>7,574,692</u>	<u>10,773,562</u>	<u>1,046,239</u>	<u>27,947,454</u>	<u>48,824,611</u>	<u>(560,321)</u>	<u>48,264,290</u>

Government-wide adjustment  
for uncollectibles

(1,052,548)

Receivables (net of allowance) -

Government-wide Statement of Net Assets

47,211,742

As of June 30, 2012, the City had two outstanding loans receivable under the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee program totaling \$7,799,000 for which the City is contingently liable. Further information on these two loans is available in the Notes Payable section of Note 4 (H) Noncurrent Liabilities.

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>Internal service funds</u>	<u>Other governmental funds</u>	<u>Total transfers out</u>
General	\$ 0	3,469,300	610,300	1,819,170	223,770	6,122,540
Community Development	0	0	0	0	2,354,318	2,354,318
General Capital Projects	0	0	0	0	552,727	552,727
Ambulance Transport	354,890	0	0	0	0	354,890
Parking Services	1,328,672	0	0	0	0	1,328,672
Internal service funds	0	0	0	0	1,296,641	1,296,641
Other governmental funds	984,458	0	0	0	239,258	1,223,716
Total transfers in	\$ 2,668,020	3,469,300	610,300	1,819,170	4,666,714	13,233,504

Transfers are routinely made for the following purposes:

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

Other transfers include \$1.3 million transferred from the Parking Services fund to the General Fund to support general operations, \$1.2 million transferred from the General Fund to the Fleet Services fund for future replacement of equipment, and \$0.5 million transferred from the General Fund to the Facilities Services Fund for future replacement/refurbishment of City Hall.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(D) Due From Other Governments

Amounts due from other governments at June 30, 2012, are presented below.

Fund description	State	Federal	County	Eugene Water and Electric Board			Total
				MWMC	Other	Total	
General	\$ 401,532	34,350	525,014	0	173,678	2,335,339	
Community Development	43,693	853,216	0	0	0	896,909	
Ambulance Transport	15,413	0	42	0	0	15,455	
Municipal Airport	0	239,375	0	0	0	239,375	
Parking Services	115,702	0	0	0	0	115,702	
Stormwater Utility	1,440	35,204	31,750	0	3,313	71,707	
Wastewater Utility	0	0	0	1,189,821	56,790	1,246,611	
Internal service funds	84,615	110	4,634	0	6,688	96,047	
Other governmental funds	<u>1,905,879</u>	<u>45,115</u>	<u>180,906</u>	<u>17,186</u>	<u>91,303</u>	<u>2,240,437</u>	
Total due from other governments - Government-wide Statement of Net Assets	<u>\$ 2,568,274</u>	<u>1,207,370</u>	<u>742,346</u>	<u>1,217,951</u>	<u>331,772</u>	<u>7,257,582</u>	

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, 2012 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	\$ 69,611,011	891,619	(1,935,068)	68,567,562
Construction in progress	22,316,636	12,639,692	(7,002,953)	27,953,375
Total capital assets, not being depreciated	<u>91,927,647</u>	<u>13,531,311</u>	<u>(8,938,021)</u>	<u>96,520,937</u>
Capital assets, being depreciated:				
Buildings and equipment	219,542,105	4,765,700	(1,903,307)	222,404,498
Improvements other than buildings	78,054,414	2,274,021	0	80,328,435
Infrastructure	267,823,926	17,267,479	0	285,091,405
Total capital assets being depreciated	<u>565,420,445</u>	<u>24,307,200</u>	<u>(1,903,307)</u>	<u>587,824,338</u>
Less accumulated depreciation for:				
Buildings and equipment	(80,579,518)	(7,702,237)	1,760,098	(86,521,657)
Improvements other than buildings	(34,635,440)	(3,338,559)	0	(37,973,999)
Infrastructure	(128,452,181)	(10,040,728)	0	(138,492,909)
Total accumulated depreciation	<u>(243,667,139)</u>	<u>(21,081,524)</u>	<u>1,760,098</u>	<u>(262,988,565)</u>
Total capital assets, being depreciated, net	<u>321,753,306</u>	<u>3,225,676</u>	<u>(143,209)</u>	<u>324,835,773</u>
Governmental activities capital assets, net	<u>\$ 413,680,953</u>	<u>16,756,987</u>	<u>(9,081,230)</u>	<u>421,356,710</u>

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(E) Capital Assets, continued

Business-type activities:

Capital assets, not being depreciated:

	Beginning balance	Increases	Decreases	Ending balance
Land	\$ 13,834,865	3,307,840	0	17,142,705
Construction in progress	3,540,458	6,110,684	(845,411)	8,805,731
Total capital assets, not being depreciated	<u>17,375,323</u>	<u>9,418,524</u>	<u>(845,411)</u>	<u>25,948,436</u>

Capital assets, being depreciated:

Buildings and equipment	66,352,321	191,059	0	66,543,380
Improvements other than buildings	101,954,560	175,467	0	102,130,027
Storm sewers	53,737,536	1,959,477	0	55,697,013
Trunk sewers	152,882,695	1,368,644	0	154,251,339
Total capital assets being depreciated	<u>374,927,112</u>	<u>3,694,647</u>	<u>0</u>	<u>378,621,759</u>

Less accumulated depreciation for:

Buildings and equipment	(27,334,954)	(1,723,985)	0	(29,058,939)
Improvements other than buildings	(46,550,357)	(4,170,355)	0	(50,720,712)
Storm sewers	(13,857,883)	(1,321,201)	0	(15,179,084)
Trunk sewers	(63,024,750)	(3,557,378)	0	(66,582,128)
Total accumulated depreciation	<u>(150,767,944)</u>	<u>(10,772,919)</u>	<u>0</u>	<u>(161,540,863)</u>

Total capital assets, being depreciated, net

	<u>224,159,168</u>	<u>(7,078,272)</u>	<u>0</u>	<u>217,080,896</u>
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Business-type activities capital assets, net

	<u>\$ 241,534,491</u>	<u>2,340,252</u>	<u>(845,411)</u>	<u>243,029,332</u>
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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	\$	188,828
Fire and emergency medical services		1,108,832
Library, recreation, and cultural services		2,241,846
Planning and development		406,654
Police		819,351
Public works		13,294,506
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		3,021,507
	\$	21,081,524

Business-type activities:

Ambulance transport	\$	37,734
Municipal airport		4,775,285
Parking services		805,366
Stormwater utility		1,418,269
Wastewater utility		3,736,265
	\$	10,772,919

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(F) 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. In addition, governmental funds and proprietary funds report deferred revenue in connection with resources that have been received but not yet earned. The various components of deferred revenue consist of the following:

<u>Fund by type</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable:			
General	\$ 7,372,762	0	7,372,762
Other governmental funds	1,328,892	0	1,328,892
Assessments receivable:			
Other governmental funds	1,046,654	0	1,046,654
Systems development charges receivable:			
Systems Development Capital Projects	704,211	0	704,211
Notes receivable:			
Community Development Special Revenue	23,783,416	0	23,783,416
Systems Development Capital Projects	5,124	0	5,124
Other governmental funds	3,546,963	0	3,546,963
Other:			
General	636,221	1,574,910	2,211,131
Community Development Special Revenue	0	8,198	8,198
Ambulance Transport	0	449,732	449,732
Municipal Airport	0	64,375	64,375
Parking Services	0	98,889	98,889
Wastewater Utility	0	523	523
Stormwater Utility	0	189,665	189,665
Internal service funds	0	517,428	517,428
Other governmental funds	1,806	429,354	431,160
Total deferred revenue	<u>\$ 38,426,049</u>	<u>3,333,074</u>	<u>41,759,123</u>

(G) Operating Leases

The City conducts some of its operations from leased facilities located both inside and outside the central business district. All such leases for facilities are classified as operating leases and expire within the next six years. The total rental expense for the year ended June 30, 2012, for operating leases was \$967,600. 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. These options enable the City to retain use of facilities in desirable operating areas.

continued

CITY OF EUGENE, OREGON  
Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(G) Operating Leases, continued

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012:

<u>Fiscal year ending June 30</u>	<u>Rentals</u>
2013	\$ 1,647,671
2014	1,598,350
2015	1,306,157
2016	1,113,138
2017	<u>1,058,985</u>
Total minimum future rentals	<u>\$ 6,724,301</u>

(H) Noncurrent Liabilities

General Obligation Bonds

The City issues general obligation bonds to finance major construction projects in governmental and business-type activities. G.O. bonds in governmental activities are backed by the full faith and credit and unlimited taxing power of the City and are serviced by general property tax revenues. The City's G.O. bonded debt is subject to a debt limit of 3% of real market value per Oregon Revised Statutes 287A.050. For the year ended June 30, 2012, the City had 96% of capacity available.

General Obligation Bond and Revolving Credit Facility (Street)

On November 4, 2008, Eugene voters passed Measure 20-145, authorizing the City to issue a maximum of \$35,900,000 of general obligation (G.O.) bonds. The proceeds from the sale of the bonds are to be used for street preservation. The City can issue the bonds in one or more series. The bonds can be issued to provide interim financing and to refund the bonds that provide interim financing. As of June 30, 2012, the City had \$15,250,000 in authorized borrowing remaining.

The City has a G.O. and revolving credit facility with Bank of America, N.A. which matures on June 1, 2014 and has an authorized limit of \$4,000,000. The City elects from either a LIBOR based taxable or tax exempt interest rate for each draw. As of June 30, 2012, 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 (Street and Off-Street Bike and Pedestrian Paths) is backed by the full faith and credit of the City and is included in the City's G.O. debt limit.

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
G.O. bond and revolving credit facility (Street)	\$ <u>0</u>	<u>7,340,000</u>	<u>(7,340,000)</u>	<u>0</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

General Obligation Bond and Revolving Credit Facility (POS)

On November 7, 2006, Eugene voters passed Measure 20-110, authorizing the City to issue a maximum of \$27,490,000 of general obligation (G.O.) bonds. The proceeds from the sale of the bonds are to be used for the purchase of land for parks and open space, and the construction and improvement of athletic fields and the West Eugene Wetlands Education Center. The City can issue the bonds in one or more series. The bonds can be issued to provide interim financing and to refund the bonds that provide interim financing. As of June 30, 2012, the City had \$12,338,800 in authorized borrowing remaining.

On May 31, 2007, the City entered into a General Obligation Bond and Revolving Credit Facility with Bank of America, N.A. currently bearing interest at 0.75% with a maturity date of June 1, 2014. The facility has an authorized limit of \$6,875,000 outstanding at any given time and is further limited to a maximum of the amount authorized under the bond measure. As of June 30, 2012, the City had a \$0 balance on the credit facility.

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

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
G.O. bond and revolving credit facility (POS)	\$ <u>1,574,164</u>	<u>1,200,000</u>	<u>(2,774,164)</u>	<u>0</u>

General Obligation Refunding Bonds

On December 1, 2011, the City issued \$10,975,000 of General Obligation Refunding Bonds, Series 2011, bearing a fixed interest rate of 2.0% to 3.0%, and maturing on June 1, 2022. The bonds were sold at a premium of \$489,606. The proceeds of the Bonds were used to refund \$5,430,000 of the Fire Projects Bonds, Series 2002, \$4,431,000 of the Parks and Open Spaces Bonds, Series 2008, and \$1,400,000 of the General Obligation Bond and Revolving Credit Facility obligation.

The refunding of the Fire Projects Bonds, Series 2002, the Parks and Open Spaces Bonds, Series 2008, and the General Obligation Bond and Revolving Credit Facility obligation resulted in an economic gain and a net savings as a result of the refunding. The economic gain realized in this refunding was \$1,030,000 and the net savings resulting from the refunding was as follows:

Cash flow requirements to service old debt	\$ 13,383,123
Less: Cash flow requirements for new debt	<u>(12,393,138)</u>
Net cash from refunding	<u>\$ 989,985</u>

continued

CITY OF EUGENE, OREGON  
Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

General Obligation Refunding Bonds, continued

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
General obligation bonds serviced by general property taxes:			
Parks and Open Spaces Bonds, Series 2004	6,305,000	2.500% to 4.650%	3,630,000
General Obligation Refunding Bonds, Series 2006	24,990,000	3.500% to 4.125%	14,820,000
General Obligation Refunding Bonds, Series 2011	<u>10,975,000</u>	2.000% to 3.000%	<u>10,460,000</u>
Total general obligation bonds	<u>\$ 42,270,000</u>		<u>28,910,000</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>
2013	\$ 3,990,000	1,009,863
2014	4,125,000	874,463
2015	4,265,000	734,263
2016	4,410,000	588,963
2017	3,045,000	422,031
2018-2022	8,745,000	719,550
2023	<u>330,000</u>	<u>15,345</u>
	<u>\$ 28,910,000</u>	<u>4,364,478</u>

Certificates of Participation

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

continued

CITY OF EUGENE, OREGON  
Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Certificates of Participation, continued

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Certificates of participation serviced by general property taxes:			
Santa Clara Fire Station, Series 2003	\$ 2,090,000	2.000% to 4.000%	430,000
Certificates of participation serviced by specific fund revenues:			
Atrium Obligations, Series 1998A (tax-exempt)	1,200,000	3.700% to 4.900%	495,000
Atrium Obligations, Series 1998B (taxable)	<u>1,200,000</u>	6.125% to 6.200%	<u>540,000</u>
Total certificates of participation	<u>\$ 4,490,000</u>		<u>1,465,000</u>

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

Fiscal year ending June 30	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 360,000	73,823
2014	370,000	57,855
2015	165,000	40,770
2016	180,000	31,700
2017	190,000	21,730
2018	<u>200,000</u>	<u>11,165</u>
	<u>\$ 1,465,000</u>	<u>237,043</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.

continued

CITY OF EUGENE, OREGON  
Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Limited Tax Bonds, continued

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Limited tax bonds:			
Limited Tax Pension Bonds, Series 2002	\$ 84,335,000	2.000% to 7.410%	63,568,860
Limited Tax Improvement Bonds, Series 2006	1,036,427	5.100%	235,417
Limited Tax Improvement Bonds, Series 2011	<u>580,000</u>	7.050%	<u>486,451</u>
Total limited tax bonds	<u>\$ 85,951,427</u>		<u>64,290,728</u>

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

Total limited tax bonds	\$ 64,290,728
Less: Accretion of deep discount	<u>(7,841,138)</u>
Total debt service requirements for limited tax bonds	<u>\$ 56,449,590</u>

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

Fiscal year <u>ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 0	49,093
2014	0	49,093
2015	0	49,093
2016	235,417	49,093
2017	0	34,295
2018-2022	0	171,475
2023-2027	<u>486,451</u>	<u>154,327</u>
	<u>\$ 721,868</u>	<u>556,469</u>

continued

CITY OF EUGENE, OREGON  
Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Limited Tax Bonds, continued

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

Fiscal year ending June 30	Governmental activities	
	Principal	Interest
2013	\$ 899,457	4,344,915
2014	949,798	4,559,574
2015	978,861	4,805,512
2016	1,003,922	5,065,451
2017	1,027,454	5,336,919
2018-2022	14,923,230	21,833,565
2023-2027	31,005,000	8,690,594
2028	4,940,000	338,390
	55,727,722	54,974,920
Total limited tax bonds	\$ 56,449,590	55,531,389

Tax Increment Bonds

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

<u>Governmental activities</u>	<u>Original issuance</u>	<u>Interest rates (%)</u>	<u>Ending balance</u>
Tax increment bonds:			
URA Tax Increment Bonds, Series 2011	\$ 7,900,000	5.200%	7,183,000
Total limited tax bonds	\$ 7,900,000		7,183,000

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Tax Increment Bonds, continued

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

Fiscal year ending June 30	Governmental activities	
	Principal	Interest
2013	\$ 754,000	373,516
2014	794,000	334,308
2015	835,000	293,020
2016	878,000	249,600
2017	924,000	203,944
2018-2020	<u>2,998,000</u>	<u>313,404</u>
	<u>\$ 7,183,000</u>	<u>1,767,792</u>

Conduit Debt

On December 27, 2010, the City issued \$6.9 million 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 Bennett Building, which is located within the City's Urban Renewal Downtown District. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, \$6.9 million of the bonds were outstanding.

Notes Payable

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

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

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

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

continued

CITY OF EUGENE, OREGON  
Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Notes Payable, continued

<u>Governmental activities</u>	<u>Loan amount</u>	<u>Interest rate</u>	<u>Ending balance</u>
Notes payable:			
Housing and Urban Development -			
Washburne and Centre Court Building	\$ 2,706,000	varies	2,706,000
Washburne and Centre Court Building Rehabilitation	<u>5,189,000</u>	varies	<u>5,189,000</u>
	<u>\$ 7,895,000</u>		<u>7,895,000</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>
2013	\$ 128,000	51,844
2014	248,000	49,942
2015	248,000	48,308
2016	328,000	46,280
2017	328,000	44,119
2018-2022	1,740,000	187,361
2023-2027	2,040,000	124,616
2028-2030	<u>2,835,000</u>	<u>25,749</u>
	<u>\$ 7,895,000</u>	<u>578,219</u>

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

Compensated Absences

At June 30, 2012, the City reported compensated absences of \$8,670,758 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, 2012, internal service fund debt included the Atrium Obligations of \$1,035,000, Limited Tax Pension Bonds of \$63,568,860, deferred bond discounts net of premiums of \$110,162, and \$901,089 in compensated absences.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(H) Noncurrent Liabilities, continued

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2012 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<u>Governmental activities</u>					
General obligation bonds	\$ 32,844,164	19,515,000	(23,449,164)	28,910,000	3,990,000
Limited tax bonds	65,030,281	0	(739,553)	64,290,728	899,457
Tax increment bonds	7,900,000	0	(717,000)	7,183,000	754,000
Deferred issuance discount/premium	(33,274)	489,606	(46,037)	410,295	0
Total bonds payable	<u>105,741,171</u>	<u>20,004,606</u>	<u>(24,951,754)</u>	<u>100,794,023</u>	<u>5,643,457</u>
Compensated absences payable	8,272,396	8,273,526	(7,875,164)	8,670,758	8,488,358
Notes and contracts payable	6,118,000	1,777,000	0	7,895,000	128,000
Certificates of participation payable	1,820,000	0	(355,000)	1,465,000	360,000
Net OPEB obligation	4,104,865	273,829	(25,433)	4,353,261	0
Governmental activities - noncurrent liabilities	<u>\$ 126,056,432</u>	<u>30,328,961</u>	<u>(33,207,351)</u>	<u>123,178,042</u>	<u>14,619,815</u>
<u>Business-type activities</u>					
Compensated absences payable	\$ 1,858,428	1,806,739	(1,728,342)	1,936,825	1,810,678
Net OPEB obligation	92,391	58,394	(876)	149,909	0
Business-type activities - noncurrent liabilities	<u>\$ 1,950,819</u>	<u>1,865,133</u>	<u>(1,729,218)</u>	<u>2,086,734</u>	<u>1,810,678</u>

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information

(A) Risk Management

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

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

Coverage for workers' compensation, general liability, and employees' health claims in excess of the self-insurance retention limit is purchased from commercial insurers. The City also purchases all-risk property insurance coverage from a commercial insurer. The property insurance policy has a basic \$25,000 deductible, with earthquake and flood insurance coverages subject to the following deductibles: flood - \$250,000 deductible per occurrence; earthquake – 2% of the combined value of the property at the location, subject to a minimum deductible of \$100,000 per location and the deductible applies separately to each location.

There were three major liability claims litigated in FY12 which had been incurred in FY08 and FY09 which resulted in unusually high claims costs. For both of these years the City had a \$500,000 self-insured retention. One of the claims has exceeded the self-insured retention in place for those years, however, the jury verdict against the City for one claim is on appeal. If the City loses the appeal this claim will exceed the \$500,000 self-insured retention. There was also a workers' compensation claim for which \$168,000 was paid in FY12. During the previous three fiscal years, there were no liability claims that exceeded the insurance coverage levels.

At June 30, 2012, a total claims liability of \$11,828,162 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>
2011	\$ 10,332,251	19,967,474	(19,383,116)	10,916,609
2012	10,916,609	22,069,113	(21,157,560)	11,828,162

continued

## CITY OF EUGENE, OREGON

### Notes to Basic Financial Statements

(5) Other Information, continued

(B) Joint Ventures

The City is a participant with Lane County, the City of Springfield, the Eugene Water and Electric Board, and the Lane Council of Governments in the Regional Executive Group (REG). The REG is governed by a seven-member board consisting of the Chief Administrative Officer of each of the participating governments, plus the County Assessor and the County Sheriff, all of whom have an equal vote in the REG operations. The REG is a joint venture established by intergovernmental agreement to administer and set policy for the Regional Information Service (RIS), the computer center serving the participating governments. The City maintains an ongoing financial responsibility for its share of RIS liabilities and for its proportionate share of any RIS contracts entered into while bound by the intergovernmental agreement, until such contracts are paid off. Additionally, the City has an ongoing financial responsibility as the REG's primary customer, providing approximately 41% of its revenues. Although the City has no explicit, measurable equity interest in the REG, it does maintain a residual interest in RIS assets upon dissolution of the joint venture. The REG does not issue a separate financial report.

All RIS financial activity is accounted for in the Information Services Fund, an enterprise fund of the Lane County reporting entity. Lane County's most recently published financial statement was for the year ended June 30, 2011, where its Information Services Fund reflected operating income of \$2,157,170, an increase in net assets of \$2,205,999 and total net assets of \$15,121,948. For the fiscal year ended June 30, 2012, the City paid \$2,498,158 to Lane County for its share of RIS operations.

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

MWMC contracts with the City for operation of the regional sewerage facilities on a cost reimbursement basis which is accounted for in the Wastewater Utility Fund. For the fiscal year ended June 30, 2012, the City provided billable operations to MWMC costing \$12,346,116 and MWMC owed the City \$1,189,821 for unreimbursed costs at year-end. The City of Springfield includes the MWMC as a component unit of its financial reporting entity. MWMC's most recently published financial statement was for the year ended June 30, 2011, which reflected net income of \$4,583,219 and total fund equity of \$121,530,363. Separate financial statements for MWMC can be obtained from the City of Springfield Finance Department.

(C) Retirement Plan

Plan Description

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan, continued

Plan Description, continued

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (OPSRP) a cost-sharing multiple-employer defined benefit and defined contribution pension plan. OPSRP is effective for all employees hired on or after August 29, 2003. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary, years of service, and a factor that varies based on type of service (general versus police or fire).

The defined contribution portion of OPSRP is provided to all members who are PERS or OPSRP eligible. 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. Those employees who had established a PERS membership prior to the creation of OPSRP will retain their existing PERS accounts, but member contributions made after the beginning of 2004 will be deposited into the member's IAP account.

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

Funding Policy

The City has elected to pay all of the employees' required IAP contributions. For the fiscal year ended June 30, 2012, the 6.0% IAP contribution was \$5,503,895 (6.01% of covered payroll). In addition to the IAP contribution, the City contributed 10.1% of covered payroll to the defined benefit pension plans. This contribution rate was determined as part of the December 31, 2009 PERS and OPSRP actuarial valuations. The most recent actuarial valuation was prepared as of December 31, 2011. The 2011 valuation was used to establish rates as of July 1, 2013. The City also charged an internal rate of 5.5% of payroll to departments to fund the repayment of the City's pension obligation bonds, which were issued in 2002.

Annual Pension Cost

The City of Eugene has submitted contributions as required by OPERB. For the fiscal year ended June 30, 2012, the City's annual pension expenditures/expense exclusive of the 6.0% IAP contribution was \$13,244,961. This amount consisted of the annual required contribution to the defined benefit pension plans of \$11,522,069 and \$1,722,892 in amortization of pension assets. The City's contributions were equal to the annual required contributions, which were less than the annual pension cost as a result of the amortization of pension assets. The City's annual pension cost and pension assets for the year ended June 30, 2012, were as follows:

Annual required contribution	\$ 11,522,069
Interest on pension assets	(4,651,839)
Adjustment to the annual required contribution	6,374,731
Annual pension cost	13,244,961
Contributions made	11,522,069
Decrease in pension assets	(1,722,892)
Pension assets, beginning of year	58,147,991
Pension assets, end of year	\$ 56,425,099

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(C) Retirement Plan, continued

Annual Pension Cost, continued

The City's annual pension cost, the contribution, the percentage of annual pension cost contributed to the plan, and the pension assets for fiscal year ending June 30, 2012 and the preceding two years were as follows:

<u>Fiscal year ending June 30</u>	<u>Annual pension cost (APC)</u>	<u>Contribution</u>	<u>Percentage of APC contributed</u>	<u>Pension assets</u>
2010	\$ 10,371,206	8,894,103	86%	59,743,261
2011	10,683,385	9,088,115	85%	58,147,991
2012	13,244,961	11,522,069	87%	56,425,099

Funded Status and Funding Progress

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

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

Actuarial Methods and Assumptions

For the fiscal year ending June 30, 2012, the City's annual required contribution rate for PERS and OSRP was based on the December 31, 2009 actuarial valuation using the projected unit credit method.

The actuarial assumptions for the December 31, 2009 PERS and OPSRP actuarial valuations included an investment return of 8.0% (8.5% for PERS variable account balances), a projected salary growth of 3.75%, and a projected inflation rate of 2.75%. The PERS actuarial valuation included a healthcare cost inflation trend rate of 7.0% in 2010 decreasing to 4.5% in 2029. The actuarial value of assets equals the market value of assets. The unfunded actuarially accrued liability and plan gains and losses are amortized as a level percentage of the combined valuation payroll over a closed period of 20 years for PERS and 16 years for OPSRP.

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

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(D) Other Post-employment Benefits (OPEB)

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

Plan Description

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

Funding Policy

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

<u>Fiscal year</u> <u>ending June 30</u>		<u>Contribution</u>
2010	\$	236,218
2011		236,631
2012		515,974

*City Healthcare Plan*

Plan Description

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

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

*City Healthcare Plan, continued*

Plan Description, continued

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

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

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

Funding Policy

The City has the authority to establish and amend contribution requirements. The required contribution is based on projected pay-as-you-go financing requirements. Since the City's healthcare plan is self-insured, the annual required contributions can fluctuate. For the fiscal year ending June 30, 2012, the City's combined plan contributions were \$628,719.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2012, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	\$	995,671
Interest on net OPEB obligation		218,257
Adjustment to the annual required contribution		<u>(279,294)</u>
Annual OPEB cost (expense)		934,634
Contributions made		<u>628,719</u>
Increase in net OPEB obligation		305,915
Net OPEB obligation, beginning of year		<u>4,197,255</u>
Net OPEB obligation, end of year	\$	<u><u>4,503,170</u></u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Annual OPEB Cost and Net OPEB Obligation, continued

The City's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2012 and the preceding two years were as follows:

<u>Fiscal year ending June 30</u>		<u>Annual OPEB cost</u>	<u>Contribution</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2010	\$	1,501,673	1,567,333	104%	4,112,887
2011		935,860	851,492	91%	4,197,255
2012		934,634	628,719	67%	4,503,170

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$9,502,642, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$9,502,642. The covered payroll (annual payroll of active employees covered by the plans) was \$91,224,907, and the ratio of the UAAL to the covered payroll was 10%.

As of June 30, 2012, the City has set aside \$3,694,196 to pay for future post-employment benefits, which is included in the unrestricted portion of net assets in the Risk and Benefits Internal Service Fund. Since these assets have not been placed in a qualified trust (or equivalent arrangement) they have not been recognized as part of the actuarial valuation.

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

Actuarial Methods and Assumptions

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

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

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

Actuarial Methods and Assumptions, continued

The June 30, 2011 actuarial valuations for the healthcare plan and the post-employment life insurance benefits for disabled employees were based on the entry age normal and the projected unit credit actuarial cost methods, respectively. The actuarial assumptions for both valuations included an investment return of 5.2%. The healthcare plan actuarial valuation included a healthcare cost inflation trend rate of 9.0% in 2010 decreasing to 6.0% in 2020. The unfunded actuarially accrued liability and the gains and losses for both plans are amortized as a level dollar amount over an open period of 30 years.

(E) 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.

(F) Outstanding Encumbrances

At June 30, 2012, the City has encumbered the following significant commitments:

<u>Fund</u>	<u>Amount</u>
General	\$ 1,201,735
Community Development Special Revenue	873,617
General Capital Projects	1,960,944
Systems Development Capital Projects	31,863
Municipal Airport	2,042,595
Parking Services	127,724
Stormwater Utility	1,051,384
Wastewater Utility	112,553
Internal service funds	2,557,509
Other governmental funds	<u>4,235,842</u>
Total outstanding encumbrances	<u>\$ 14,195,766</u>

(G) Prior Period Adjustment

In FY09, the City contributed a vacant lot and \$307,433 in cash to acquire three tax lots (a building and two parking lots) adjacent to the old Sears building site. In FY11, the City donated the parking lots and the former Sears site to Lane Community College for construction of their new downtown facility.

In FY12, the remaining tax lot (the building at 942 Olive St.) valued at \$860,160, was reclassified to assets held for resale, resulting in a fund balance restatement.

(H) Subsequent Event

On November 6, 2012, Eugene voters passed Measure 20-197, authorizing the City to issue a maximum of \$43,000,000 of general obligation bonds. The proceeds from the sale of the bonds are to be used for street preservation and bicycle and pedestrian projects.

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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, 2012

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
<b>Revenues</b>					
Taxes	93,685,000	93,685,000	95,408,813	0	95,408,813
Licenses and permits	5,909,650	5,909,650	5,882,739	0	5,882,739
Intergovernmental	3,530,013	7,052,711	5,728,876	(63,537)	5,665,339
Rental income	120,648	120,648	114,379	0	114,379
Charges for services	11,108,196	12,036,461	11,020,946	(767,477)	10,253,469
Fines and forfeits	3,124,000	3,136,970	2,631,021	0	2,631,021
Miscellaneous	446,750	481,635	653,588	(58,607)	594,981
<b>Total revenues</b>	<b>117,924,257</b>	<b>122,423,075</b>	<b>121,440,362</b>	<b>(889,621)</b>	<b>120,550,741</b>
<b>Expenditures</b>					
Current - departmental:					
Central services	22,856,736	24,383,635	22,147,598	(6,866,008)	15,281,590
Fire and emergency medical services	24,626,653	26,999,713	24,494,099	(61,175)	24,432,924
Library, recreation, and cultural services	24,893,591	25,943,704	24,841,762	(3,984)	24,837,778
Planning and development	5,933,013	6,559,209	5,803,967	(433,635)	5,370,332
Police	42,049,223	45,078,087	43,619,783	313,893	43,933,676
Public works	6,282,833	6,420,610	5,955,351	(1,740)	5,953,611
Debt service	239,510	239,510	239,510	0	239,510
Intergovernmental	500,000	500,000	410,842	(410,842)	0
<b>Total expenditures</b>	<b>127,381,559</b>	<b>136,124,468</b>	<b>127,512,912</b>	<b>(7,463,491)</b>	<b>120,049,421</b>
Excess (deficiency) of revenues over expenditures	(9,457,302)	(13,701,393)	(6,072,550)	6,573,870	501,320
<b>Other financing sources (uses)</b>					
Transfers in	9,557,848	9,557,848	8,966,512	(6,298,492)	2,668,020
Transfers out	(4,518,659)	(6,122,541)	(6,122,540)	0	(6,122,540)
<b>Total other financing sources (uses)</b>	<b>5,039,189</b>	<b>3,435,307</b>	<b>2,843,972</b>	<b>(6,298,492)</b>	<b>(3,454,520)</b>
Net change in fund balance	(4,418,113)	(10,266,086)	(3,228,578)	275,378	(2,953,200)
Fund balance, July 1, 2011	39,395,312	44,902,016	44,902,016	1,142,050	46,044,066
Fund balance, June 30, 2012	34,977,199	34,635,930	41,673,438	1,417,428	43,090,866

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
<b>Revenues</b>					
Intergovernmental	5,462,818	7,521,405	2,630,404	0	2,630,404
Charges for services	13,600	13,600	15,912	0	15,912
Repayment of revolving loans	0	0	0	1,494,051	1,494,051
Miscellaneous	1,274,050	1,274,050	461,760	(747)	461,013
<b>Total revenues</b>	<b>6,750,468</b>	<b>8,809,055</b>	<b>3,108,076</b>	<b>1,493,304</b>	<b>4,601,380</b>
<b>Expenditures</b>					
Current - departmental:					
Central services	6,000	6,000	0	117,000	117,000
Planning and development	3,634,589	3,750,423	1,698,270	2,014,685	3,712,955
Loans granted	6,287,205	6,182,901	2,014,685	(2,014,685)	0
Debt service	340,315	400,768	45,798	0	45,798
Capital outlay	1,824,548	1,817,665	42,579	0	42,579
Intergovernmental	1,626,000	2,366,000	2,354,318	(2,354,318)	0
<b>Total expenditures</b>	<b>13,718,657</b>	<b>14,523,757</b>	<b>6,155,650</b>	<b>(2,237,318)</b>	<b>3,918,332</b>
Excess (deficiency) of revenues over expenditures	(6,968,189)	(5,714,702)	(3,047,574)	3,730,622	683,048
<b>Other financing sources (uses)</b>					
Principal payments received	2,239,300	2,239,300	1,494,051	(1,494,051)	0
Proceeds of note issuance	1,297,250	1,785,250	1,777,000	0	1,777,000
Transfers out	(117,000)	(117,000)	(117,000)	(2,237,318)	(2,354,318)
<b>Total other financing sources (uses)</b>	<b>3,419,550</b>	<b>3,907,550</b>	<b>3,154,051</b>	<b>(3,731,369)</b>	<b>(577,318)</b>
Net change in fund balance	(3,548,639)	(1,807,152)	106,477	(747)	105,730
Fund balance, July 1, 2011	4,148,639	2,613,361	2,613,361	1,675	2,615,036
<b>Fund balance, June 30, 2012</b>	<b>600,000</b>	<b>806,209</b>	<b>2,719,838</b>	<b>928</b>	<b>2,720,766</b>

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

June 30, 2012

(1) Schedule of Funding Progress – Oregon PERS

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

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

(2) Schedule of Funding Progress – OPEB

Other Post Employment Benefits schedule of funding progress:

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability</u>	<u>Unfunded actuarial accrued liability</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>Unfunded actuarial accrued liability as a percentage of covered payroll</u>
06/30/07	\$ 0	22,854,225	22,854,225	0%	75,075,500	30%
06/30/09	0	13,418,783	13,418,783	0%	90,674,405	15%
06/30/11	0	9,502,642	9,502,642	0%	91,224,907	10%

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

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

(3) Budget to GAAP Reconciliation

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

	<u>General</u>	<u>Community Development</u>
Net change in fund balance - budget basis	\$ (3,228,578)	106,477
<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.	(7,130,944)	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.	(57,169)	(747)
<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.	7,130,944	0
Prepaid expenses are recorded in the year paid on a budget basis. However, such expenses are matched to the accounting period benefited under GAAP.	<u>332,547</u>	<u>0</u>
Net change in fund balance - GAAP basis.	<u>\$ (2,953,200)</u>	<u>105,730</u>

Principal payments received of \$1,494,051 and loans granted of \$2,014,685 are reported in the Community Development Fund as other financing sources and non-departmental expenditures, respectively. Such amounts have been reclassified as revenues and departmental expenditures on a GAAP basis. In addition, indirect cost reimbursements are reclassified from transfers to departmental administrative expenditures on a GAAP basis. Such reclassifications are not included in the above schedule.

## OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS

**Combining Balance Sheet**

Nonmajor Governmental Funds

June 30, 2012

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Other Governmental Funds
<b>Assets</b>				
Equity in pooled cash and investments	24,663,251	1,820,011	10,219,014	36,702,276
Receivables:				
Interest	21,402	172,886	0	194,288
Taxes	61,419	1,083,733	0	1,145,152
Accounts	1,679,823	0	0	1,679,823
Assessments	144,906	715,984	185,349	1,046,239
Loans and notes	3,556,560	0	27,854	3,584,414
Allowance for uncollectibles	(72,158)	0	0	(72,158)
Due from other governments	1,109,721	77,256	1,053,460	2,240,437
Inventories	912,806	0	0	912,806
Prepays and deposits	114,060	0	0	114,060
Assets held for resale	0	1,541	2,727,657	2,729,198
<b>Total assets</b>	<b>32,191,790</b>	<b>3,871,411</b>	<b>14,213,334</b>	<b>50,276,535</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	761,553	0	1,548,867	2,310,420
Wages payable	534,457	0	0	534,457
Due to other governments	444,457	0	18,149	462,606
Deposits	1,324	0	932,066	933,390
Deferred revenue	4,032,495	1,946,706	374,468	6,353,669
<b>Total liabilities</b>	<b>5,774,286</b>	<b>1,946,706</b>	<b>2,873,550</b>	<b>10,594,542</b>
<b>Fund balances</b>				
Nonspendable	1,106,866	1,541	2,727,657	3,836,064
Restricted	14,188,936	1,923,164	7,319,895	23,431,995
Committed	11,121,702	0	1,292,232	12,413,934
<b>Total fund balances</b>	<b>26,417,504</b>	<b>1,924,705</b>	<b>11,339,784</b>	<b>39,681,993</b>
<b>Total liabilities and fund balances</b>	<b>32,191,790</b>	<b>3,871,411</b>	<b>14,213,334</b>	<b>50,276,535</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Other Governmental Funds
<u>Revenues</u>				
Taxes	872,912	15,103,322	3,045,192	19,021,426
Licenses and permits	8,738,429	0	0	8,738,429
Intergovernmental	9,493,554	0	1,986,459	11,480,013
Rental income	139,907	0	42,739	182,646
Charges for services	6,049,875	0	1,935,262	7,985,137
Fines and forfeits	17,080	0	0	17,080
Special assessments	16,346	187,934	65,411	269,691
Repayment of revolving loans	82,972	0	0	82,972
Miscellaneous	1,240,657	79,576	80,087	1,400,320
<b>Total revenues</b>	<b>26,651,732</b>	<b>15,370,832</b>	<b>7,155,150</b>	<b>49,177,714</b>
<u>Expenditures</u>				
Current - departmental:				
Central services	4,292,198	0	0	4,292,198
Fire and emergency medical services	233,824	0	0	233,824
Library, recreation, and cultural services	149,869	0	0	149,869
Planning and development	8,749,994	0	0	8,749,994
Police	2,791,248	0	0	2,791,248
Public works	9,722,765	0	0	9,722,765
Debt service:				
Principal	0	24,364,753	0	24,364,753
Interest	0	2,000,822	0	2,000,822
Issuance costs	0	123,527	9,943	133,470
Capital outlay	49,187	0	15,532,606	15,581,793
<b>Total expenditures</b>	<b>25,989,085</b>	<b>26,489,102</b>	<b>15,542,549</b>	<b>68,020,736</b>
Excess (deficiency) of revenues over expenditures	662,647	(11,118,270)	(8,387,399)	(18,843,022)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	0	0	7,340,000	7,340,000
Proceeds of refunding bonds issuance	0	11,464,606	0	11,464,606
Transfers in	4,083,987	0	582,727	4,666,714
Transfers out	(984,458)	(235,627)	(3,631)	(1,223,716)
<b>Total other financing sources (uses)</b>	<b>3,099,529</b>	<b>11,228,979</b>	<b>7,919,096</b>	<b>22,247,604</b>
Net change in fund balances	3,762,176	110,709	(468,303)	3,404,582
Fund balances, July 1, 2011	22,655,328	1,813,996	11,500,654	35,969,978
Prior period adjustment (Note 5G)	0	0	307,433	307,433
Fund balances, July 1, 2011, as restated	22,655,328	1,813,996	11,808,087	36,277,411
<b>Fund balances, June 30, 2012</b>	<b>26,417,504</b>	<b>1,924,705</b>	<b>11,339,784</b>	<b>39,681,993</b>

## SPECIAL REVENUE FUNDS

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

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

### **Major Special Revenue Fund:**

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

### **Nonmajor Special Revenue Funds:**

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

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

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

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

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

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

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

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

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

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

**Combining Balance Sheet**  
*Nonmajor Special Revenue Funds*  
 June 30, 2012  
 (amounts in dollars)

<u>Assets</u>	Construction and Rental Housing	Library, Parks, and Recreation	Public Safety Communications	Road	Solid Waste and Recycling	Special Assessment Management	Telecom Registration and Licensing	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
Equity in pooled cash and investments	2,636,670	3,687,253	2,040,630	2,268,414	706,555	1,247,239	6,754,535	243,843	5,078,112	24,663,251
Receivables:										
Interest	0	0	0	0	0	0	0	10,548	10,854	21,402
Taxes	0	0	0	0	0	0	0	0	61,419	61,419
Accounts	83,058	0	0	169,616	40	0	1,338,369	88,740	0	1,679,823
Assessments	0	0	0	0	0	144,906	0	0	0	144,906
Loans and notes	0	0	0	0	0	0	0	3,556,560	0	3,556,560
Allowance for uncollectibles	0	0	0	(1,166)	0	0	0	(70,992)	0	(72,158)
Due from other governments	136,612	500	78,540	836,380	54,136	0	0	0	4,553	1,109,721
Inventories	0	0	0	912,806	0	0	0	0	0	912,806
Prepays and deposits	10,630	0	0	0	0	0	103,430	0	0	114,060
<b>Total assets</b>	<b>2,866,970</b>	<b>3,687,753</b>	<b>2,119,170</b>	<b>4,185,050</b>	<b>760,731</b>	<b>1,392,145</b>	<b>8,196,334</b>	<b>3,828,699</b>	<b>5,154,938</b>	<b>32,191,790</b>
<u>Liabilities and fund balances</u>										
Liabilities										
Accounts payable	21,258	7,492	683	294,173	30,669	0	407,278	0	0	761,553
Wages payable	194,611	0	58,654	249,148	22,110	2,804	7,130	0	0	534,457
Due to other governments	118,108	9,176	188,869	68,539	6,250	0	53,515	0	0	444,457
Deposits	0	0	0	1,324	0	0	0	0	0	1,324
Deferred revenue	0	2,500	0	205,000	0	144,906	60,853	3,546,963	72,273	4,032,495
<b>Total liabilities</b>	<b>333,977</b>	<b>19,168</b>	<b>248,206</b>	<b>818,184</b>	<b>59,029</b>	<b>147,710</b>	<b>528,776</b>	<b>3,546,963</b>	<b>72,273</b>	<b>5,774,286</b>
<u>Fund balances</u>										
Nonspendable	10,630	80,000	0	912,806	0	0	103,430	0	0	1,106,866
Restricted	209,224	3,588,585	1,870,964	2,454,060	701,702	0	0	281,736	5,082,665	14,188,936
Committed	2,313,139	0	0	0	0	1,244,435	7,564,128	0	0	11,121,702
<b>Total fund balances</b>	<b>2,532,993</b>	<b>3,668,585</b>	<b>1,870,964</b>	<b>3,366,866</b>	<b>701,702</b>	<b>1,244,435</b>	<b>7,667,558</b>	<b>281,736</b>	<b>5,082,665</b>	<b>26,417,504</b>
<b>Total liabilities and fund balances</b>	<b>2,866,970</b>	<b>3,687,753</b>	<b>2,119,170</b>	<b>4,185,050</b>	<b>760,731</b>	<b>1,392,145</b>	<b>8,196,334</b>	<b>3,828,699</b>	<b>5,154,938</b>	<b>32,191,790</b>

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, 2012  
 (amounts in dollars)

	Construction and Rental Housing	Library Local Option Levy	Library, Parks, and Recreation	Public Safety Communications	Road	Waste and Recycling	Solid Assessment Management	Special Assessment and Licensing	Telecom Registration	Urban Renewal Agency	Urban Renewal Agency	Urban Renewal Agency	Total
<b>Revenues</b>													
Taxes	0	0	0	0	0	0	0	0	0	872,912	872,912	0	872,912
Licenses and permits	3,105,470	0	0	0	1,680,744	613,951	0	0	3,338,264	0	0	0	8,738,429
Intergovernmental	0	0	0	765,851	8,656,034	71,669	0	0	0	0	0	0	9,493,554
Rental income	0	0	0	0	47,207	0	0	0	0	29,700	63,000	0	139,907
Charges for services	3,255,417	0	42,007	2,649,036	55,861	5,051	36,773	0	0	5,730	0	0	6,049,875
Fines and forfeits	16,880	0	0	0	40	160	0	0	0	0	0	0	17,080
Special assessments	0	0	0	0	0	0	16,346	0	0	0	0	0	16,346
Repayment of revolving loans	0	0	0	0	0	0	0	0	0	82,972	0	0	82,972
Miscellaneous	52,913	0	526,106	12,757	173,413	6,825	32,197	359,065	45,866	31,515	0	0	1,240,657
<b>Total revenues</b>	<b>6,430,680</b>	<b>0</b>	<b>568,113</b>	<b>3,427,644</b>	<b>10,613,299</b>	<b>697,656</b>	<b>85,316</b>	<b>3,697,329</b>	<b>164,268</b>	<b>967,427</b>	<b>0</b>	<b>0</b>	<b>26,651,732</b>
<b>Expenditures</b>													
<b>Current - departmental:</b>													
Central services	573,000	0	0	142,000	667,000	67,000	94,902	2,707,296	20,500	20,500	0	0	4,292,198
Fire and emergency medical services	233,824	0	0	0	0	0	0	0	0	0	0	0	233,824
Library, recreation, and cultural services	0	0	149,869	0	0	0	0	0	0	0	0	0	149,869
Planning and development	4,730,134	0	0	0	0	730,891	0	0	3,126,035	162,934	0	0	8,749,994
Police	0	0	0	2,791,248	0	0	0	0	0	0	0	0	2,791,248
Public works	301,911	0	0	0	9,420,854	0	0	0	0	0	0	0	9,722,765
Capital outlay	0	0	44,737	0	0	0	0	4,450	0	0	0	0	49,187
<b>Total expenditures</b>	<b>5,838,869</b>	<b>0</b>	<b>194,606</b>	<b>2,933,248</b>	<b>10,087,854</b>	<b>797,891</b>	<b>94,902</b>	<b>2,711,746</b>	<b>3,146,535</b>	<b>183,434</b>	<b>0</b>	<b>0</b>	<b>25,989,085</b>
Excess (deficiency) of revenues over expenditures	591,811	0	373,507	494,396	525,445	(100,235)	(9,586)	985,583	(2,982,267)	783,993	0	0	662,647
<b>Other financing sources (uses)</b>													
Transfers in	0	0	0	1,376,568	100,000	0	8,349	13,843	2,585,227	0	0	0	4,083,987
Transfers out	0	(534,458)	0	0	0	0	0	(450,000)	0	0	0	0	(934,458)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(534,458)</b>	<b>0</b>	<b>1,376,568</b>	<b>100,000</b>	<b>0</b>	<b>8,349</b>	<b>(436,157)</b>	<b>2,585,227</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,099,529</b>
Net change in fund balances	591,811	(534,458)	373,507	1,870,964	625,445	(100,235)	(1,237)	549,426	(397,040)	783,993	0	0	3,762,176
Fund balances, July 1, 2011	1,941,182	534,458	3,295,078	0	2,741,421	801,937	1,245,672	7,118,132	678,776	4,298,672	0	0	22,655,328
<b>Fund balances, June 30, 2012</b>	<b>2,532,993</b>	<b>0</b>	<b>3,668,585</b>	<b>1,870,964</b>	<b>3,366,866</b>	<b>701,702</b>	<b>1,244,435</b>	<b>7,667,558</b>	<b>281,736</b>	<b>5,082,665</b>	<b>0</b>	<b>0</b>	<b>26,417,504</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<b>Revenues</b>				
Licenses and permits	2,922,100	3,105,470	0	3,105,470
Charges for services	4,107,600	3,682,997	(427,580)	3,255,417
Fines and forfeits	50,000	16,880	0	16,880
Miscellaneous	254,300	53,983	(1,070)	52,913
<b>Total revenues</b>	<b>7,334,000</b>	<b>6,859,330</b>	<b>(428,650)</b>	<b>6,430,680</b>
<b>Expenditures</b>				
Current - departmental:				
Central services	0	0	573,000	573,000
Fire and emergency medical services	279,438	233,824	0	233,824
Planning and development	4,995,068	4,740,764	(10,630)	4,730,134
Public works	399,244	301,911	0	301,911
Intergovernmental	950,000	427,580	(427,580)	0
<b>Total expenditures</b>	<b>6,623,750</b>	<b>5,704,079</b>	<b>134,790</b>	<b>5,838,869</b>
Excess (deficiency) of revenues over expenditures	710,250	1,155,251	(563,440)	591,811
<b>Other financing sources (uses)</b>				
Transfers out	(573,000)	(573,000)	573,000	0
<b>Total other financing sources (uses)</b>	<b>(573,000)</b>	<b>(573,000)</b>	<b>573,000</b>	<b>0</b>
Net change in fund balance	137,250	582,251	9,560	591,811
Fund balance, July 1, 2011	1,939,004	1,939,004	2,178	1,941,182
<b>Fund balance, June 30, 2012</b>	<b>2,076,254</b>	<b>2,521,255</b>	<b>11,738</b>	<b>2,532,993</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Total revenues	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	0	0
<u>Other financing sources (uses)</u>				
Transfers out	(474,950)	(474,950)	(59,508)	(534,458)
Total other financing sources (uses)	(474,950)	(474,950)	(59,508)	(534,458)
Net change in fund balance	(474,950)	(474,950)	(59,508)	(534,458)
Fund balance, July 1, 2011	474,950	474,950	59,508	534,458
Fund balance, June 30, 2012	0	0	0	0

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Charges for services	20,000	42,007	0	42,007
Miscellaneous	325,028	529,735	(3,629)	526,106
<b>Total revenues</b>	<b>345,028</b>	<b>571,742</b>	<b>(3,629)</b>	<b>568,113</b>
<u>Expenditures</u>				
Current - departmental:				
Library, recreation, and cultural services	353,500	143,499	6,370	149,869
Capital outlay	1,190,077	44,737	0	44,737
<b>Total expenditures</b>	<b>1,543,577</b>	<b>188,236</b>	<b>6,370</b>	<b>194,606</b>
Excess (deficiency) of revenues over expenditures	(1,198,549)	383,506	(9,999)	373,507
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net change in fund balance	(1,198,549)	383,506	(9,999)	373,507
Fund balance, July 1, 2011	3,283,671	3,283,671	11,407	3,295,078
<b>Fund balance, June 30, 2012</b>	<b>2,085,122</b>	<b>3,667,177</b>	<b>1,408</b>	<b>3,668,585</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<b>Revenues</b>				
Intergovernmental	834,442	765,851	0	765,851
Charges for services	2,597,962	2,649,036	0	2,649,036
Miscellaneous	10,098	12,131	626	12,757
<b>Total revenues</b>	<b>3,442,502</b>	<b>3,427,018</b>	<b>626</b>	<b>3,427,644</b>
<b>Expenditures</b>				
Current - departmental:				
Central services	0	0	142,000	142,000
Police	3,205,251	2,791,248	0	2,791,248
<b>Total expenditures</b>	<b>3,205,251</b>	<b>2,791,248</b>	<b>142,000</b>	<b>2,933,248</b>
Excess (deficiency) of revenues over expenditures	237,251	635,770	(141,374)	494,396
<b>Other financing sources (uses)</b>				
Transfers in	1,268,920	1,376,568	0	1,376,568
Transfers out	(142,000)	(142,000)	142,000	0
<b>Total other financing sources (uses)</b>	<b>1,126,920</b>	<b>1,234,568</b>	<b>142,000</b>	<b>1,376,568</b>
Net change in fund balance	1,364,171	1,870,338	626	1,870,964
Fund balance, July 1, 2011	0	0	0	0
<b>Fund balance, June 30, 2012</b>	<b>1,364,171</b>	<b>1,870,338</b>	<b>626</b>	<b>1,870,964</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<b>Revenues</b>				
Licenses and permits	1,609,000	1,680,744	0	1,680,744
Intergovernmental	9,064,599	8,665,354	(9,320)	8,656,034
Rental income	57,801	47,207	0	47,207
Charges for services	48,000	55,861	0	55,861
Fines and forfeits	0	40	0	40
Miscellaneous	109,100	175,233	(1,820)	173,413
<b>Total revenues</b>	<b>10,888,500</b>	<b>10,624,439</b>	<b>(11,140)</b>	<b>10,613,299</b>
<b>Expenditures</b>				
Current - departmental:				
Central services	0	0	667,000	667,000
Public works	10,484,136	9,727,425	(306,571)	9,420,854
<b>Total expenditures</b>	<b>10,484,136</b>	<b>9,727,425</b>	<b>360,429</b>	<b>10,087,854</b>
Excess (deficiency) of revenues over expenditures	404,364	897,014	(371,569)	525,445
<b>Other financing sources (uses)</b>				
Transfers in	100,000	100,000	0	100,000
Transfers out	(667,000)	(667,000)	667,000	0
<b>Total other financing sources (uses)</b>	<b>(567,000)</b>	<b>(567,000)</b>	<b>667,000</b>	<b>100,000</b>
Net change in fund balance	(162,636)	330,014	295,431	625,445
Fund balance, July 1, 2011	2,123,140	2,123,140	618,281	2,741,421
<b>Fund balance, June 30, 2012</b>	<b>1,960,504</b>	<b>2,453,154</b>	<b>913,712</b>	<b>3,366,866</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<b><u>Revenues</u></b>				
Licenses and permits	628,500	613,951	0	613,951
Intergovernmental	0	71,669	0	71,669
Charges for services	25,000	5,051	0	5,051
Fines and forfeits	0	160	0	160
Miscellaneous	8,000	8,304	(1,479)	6,825
<b>Total revenues</b>	<b>661,500</b>	<b>699,135</b>	<b>(1,479)</b>	<b>697,656</b>
<b><u>Expenditures</u></b>				
Current - departmental:				
Central services	0	0	67,000	67,000
Planning and development	818,894	730,891	0	730,891
<b>Total expenditures</b>	<b>818,894</b>	<b>730,891</b>	<b>67,000</b>	<b>797,891</b>
Excess (deficiency) of revenues over expenditures	(157,394)	(31,756)	(68,479)	(100,235)
<b><u>Other financing sources (uses)</u></b>				
Transfers out	(67,000)	(67,000)	67,000	0
<b>Total other financing sources (uses)</b>	<b>(67,000)</b>	<b>(67,000)</b>	<b>67,000</b>	<b>0</b>
Net change in fund balance	(224,394)	(98,756)	(1,479)	(100,235)
Fund balance, July 1, 2011	800,151	800,151	1,786	801,937
<b>Fund balance, June 30, 2012</b>	<b>575,757</b>	<b>701,395</b>	<b>307</b>	<b>701,702</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<b>Revenues</b>				
Charges for services	38,320	36,773	0	36,773
Special assessments	0	0	16,346	16,346
Miscellaneous	28,100	33,786	(1,589)	32,197
<b>Total revenues</b>	<b>66,420</b>	<b>70,559</b>	<b>14,757</b>	<b>85,316</b>
<b>Expenditures</b>				
Current - departmental:				
Central services	88,920	76,541	18,361	94,902
<b>Total expenditures</b>	<b>88,920</b>	<b>76,541</b>	<b>18,361</b>	<b>94,902</b>
Excess (deficiency) of revenues over expenditures	(22,500)	(5,982)	(3,604)	(9,586)
<b>Other financing sources (uses)</b>				
Principal payments received	13,100	16,346	(16,346)	0
Loans - deferred assessments	(110,000)	(15,361)	15,361	0
Transfers in	110,000	8,349	0	8,349
Transfers out	(3,000)	(3,000)	3,000	0
<b>Total other financing sources (uses)</b>	<b>10,100</b>	<b>6,334</b>	<b>2,015</b>	<b>8,349</b>
Net change in fund balance	(12,400)	352	(1,589)	(1,237)
Fund balance, July 1, 2011	1,243,612	1,243,612	2,060	1,245,672
<b>Fund balance, June 30, 2012</b>	<b>1,231,212</b>	<b>1,243,964</b>	<b>471</b>	<b>1,244,435</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

		Actual		
	<u>Budget</u>	<u>Budget basis</u>	<u>Adjustment</u>	<u>GAAP basis</u>
<u>Revenues</u>				
Licenses and permits	2,900,000	3,338,264	0	3,338,264
Miscellaneous	32,000	365,394	(6,329)	359,065
<b>Total revenues</b>	<b>2,932,000</b>	<b>3,703,658</b>	<b>(6,329)</b>	<b>3,697,329</b>
<u>Expenditures</u>				
Current - departmental:				
Central services	5,807,461	2,751,377	(44,081)	2,707,296
Capital outlay	103,742	4,450	0	4,450
<b>Total expenditures</b>	<b>5,911,203</b>	<b>2,755,827</b>	<b>(44,081)</b>	<b>2,711,746</b>
Excess (deficiency) of revenues over expenditures	(2,979,203)	947,831	37,752	985,583
<u>Other financing sources (uses)</u>				
Transfers in	16,362	13,843	0	13,843
Transfers out	(502,000)	(502,000)	52,000	(450,000)
<b>Total other financing sources (uses)</b>	<b>(485,638)</b>	<b>(488,157)</b>	<b>52,000</b>	<b>(436,157)</b>
Net change in fund balance	(3,464,841)	459,674	89,752	549,426
Fund balance, July 1, 2011	7,101,838	7,101,838	16,294	7,118,132
<b>Fund balance, June 30, 2012</b>	<b>3,636,997</b>	<b>7,561,512</b>	<b>106,046</b>	<b>7,667,558</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<b>Revenues</b>				
Intergovernmental	2,366,000	2,354,318	(2,354,318)	0
Rental income	0	29,700	0	29,700
Charges for services	0	5,730	0	5,730
Repayment of revolving loans	0	0	82,972	82,972
Miscellaneous	56,000	47,391	(1,525)	45,866
<b>Total revenues</b>	<b>2,422,000</b>	<b>2,437,139</b>	<b>(2,272,871)</b>	<b>164,268</b>
<b>Expenditures</b>				
Current - departmental:				
Central services	0	0	20,500	20,500
Planning and development	355,000	230,934	2,895,101	3,126,035
Loans granted	3,119,173	2,915,601	(2,915,601)	0
<b>Total expenditures</b>	<b>3,474,173</b>	<b>3,146,535</b>	<b>0</b>	<b>3,146,535</b>
Excess (deficiency) of revenues over expenditures	(1,052,173)	(709,396)	(2,272,871)	(2,982,267)
<b>Other financing sources (uses)</b>				
Principal payments received	80,000	82,972	(82,972)	0
Transfers in	355,000	230,909	2,354,318	2,585,227
<b>Total other financing sources (uses)</b>	<b>435,000</b>	<b>313,881</b>	<b>2,271,346</b>	<b>2,585,227</b>
Net change in fund balance	(617,173)	(395,515)	(1,525)	(397,040)
Fund balance, July 1, 2011	677,173	677,173	1,603	678,776
<b>Fund balance, June 30, 2012</b>	<b>60,000</b>	<b>281,658</b>	<b>78</b>	<b>281,736</b>

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

For the fiscal year ended June 30, 2012

(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	825,000	872,912	0	872,912
Rental income	63,000	63,000	0	63,000
Miscellaneous	26,000	35,706	(4,191)	31,515
<b>Total revenues</b>	<b>914,000</b>	<b>971,618</b>	<b>(4,191)</b>	<b>967,427</b>
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	20,500	20,500
Planning and development	249,144	183,434	(20,500)	162,934
<b>Total expenditures</b>	<b>249,144</b>	<b>183,434</b>	<b>0</b>	<b>183,434</b>
Excess (deficiency) of revenues over expenditures	664,856	788,184	(4,191)	783,993
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net change in fund balance	664,856	788,184	(4,191)	783,993
Fund balance, July 1, 2011	4,292,506	4,292,506	6,166	4,298,672
<b>Fund balance, June 30, 2012</b>	<b>4,957,362</b>	<b>5,080,690</b>	<b>1,975</b>	<b>5,082,665</b>

## DEBT SERVICE FUNDS

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

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

### **Nonmajor Debt Service Funds:**

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

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

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

**Combining Balance Sheet***Nonmajor Debt Service Funds*

June 30, 2012

(amounts in dollars)

	General <u>Obligation</u>	Special Assessment <u>Bond</u>	Urban Renewal <u>Agency</u>	<u>Total</u>
<b><u>Assets</u></b>				
Equity in pooled cash and investments	485,994	421,183	912,834	1,820,011
Receivables:				
Interest	134,027	0	38,859	172,886
Taxes	927,825	0	155,908	1,083,733
Assessments	0	715,984	0	715,984
Due from other governments	66,620	0	10,636	77,256
Assets held for resale	0	1,541	0	1,541
<b>Total assets</b>	<b>1,614,466</b>	<b>1,138,708</b>	<b>1,118,237</b>	<b>3,871,411</b>
<b><u>Liabilities and fund balances</u></b>				
<b><u>Liabilities</u></b>				
Deferred revenue	1,061,852	690,087	194,767	1,946,706
<b>Total liabilities</b>	<b>1,061,852</b>	<b>690,087</b>	<b>194,767</b>	<b>1,946,706</b>
<b><u>Fund balances</u></b>				
Nonspendable	0	1,541	0	1,541
Restricted	552,614	447,080	923,470	1,923,164
<b>Total fund balances</b>	<b>552,614</b>	<b>448,621</b>	<b>923,470</b>	<b>1,924,705</b>
<b>Total liabilities and fund balances</b>	<b>1,614,466</b>	<b>1,138,708</b>	<b>1,118,237</b>	<b>3,871,411</b>

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

*Nonmajor Debt Service Funds*

For the fiscal year ended June 30, 2012

(amounts in dollars)

	General <u>Obligation</u>	Special Assessment <u>Bond</u>	Urban Renewal <u>Agency</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	13,202,626	0	1,900,696	15,103,322
Special assessments	0	187,934	0	187,934
Miscellaneous	27,634	49,729	2,213	79,576
<b>Total revenues</b>	<b>13,230,260</b>	<b>237,663</b>	<b>1,902,909</b>	<b>15,370,832</b>
<b>Expenditures</b>				
Debt service:				
Principal	23,449,164	198,589	717,000	24,364,753
Interest	1,531,621	51,554	417,647	2,000,822
Issuance costs	123,386	6	135	123,527
<b>Total expenditures</b>	<b>25,104,171</b>	<b>250,149</b>	<b>1,134,782</b>	<b>26,489,102</b>
Excess (deficiency) of revenues over expenditures	(11,873,911)	(12,486)	768,127	(11,118,270)
<b>Other financing sources (uses)</b>				
Proceeds of refunding bonds issuance	11,464,606	0	0	11,464,606
Transfers out	0	(4,718)	(230,909)	(235,627)
<b>Total other financing sources (uses)</b>	<b>11,464,606</b>	<b>(4,718)</b>	<b>(230,909)</b>	<b>11,228,979</b>
Net change in fund balances	(409,305)	(17,204)	537,218	110,709
Fund balances, July 1, 2011	961,919	465,825	386,252	1,813,996
<b>Fund balances, June 30, 2012</b>	<b>552,614</b>	<b>448,621</b>	<b>923,470</b>	<b>1,924,705</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	13,121,263	13,202,626	0	13,202,626
Miscellaneous	36,000	34,132	(6,498)	27,634
<b>Total revenues</b>	<b>13,157,263</b>	<b>13,236,758</b>	<b>(6,498)</b>	<b>13,230,260</b>
<u>Expenditures</u>				
Debt service	14,110,706	25,104,171	0	25,104,171
<b>Total expenditures</b>	<b>14,110,706</b>	<b>25,104,171</b>	<b>0</b>	<b>25,104,171</b>
Excess (deficiency) of revenues over expenditures	(953,443)	(11,867,413)	(6,498)	(11,873,911)
<u>Other financing sources (uses)</u>				
Proceeds of refunding bonds issuance	0	11,464,606	0	11,464,606
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>11,464,606</b>	<b>0</b>	<b>11,464,606</b>
Net change in fund balance	(953,443)	(402,807)	(6,498)	(409,305)
Fund balance, July 1, 2011	953,443	953,443	8,476	961,919
<b>Fund balance, June 30, 2012</b>	<b>0</b>	<b>550,636</b>	<b>1,978</b>	<b>552,614</b>

**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, 2012

(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>				
Special assessments	0	0	187,934	187,934
Miscellaneous	108,900	50,252	(523)	49,729
<b>Total revenues</b>	<b>108,900</b>	<b>50,252</b>	<b>187,411</b>	<b>237,663</b>
<u>Expenditures</u>				
Debt service	700,000	250,149	0	250,149
<b>Total expenditures</b>	<b>700,000</b>	<b>250,149</b>	<b>0</b>	<b>250,149</b>
Excess (deficiency) of revenues over expenditures	(591,100)	(199,897)	187,411	(12,486)
<u>Other financing sources (uses)</u>				
Principal payments received	549,900	187,934	(187,934)	0
Transfers out	(50,000)	(4,718)	0	(4,718)
<b>Total other financing sources (uses)</b>	<b>499,900</b>	<b>183,216</b>	<b>(187,934)</b>	<b>(4,718)</b>
Net change in fund balance	(91,200)	(16,681)	(523)	(17,204)
Fund balance, July 1, 2011	465,117	465,117	708	465,825
<b>Fund balance, June 30, 2012</b>	<b>373,917</b>	<b>448,436</b>	<b>185</b>	<b>448,621</b>

**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, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	1,785,000	1,900,696	0	1,900,696
Miscellaneous	31,000	9,100	(6,887)	2,213
<b>Total revenues</b>	<b>1,816,000</b>	<b>1,909,796</b>	<b>(6,887)</b>	<b>1,902,909</b>
<u>Expenditures</u>				
Debt service	1,135,000	1,134,782	0	1,134,782
<b>Total expenditures</b>	<b>1,135,000</b>	<b>1,134,782</b>	<b>0</b>	<b>1,134,782</b>
Excess (deficiency) of revenues over expenditures	681,000	775,014	(6,887)	768,127
<u>Other financing sources (uses)</u>				
Transfers out	(355,000)	(230,909)	0	(230,909)
<b>Total other financing sources (uses)</b>	<b>(355,000)</b>	<b>(230,909)</b>	<b>0</b>	<b>(230,909)</b>
Net change in fund balance	326,000	544,105	(6,887)	537,218
Fund balance, July 1, 2011	378,716	378,716	7,536	386,252
<b>Fund balance, June 30, 2012</b>	<b>704,716</b>	<b>922,821</b>	<b>649</b>	<b>923,470</b>

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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, 2012

(amounts in dollars)

	Special Assessment	Transportation	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
<b>Assets</b>					
Equity in pooled cash and investments	2,224,563	7,108,749	721,285	164,417	10,219,014
Receivables:					
Assessments	185,349	0	0	0	185,349
Loans and notes	27,854	0	0	0	27,854
Due from other governments	0	1,053,460	0	0	1,053,460
Assets held for resale	265	0	860,160	1,867,232	2,727,657
<b>Total assets</b>	<b>2,438,031</b>	<b>8,162,209</b>	<b>1,581,445</b>	<b>2,031,649</b>	<b>14,213,334</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	0	1,548,867	0	0	1,548,867
Due to other governments	0	18,149	0	0	18,149
Deposits	932,066	0	0	0	932,066
Deferred revenue	213,468	161,000	0	0	374,468
<b>Total liabilities</b>	<b>1,145,534</b>	<b>1,728,016</b>	<b>0</b>	<b>0</b>	<b>2,873,550</b>
<b>Fund balances</b>					
Nonspendable	265	0	860,160	1,867,232	2,727,657
Restricted	0	6,434,193	721,285	164,417	7,319,895
Committed	1,292,232	0	0	0	1,292,232
<b>Total fund balances</b>	<b>1,292,497</b>	<b>6,434,193</b>	<b>1,581,445</b>	<b>2,031,649</b>	<b>11,339,784</b>
<b>Total liabilities and fund balances</b>	<b>2,438,031</b>	<b>8,162,209</b>	<b>1,581,445</b>	<b>2,031,649</b>	<b>14,213,334</b>

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

### Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2012

(amounts in dollars)

	Special Assessment	Transportation	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
<u>Revenues</u>					
Taxes	0	3,045,192	0	0	3,045,192
Intergovernmental	0	1,986,459	0	0	1,986,459
Rental income	0	42,739	0	0	42,739
Charges for services	31,608	1,903,654	0	0	1,935,262
Special assessments	65,411	0	0	0	65,411
Miscellaneous	31,421	42,598	5,394	674	80,087
<b>Total revenues</b>	<b>128,440</b>	<b>7,020,642</b>	<b>5,394</b>	<b>674</b>	<b>7,155,150</b>
<u>Expenditures</u>					
Debt service:					
Issuance costs	0	9,943	0	0	9,943
Capital outlay	0	15,507,966	24,640	0	15,532,606
<b>Total expenditures</b>	<b>0</b>	<b>15,517,909</b>	<b>24,640</b>	<b>0</b>	<b>15,542,549</b>
Excess (deficiency) of revenues over expenditures	128,440	(8,497,267)	(19,246)	674	(8,387,399)
<u>Other financing sources (uses)</u>					
Proceeds of debt issuance	0	7,340,000	0	0	7,340,000
Transfers in	0	30,000	552,727	0	582,727
Transfers out	(3,631)	0	0	0	(3,631)
<b>Total other financing sources (uses)</b>	<b>(3,631)</b>	<b>7,370,000</b>	<b>552,727</b>	<b>0</b>	<b>7,919,096</b>
Net change in fund balances	124,809	(1,127,267)	533,481	674	(468,303)
Fund balances, July 1, 2011	1,167,688	7,561,460	740,531	2,030,975	11,500,654
Prior period adjustment (Note 5G)	0	0	307,433	0	307,433
Fund balances, July 1, 2011, as restated	1,167,688	7,561,460	1,047,964	2,030,975	11,808,087
<b>Fund balances, June 30, 2012</b>	<b>1,292,497</b>	<b>6,434,193</b>	<b>1,581,445</b>	<b>2,031,649</b>	<b>11,339,784</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<b>Revenues</b>				
Intergovernmental	70,000	4,890	0	4,890
Rental income	25,000	24,219	0	24,219
Miscellaneous	78,000	94,018	(14,749)	79,269
<b>Total revenues</b>	<b>173,000</b>	<b>123,127</b>	<b>(14,749)</b>	<b>108,378</b>
<b>Expenditures</b>				
Current - departmental:				
Library, recreation, and cultural services	10,000	0	0	0
Debt service	50,000	3,806	0	3,806
Capital outlay	28,645,167	10,990,817	0	10,990,817
<b>Total expenditures</b>	<b>28,705,167</b>	<b>10,994,623</b>	<b>0</b>	<b>10,994,623</b>
Excess (deficiency) of revenues over expenditures	(28,532,167)	(10,871,496)	(14,749)	(10,886,245)
<b>Other financing sources (uses)</b>				
Proceeds of debt issuance	12,877,533	1,200,000	0	1,200,000
Transfers in	3,969,300	3,469,300	0	3,469,300
Transfers out	0	0	(552,727)	(552,727)
<b>Total other financing sources (uses)</b>	<b>16,846,833</b>	<b>4,669,300</b>	<b>(552,727)</b>	<b>4,116,573</b>
Net change in fund balance	(11,685,334)	(6,202,196)	(567,476)	(6,769,672)
Fund balance, July 1, 2011	12,418,604	12,418,604	18,088	12,436,692
Prior period adjustment (Note 5G)	0	0	552,727	552,727
Fund balance, July 1, 2011, as restated	12,418,604	12,418,604	570,815	12,989,419
<b>Fund balance, June 30, 2012</b>	<b>733,270</b>	<b>6,216,408</b>	<b>3,339</b>	<b>6,219,747</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Charges for services	0	31,608	0	31,608
Special assessments	0	0	65,411	65,411
Miscellaneous	54,600	33,383	(1,962)	31,421
<b>Total revenues</b>	<b>54,600</b>	<b>64,991</b>	<b>63,449</b>	<b>128,440</b>
<u>Expenditures</u>				
Debt service	30,000	0	0	0
Capital outlay	205,384	0	0	0
<b>Total expenditures</b>	<b>235,384</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (deficiency) of revenues over expenditures	(180,784)	64,991	63,449	128,440
<u>Other financing sources (uses)</u>				
Principal payments received	16,800	65,411	(65,411)	0
Proceeds of debt issuance	478,922	0	0	0
Transfers out	(60,000)	(3,631)	0	(3,631)
<b>Total other financing sources (uses)</b>	<b>435,722</b>	<b>61,780</b>	<b>(65,411)</b>	<b>(3,631)</b>
Net change in fund balance	254,938	126,771	(1,962)	124,809
Fund balance, July 1, 2011	1,164,889	1,164,889	2,799	1,167,688
<b>Fund balance, June 30, 2012</b>	<b>1,419,827</b>	<b>1,291,660</b>	<b>837</b>	<b>1,292,497</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	0	3,314	0	3,314
Rental income	100,000	111,416	0	111,416
Charges for services	1,474,394	5,078,964	0	5,078,964
Miscellaneous	79,601	113,214	(5,008)	108,206
<b>Total revenues</b>	<b>1,653,995</b>	<b>5,306,908</b>	<b>(5,008)</b>	<b>5,301,900</b>
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	3,000	3,000
Planning and development	85,428	66,691	0	66,691
Public works	276,915	215,488	0	215,488
Capital outlay	4,868,498	1,866,527	0	1,866,527
<b>Total expenditures</b>	<b>5,230,841</b>	<b>2,148,706</b>	<b>3,000</b>	<b>2,151,706</b>
Excess (deficiency) of revenues over expenditures	(3,576,846)	3,158,202	(8,008)	3,150,194
<u>Other financing sources (uses)</u>				
Principal payments received	25	0	0	0
Transfers out	(3,000)	(3,000)	3,000	0
<b>Total other financing sources (uses)</b>	<b>(2,975)</b>	<b>(3,000)</b>	<b>3,000</b>	<b>0</b>
Net change in fund balance	(3,579,821)	3,155,202	(5,008)	3,150,194
Fund balance, July 1, 2011	5,742,466	5,742,466	8,325	5,750,791
<b>Fund balance, June 30, 2012</b>	<b>2,162,645</b>	<b>8,897,668</b>	<b>3,317</b>	<b>8,900,985</b>

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

For the fiscal year ended June 30, 2012

(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	3,060,000	3,045,192	0	3,045,192
Intergovernmental	5,741,105	1,986,459	0	1,986,459
Rental income	40,000	42,739	0	42,739
Charges for services	10,000	1,903,654	0	1,903,654
Miscellaneous	21,000	46,427	(3,829)	42,598
<b>Total revenues</b>	<b>8,872,105</b>	<b>7,024,471</b>	<b>(3,829)</b>	<b>7,020,642</b>
<u>Expenditures</u>				
Debt service	40,000	9,943	0	9,943
Capital outlay	27,798,935	15,507,966	0	15,507,966
<b>Total expenditures</b>	<b>27,838,935</b>	<b>15,517,909</b>	<b>0</b>	<b>15,517,909</b>
Excess (deficiency) of revenues over expenditures	(18,966,830)	(8,493,438)	(3,829)	(8,497,267)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	14,169,032	7,340,000	0	7,340,000
Transfers in	30,000	30,000	0	30,000
<b>Total other financing sources (uses)</b>	<b>14,199,032</b>	<b>7,370,000</b>	<b>0</b>	<b>7,370,000</b>
Net change in fund balance	(4,767,798)	(1,123,438)	(3,829)	(1,127,267)
Fund balance, July 1, 2011	7,554,780	7,554,780	6,680	7,561,460
<b>Fund balance, June 30, 2012</b>	<b>2,786,982</b>	<b>6,431,342</b>	<b>2,851</b>	<b>6,434,193</b>

**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, 2012

(amounts in dollars)

		Actual		
	<u>Budget</u>	<u>Budget basis</u>	<u>Adjustment</u>	<u>GAAP basis</u>
<u>Revenues</u>				
Miscellaneous	2,000	5,484	(90)	5,394
<b>Total revenues</b>	<b>2,000</b>	<b>5,484</b>	<b>(90)</b>	<b>5,394</b>
<u>Expenditures</u>				
Capital outlay	734,593	24,640	0	24,640
<b>Total expenditures</b>	<b>734,593</b>	<b>24,640</b>	<b>0</b>	<b>24,640</b>
Excess (deficiency) of revenues over expenditures	(732,593)	(19,156)	(90)	(19,246)
<u>Other financing sources (uses)</u>				
Transfers in	0	0	552,727	552,727
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>552,727</b>	<b>552,727</b>
Net change in fund balance	(732,593)	(19,156)	552,637	533,481
Fund balance, July 1, 2011	740,167	740,167	364	740,531
Prior period adjustment (Note 5G)	0	0	307,433	307,433
Fund balance, July 1, 2011, as restated	740,167	740,167	307,797	1,047,964
<b>Fund balance, June 30, 2012</b>	<b>7,574</b>	<b>721,011</b>	<b>860,434</b>	<b>1,581,445</b>

**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, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Miscellaneous	1,000	860	(186)	674
<b>Total revenues</b>	<b>1,000</b>	<b>860</b>	<b>(186)</b>	<b>674</b>
<u>Expenditures</u>				
Capital outlay	141,500	0	0	0
<b>Total expenditures</b>	<b>141,500</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (deficiency) of revenues over expenditures	(140,500)	860	(186)	674
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net change in fund balance	(140,500)	860	(186)	674
Fund balance, July 1, 2011	163,495	163,495	1,867,480	2,030,975
<b>Fund balance, June 30, 2012</b>	<b>22,995</b>	<b>164,355</b>	<b>1,867,294</b>	<b>2,031,649</b>

## ENTERPRISE FUNDS

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

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

### **Major Enterprise Funds:**

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

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

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

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

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

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	0	24,851	(1,022)	23,829
Charges for services	6,647,998	6,775,553	0	6,775,553
Miscellaneous	71,006	93,027	(751)	92,276
<b>Total revenues</b>	<b>6,719,004</b>	<b>6,893,431</b>	<b>(1,773)</b>	<b>6,891,658</b>
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	462,000	462,000
Fire and emergency medical services	7,136,764	6,568,622	45,990	6,614,612
Depreciation	0	0	37,734	37,734
<b>Total expenses</b>	<b>7,136,764</b>	<b>6,568,622</b>	<b>545,724</b>	<b>7,114,346</b>
Excess (deficiency) of revenues over expenses	(417,760)	324,809	(547,497)	(222,688)
<u>Other financing sources (uses)</u>				
Transfers in	610,300	610,300	0	610,300
Transfers out	(816,890)	(816,890)	462,000	(354,890)
<b>Total other financing sources (uses)</b>	<b>(206,590)</b>	<b>(206,590)</b>	<b>462,000</b>	<b>255,410</b>
Change in net assets	(624,350)	118,219	(85,497)	32,722
Total net assets, July 1, 2011	2,052,000	2,052,000	628,276	2,680,276
<b>Total net assets, June 30, 2012</b>	<b>1,427,650</b>	<b>2,170,219</b>	<b>542,779</b>	<b>2,712,998</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<b>Revenues</b>				
Intergovernmental	6,552,663	3,482,017	(3,482,017)	0
Rental income	3,349,784	3,279,829	0	3,279,829
Charges for services	4,629,698	4,759,092	0	4,759,092
Fines and forfeits	8,700	7,999	0	7,999
Miscellaneous	97,016	148,265	(43,067)	105,198
<b>Total revenues</b>	<b>14,637,861</b>	<b>11,677,202</b>	<b>(3,525,084)</b>	<b>8,152,118</b>
<b>Expenses</b>				
Current - departmental:				
Central services	0	0	440,000	440,000
Fire and emergency medical services	767,056	706,804	1,067	707,871
Police	418,216	411,502	609	412,111
Public works	5,700,432	5,642,855	147,653	5,790,508
Capital outlay	15,366,768	3,008,433	(3,008,433)	0
Depreciation	0	0	4,775,285	4,775,285
<b>Total expenses</b>	<b>22,252,472</b>	<b>9,769,594</b>	<b>2,356,181</b>	<b>12,125,775</b>
Excess (deficiency) of revenues over expenses	(7,614,611)	1,907,608	(5,881,265)	(3,973,657)
<b>Other financing sources (uses)</b>				
Principal payments received	68,105	67,978	(67,978)	0
Capital contributions	0	0	3,511,320	3,511,320
Transfers out	(440,000)	(440,000)	440,000	0
<b>Total other financing sources (uses)</b>	<b>(371,895)</b>	<b>(372,022)</b>	<b>3,883,342</b>	<b>3,511,320</b>
Change in net assets	(7,986,506)	1,535,586	(1,997,923)	(462,337)
Total net assets, July 1, 2011	15,242,488	15,242,488	79,688,154	94,930,642
Total net assets, June 30, 2012	7,255,982	16,778,074	77,690,231	94,468,305

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	87	5,166	0	5,166
Rental income	540,000	555,471	(73,239)	482,232
Charges for services	3,884,689	3,862,257	0	3,862,257
Fines and forfeits	1,117,200	982,234	0	982,234
Miscellaneous	12,900	5,202	(491)	4,711
<b>Total revenues</b>	<b>5,554,876</b>	<b>5,410,330</b>	<b>(73,730)</b>	<b>5,336,600</b>
<u>Expenses</u>				
Current - departmental:				
Central services	332,323	307,509	207,728	515,237
Planning and development	3,140,000	3,250,197	111,361	3,361,558
Public works	39,039	44,787	0	44,787
Capital outlay	123,400	179,244	(179,244)	0
Depreciation	0	0	805,366	805,366
<b>Total expenses</b>	<b>3,634,762</b>	<b>3,781,737</b>	<b>945,211</b>	<b>4,726,948</b>
Excess (deficiency) of revenues over expenses	1,920,114	1,628,593	(1,018,941)	609,652
<u>Other financing sources (uses)</u>				
Transfers out	(2,104,713)	(1,535,672)	207,000	(1,328,672)
<b>Total other financing sources (uses)</b>	<b>(2,104,713)</b>	<b>(1,535,672)</b>	<b>207,000</b>	<b>(1,328,672)</b>
Change in net assets	(184,599)	92,921	(811,941)	(719,020)
Total net assets, July 1, 2011	217,142	217,142	18,573,251	18,790,393
<b>Total net assets, June 30, 2012</b>	<b>32,543</b>	<b>310,063</b>	<b>17,761,310</b>	<b>18,071,373</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	87,500	87,740	0	87,740
Intergovernmental	1,166,492	2,618,649	(2,594,194)	24,455
Rental income	3,780	35,340	0	35,340
Charges for services	13,936,055	13,678,832	(250)	13,678,582
Miscellaneous	56,490	81,224	781,165	862,389
<b>Total revenues</b>	<b>15,250,317</b>	<b>16,501,785</b>	<b>(1,813,279)</b>	<b>14,688,506</b>
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	865,000	865,000
Public works	12,945,286	11,413,050	96,979	11,510,029
Capital outlay	8,167,638	4,940,249	(4,940,249)	0
Depreciation	0	0	1,418,269	1,418,269
Intergovernmental	15,000	250	(250)	0
<b>Total expenses</b>	<b>21,127,924</b>	<b>16,353,549</b>	<b>(2,560,251)</b>	<b>13,793,298</b>
Excess (deficiency) of revenues over expenses	(5,877,607)	148,236	746,972	895,208
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	3,998,752	3,998,752
Transfers out	(865,000)	(865,000)	865,000	0
<b>Total other financing sources (uses)</b>	<b>(865,000)</b>	<b>(865,000)</b>	<b>4,863,752</b>	<b>3,998,752</b>
Change in net assets	(6,742,607)	(716,764)	5,610,724	4,893,960
Total net assets, July 1, 2011	8,323,382	8,323,382	47,221,926	55,545,308
<b>Total net assets, June 30, 2012</b>	<b>1,580,775</b>	<b>7,606,618</b>	<b>52,832,650</b>	<b>60,439,268</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<b>Revenues</b>				
Rental income	5,328	24,165	0	24,165
Charges for services	44,553,831	42,472,350	(21,246,825)	21,225,525
Fines and forfeits	3,850	4,819	0	4,819
Miscellaneous	47,000	92,282	(2,997)	89,285
<b>Total revenues</b>	<b>44,610,009</b>	<b>42,593,616</b>	<b>(21,249,822)</b>	<b>21,343,794</b>
<b>Expenses</b>				
Current - departmental:				
Central services	0	0	1,373,000	1,373,000
Public works	20,109,719	17,572,343	78,196	17,650,539
Capital outlay	4,323,610	1,870,580	(1,870,580)	0
Depreciation	0	0	3,736,265	3,736,265
Intergovernmental	21,736,029	21,246,825	(21,246,825)	0
<b>Total expenses</b>	<b>46,169,358</b>	<b>40,689,748</b>	<b>(17,929,944)</b>	<b>22,759,804</b>
Excess (deficiency) of revenues over expenses	(1,559,349)	1,903,868	(3,319,878)	(1,416,010)
<b>Other financing sources (uses)</b>				
Capital contributions	0	0	442,245	442,245
Transfers out	(1,373,000)	(1,373,000)	1,373,000	0
<b>Total other financing sources (uses)</b>	<b>(1,373,000)</b>	<b>(1,373,000)</b>	<b>1,815,245</b>	<b>442,245</b>
Change in net assets	(2,932,349)	530,868	(1,504,633)	(973,765)
Total net assets, July 1, 2011	4,065,761	4,065,761	94,504,530	98,570,291
<b>Total net assets, June 30, 2012</b>	<b>1,133,412</b>	<b>4,596,629</b>	<b>92,999,897</b>	<b>97,596,526</b>

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## INTERNAL SERVICE FUNDS

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

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

### **Nonmajor Internal Service Funds:**

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

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

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

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

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

**Combining Statement of Net Assets**

All Internal Service Funds

June 30, 2012

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
<b>Assets</b>						
<u>Current assets</u>						
Equity in pooled cash and investments	12,610,714	16,708,604	5,176,046	4,192,805	24,753,033	63,441,202
Receivables:						
Accounts	0	5,256	623	36,394	2,744	45,017
Allowance for uncollectibles	(6,000)	0	0	(650)	0	(6,650)
Due from other governments	0	4,143	3,179	4,520	84,205	96,047
Inventories	0	388,587	0	0	0	388,587
Prepays and deposits	0	0	45,090	0	386,435	431,525
<b>Total current assets</b>	<b>12,604,714</b>	<b>17,106,590</b>	<b>5,224,938</b>	<b>4,233,069</b>	<b>25,226,417</b>	<b>64,395,728</b>
<u>Noncurrent assets</u>						
Loans and notes receivable	300,000	0	0	0	0	300,000
Deferred charges	4,175	0	0	0	434,049	438,224
Pension assets	0	0	0	0	56,425,099	56,425,099
Capital assets:						
Land	0	455,834	0	0	0	455,834
Improvements other than buildings	0	51,913	0	0	0	51,913
Buildings and equipment	4,113,288	41,146,671	2,260,504	234,423	7,995	47,762,881
Construction in progress	88,612	0	8,128	0	0	96,740
Accumulated depreciation	(1,362,036)	(24,917,488)	(1,986,565)	(180,147)	(1,866)	(28,448,102)
<b>Total noncurrent assets</b>	<b>3,144,039</b>	<b>16,736,930</b>	<b>282,067</b>	<b>54,276</b>	<b>56,865,277</b>	<b>77,082,589</b>
<b>Total assets</b>	<b>15,748,753</b>	<b>33,843,520</b>	<b>5,507,005</b>	<b>4,287,345</b>	<b>82,091,694</b>	<b>141,478,317</b>
<u>Liabilities</u>						
<u>Current liabilities</u>						
Accounts payable	88,807	206,388	261,450	6,617	53,014	616,276
Wages payable	184,556	99,216	94,058	192,927	89,319	660,076
Compensated absences payable	239,814	155,469	157,044	198,149	61,452	811,928
Due to other governments	132,493	0	3,106	0	0	135,599
Claims payable	0	0	0	0	11,828,162	11,828,162
Deposits	1,380	0	0	0	142,845	144,225
Interest payable	4,763	0	0	0	276,198	280,961
Unearned revenue	120,200	0	397,228	0	0	517,428
Certificates of participation payable	145,000	0	0	0	0	145,000
Bonds payable	0	0	0	0	899,457	899,457
<b>Total current liabilities</b>	<b>917,013</b>	<b>461,073</b>	<b>912,886</b>	<b>397,693</b>	<b>13,350,447</b>	<b>16,039,112</b>
<u>Noncurrent liabilities</u>						
Compensated absences payable	0	15,881	15,385	0	57,895	89,161
Certificates of participation payable	890,000	0	0	0	0	890,000
Bonds payable (net of unamortized discount/premium)	0	0	0	0	62,559,241	62,559,241
Net OPEB obligation	39,574	10,278	11,702	24,613	3,700,436	3,786,603
<b>Total noncurrent liabilities</b>	<b>929,574</b>	<b>26,159</b>	<b>27,087</b>	<b>24,613</b>	<b>66,317,572</b>	<b>67,325,005</b>
<b>Total liabilities</b>	<b>1,846,587</b>	<b>487,232</b>	<b>939,973</b>	<b>422,306</b>	<b>79,668,019</b>	<b>83,364,117</b>
<u>Net assets</u>						
Invested in capital assets (net of related debt)	1,804,864	16,736,930	282,067	54,276	6,128	18,884,265
Unrestricted	12,097,302	16,619,358	4,284,965	3,810,763	2,417,547	39,229,935
<b>Total net assets</b>	<b>13,902,166</b>	<b>33,356,288</b>	<b>4,567,032</b>	<b>3,865,039</b>	<b>2,423,675</b>	<b>58,114,200</b>

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## Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

All Internal Service Funds

For the fiscal year ended June 30, 2012

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
<u>Operating revenues</u>						
Licenses and permits	0	0	0	480	0	480
Intergovernmental	4,691	0	0	0	304,953	309,644
Rental income	688,949	25,644	0	0	0	714,593
Charges for services	8,690,245	8,865,213	5,684,715	6,168,851	32,266,537	61,675,561
Miscellaneous	303,522	140,259	15,426	1,822	58,865	519,894
<b>Total operating revenues</b>	<b>9,687,407</b>	<b>9,031,116</b>	<b>5,700,141</b>	<b>6,171,153</b>	<b>32,630,355</b>	<b>63,220,172</b>
<u>Operating expenses</u>						
Personnel services	4,057,965	2,465,076	2,064,367	3,979,069	2,988,384	15,554,861
Contractual services	870,738	334,633	1,379,710	33,985	1,901,743	4,520,809
Materials and supplies	473,640	2,303,518	1,394,710	87,236	232,439	4,491,543
Maintenance	654,622	388,288	327,932	238,493	64,902	1,674,237
Utilities	2,334,593	16,333	513,783	26,950	11,863	2,903,522
Rent	18,174	0	188,160	131,896	99,665	437,895
Insurance	80,904	384,109	34,898	59,756	1,541,554	2,101,221
Claims	0	0	0	0	22,069,113	22,069,113
Central business functions	252,000	346,000	194,000	477,000	118,000	1,387,000
Depreciation	103,740	2,793,496	111,677	12,061	533	3,021,507
<b>Total operating expenses</b>	<b>8,846,376</b>	<b>9,031,453</b>	<b>6,209,237</b>	<b>5,046,446</b>	<b>29,028,196</b>	<b>58,161,708</b>
Operating income (loss)	841,031	(337)	(509,096)	1,124,707	3,602,159	5,058,464
<u>Nonoperating revenues (expenses)</u>						
Interest revenue	80,446	97,227	33,461	22,710	156,255	390,099
Interest expense	(64,089)	0	0	0	(4,462,794)	(4,526,883)
Amortization of issuance costs	(1,551)	0	0	0	(36,979)	(38,530)
<b>Total nonoperating revenues (expenses)</b>	<b>14,806</b>	<b>97,227</b>	<b>33,461</b>	<b>22,710</b>	<b>(4,343,518)</b>	<b>(4,175,314)</b>
Income (loss) before capital contributions and transfers	855,837	96,890	(475,635)	1,147,417	(741,359)	883,150
Capital contributions	696,859	337,546	15,150	0	0	1,049,555
Transfers in	500,000	1,319,170	0	0	0	1,819,170
Transfers out	0	(1,296,641)	0	0	0	(1,296,641)
Change in net assets	2,052,696	456,965	(460,485)	1,147,417	(741,359)	2,455,234
Total net assets, July 1, 2011	11,849,470	32,899,323	5,027,517	2,717,622	3,165,034	55,658,966
<b>Total net assets, June 30, 2012</b>	<b>13,902,166</b>	<b>33,356,288</b>	<b>4,567,032</b>	<b>3,865,039</b>	<b>2,423,675</b>	<b>58,114,200</b>

**Combining Statement of Cash Flows***All Internal Service Funds*For the fiscal year ended June 30, 2012  
(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
<u>Cash flows from operating activities</u>						
Cash received from customers	1,211,323	330,165	2,679,008	138,049	9,257,053	13,615,598
Cash received from interfund services provided	8,375,547	8,782,487	3,090,779	6,032,012	23,588,792	49,869,617
Cash paid to suppliers for goods and services	(4,014,653)	(2,950,437)	(3,404,180)	(269,769)	(25,262,195)	(35,901,234)
Cash paid to employees for services	(3,391,362)	(2,106,520)	(1,837,483)	(3,488,419)	(1,045,895)	(11,869,679)
Cash paid for interfund services used	(1,224,381)	(1,060,440)	(891,088)	(862,248)	(300,413)	(4,338,570)
Cash paid for central business functions	(252,000)	(346,000)	(194,000)	(477,000)	(118,000)	(1,387,000)
Net cash provided by (used for) operating activities	704,474	2,649,255	(556,964)	1,072,625	6,119,342	9,988,732
<u>Cash flows from noncapital financing activities</u>						
Transfers in	500,000	1,319,170	0	0	0	1,819,170
Transfers out	0	(1,296,641)	0	0	0	(1,296,641)
Principal payments on pension bonds	0	0	0	0	(1,680,000)	(1,680,000)
Interest payments on pension bonds	0	0	0	0	(3,314,373)	(3,314,373)
Net cash provided by (used for) noncapital financing activities	500,000	22,529	0	0	(4,994,373)	(4,471,844)
<u>Cash flows from capital and related financing activities</u>						
Principal payments on notes, bonds, and certificates	(140,000)	0	0	0	0	(140,000)
Interest payments on notes, bonds, and certificates	(64,720)	0	0	0	0	(64,720)
Contributions from other funds and governments	696,859	0	0	0	0	696,859
Proceeds from sale of capital assets	0	28,453	0	0	0	28,453
Acquisition and construction of capital assets	(67,109)	(1,560,392)	(39,840)	0	0	(1,667,341)
Net cash provided by (used for) capital and related financing activities	425,030	(1,531,939)	(39,840)	0	0	(1,146,749)
<u>Cash flows from investing activities</u>						
Interest revenue	80,446	97,227	33,461	22,710	156,255	390,099
Net cash provided by (used for) investing activities	80,446	97,227	33,461	22,710	156,255	390,099
Net increase (decrease) in cash	1,709,950	1,237,072	(563,343)	1,095,335	1,281,224	4,760,238
Cash, July 1, 2011	10,900,764	15,471,532	5,739,389	3,097,470	23,471,809	58,680,964
Cash, June 30, 2012	12,610,714	16,708,604	5,176,046	4,192,805	24,753,033	63,441,202

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)	841,031	(337)	(509,096)	1,124,707	3,602,159	5,058,464
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u>						
Depreciation	103,740	2,793,496	111,677	12,061	533	3,021,507
Amortization of pension assets	0	0	0	0	1,722,892	1,722,892
(Increase) Decrease in accounts receivable	0	0	(623)	(24,622)	151,240	125,995
(Increase) Decrease in loans and notes receivable	(300,000)	0	0	0	0	(300,000)
Increase (Decrease) in allowance for uncollectibles	6,000	0	0	430	0	6,430
(Increase) Decrease in due from other governments	98,536	81,537	(959)	23,100	8,334	210,548
(Increase) Decrease in prepaids and deposits	0	0	(45,090)	0	(355,454)	(400,544)
(Increase) Decrease in inventories	0	(36,433)	0	0	0	(36,433)
Increase (Decrease) in accounts payable	(110,114)	(152,955)	(99,885)	(1,147)	(6,723)	(370,824)
Increase (Decrease) in wages payable	(41,992)	(55,167)	(96,883)	(65,852)	(17,468)	(277,362)
Increase (Decrease) in compensated absences payable	(11,759)	13,943	23,880	(2,710)	17,400	40,754
Increase (Decrease) in net OPEB obligation	9,830	5,171	4,260	6,658	28,960	54,879
Increase (Decrease) in claims payable	0	0	0	0	911,553	911,553
Increase (Decrease) in deposits	0	0	0	0	55,916	55,916
Increase (Decrease) in due to other governments	14,275	0	(15,473)	0	0	(1,198)
Increase (Decrease) in deferred revenue	94,927	0	71,228	0	0	166,155
Net cash provided by (used for) operating activities	704,474	2,649,255	(556,964)	1,072,625	6,119,342	9,988,732

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	0	4,691	0	4,691
Rental income	657,600	791,849	(102,900)	688,949
Charges for services	8,636,984	8,690,245	0	8,690,245
Miscellaneous	54,000	790,713	(406,745)	383,968
<b>Total revenues</b>	<b>9,348,584</b>	<b>10,277,498</b>	<b>(509,645)</b>	<b>9,767,853</b>
<u>Expenses</u>				
Current - departmental:				
Central services	8,477,495	8,192,622	250,071	8,442,693
Planning and development	269,545	192,375	107,568	299,943
Debt service	204,720	204,720	(140,631)	64,089
Capital outlay	708,009	174,677	(174,677)	0
Depreciation	0	0	103,740	103,740
Amortization	0	0	1,551	1,551
<b>Total expenses</b>	<b>9,659,769</b>	<b>8,764,394</b>	<b>147,622</b>	<b>8,912,016</b>
Excess (deficiency) of revenues over expenses	(311,185)	1,513,104	(657,267)	855,837
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	696,859	696,859
Transfers in	0	500,000	0	500,000
Transfers out	(252,000)	(252,000)	252,000	0
<b>Total other financing sources (uses)</b>	<b>(252,000)</b>	<b>248,000</b>	<b>948,859</b>	<b>1,196,859</b>
Change in net assets	(563,185)	1,761,104	291,592	2,052,696
Total net assets, July 1, 2011	10,431,353	10,431,353	1,418,117	11,849,470
<b>Total net assets, June 30, 2012</b>	<b>9,868,168</b>	<b>12,192,457</b>	<b>1,709,709</b>	<b>13,902,166</b>

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

For the fiscal year ended June 30, 2012

(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	30,000	25,644	0	25,644
Charges for services	9,118,936	8,865,213	0	8,865,213
Miscellaneous	510,000	281,094	(43,609)	237,485
<b>Total revenues</b>	<b>9,658,936</b>	<b>9,171,951</b>	<b>(43,609)</b>	<b>9,128,342</b>
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	346,000	346,000
Public works	12,669,274	7,469,366	(1,577,410)	5,891,956
Capital outlay	1,098	302	(302)	0
Depreciation	0	0	2,793,496	2,793,496
<b>Total expenses</b>	<b>12,670,372</b>	<b>7,469,668</b>	<b>1,561,784</b>	<b>9,031,452</b>
Excess (deficiency) of revenues over expenses	(3,011,436)	1,702,283	(1,605,393)	96,890
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	337,546	337,546
Transfers in	1,319,170	1,319,170	0	1,319,170
Transfers out	(1,642,641)	(1,642,641)	346,000	(1,296,641)
<b>Total other financing sources (uses)</b>	<b>(323,471)</b>	<b>(323,471)</b>	<b>683,546</b>	<b>360,075</b>
Change in net assets	(3,334,907)	1,378,812	(921,847)	456,965
Total net assets, July 1, 2011	15,027,381	15,027,381	17,871,942	32,899,323
<b>Total net assets, June 30, 2012</b>	<b>11,692,474</b>	<b>16,406,193</b>	<b>16,950,095</b>	<b>33,356,288</b>

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

For the fiscal year ended June 30, 2012

(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	5,921,580	5,755,943	(71,228)	5,684,715
Miscellaneous	34,000	54,725	(5,838)	48,887
<b>Total revenues</b>	<b>5,955,580</b>	<b>5,810,668</b>	<b>(77,066)</b>	<b>5,733,602</b>
<u>Expenses</u>				
Current - departmental:				
Central services	6,892,333	5,960,349	137,211	6,097,560
Depreciation	0	0	111,677	111,677
<b>Total expenses</b>	<b>6,892,333</b>	<b>5,960,349</b>	<b>248,888</b>	<b>6,209,237</b>
Excess (deficiency) of revenues over expenses	(936,753)	(149,681)	(325,954)	(475,635)
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	15,150	15,150
Transfers out	(194,000)	(194,000)	194,000	0
<b>Total other financing sources (uses)</b>	<b>(194,000)</b>	<b>(194,000)</b>	<b>209,150</b>	<b>15,150</b>
Change in net assets	(1,130,753)	(343,681)	(116,804)	(460,485)
Total net assets, July 1, 2011	5,163,070	5,163,070	(135,553)	5,027,517
<b>Total net assets, June 30, 2012</b>	<b>4,032,317</b>	<b>4,819,389</b>	<b>(252,357)</b>	<b>4,567,032</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	1,000	480	0	480
Charges for services	5,764,035	6,168,851	0	6,168,851
Miscellaneous	18,000	27,235	(2,703)	24,532
<b>Total revenues</b>	<b>5,783,035</b>	<b>6,196,566</b>	<b>(2,703)</b>	<b>6,193,863</b>
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	477,000	477,000
Public works	5,256,625	4,553,437	3,948	4,557,385
Depreciation	0	0	12,061	12,061
<b>Total expenses</b>	<b>5,256,625</b>	<b>4,553,437</b>	<b>493,009</b>	<b>5,046,446</b>
Excess (deficiency) of revenues over expenses	526,410	1,643,129	(495,712)	1,147,417
<u>Other financing sources (uses)</u>				
Transfers out	(477,000)	(477,000)	477,000	0
<b>Total other financing sources (uses)</b>	<b>(477,000)</b>	<b>(477,000)</b>	<b>477,000</b>	<b>0</b>
Change in net assets	49,410	1,166,129	(18,712)	1,147,417
Total net assets, July 1, 2011	2,865,915	2,865,915	(148,293)	2,717,622
<b>Total net assets, June 30, 2012</b>	<b>2,915,325</b>	<b>4,032,044</b>	<b>(167,005)</b>	<b>3,865,039</b>

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

For the fiscal year ended June 30, 2012

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	472,864	317,043	(12,090)	304,953
Charges for services	32,644,102	32,266,537	0	32,266,537
Miscellaneous	360,460	400,300	(185,180)	215,120
<b>Total revenues</b>	<b>33,477,426</b>	<b>32,983,880</b>	<b>(197,270)</b>	<b>32,786,610</b>
<u>Expenses</u>				
Current - departmental:				
Central services	28,888,307	27,694,189	1,333,474	29,027,663
Debt service	4,994,400	4,994,373	(531,579)	4,462,794
Depreciation	0	0	533	533
Amortization	0	0	36,979	36,979
<b>Total expenses</b>	<b>33,882,707</b>	<b>32,688,562</b>	<b>839,407</b>	<b>33,527,969</b>
Excess (deficiency) of revenues over expenses	(405,281)	295,318	(1,036,677)	(741,359)
<u>Other financing sources (uses)</u>				
Transfers out	(118,000)	(118,000)	118,000	0
<b>Total other financing sources (uses)</b>	<b>(118,000)</b>	<b>(118,000)</b>	<b>118,000</b>	<b>0</b>
Change in net assets	(523,281)	177,318	(918,677)	(741,359)
Total net assets, July 1, 2011	8,845,614	8,845,614	(5,680,580)	3,165,034
<b>Total net assets, June 30, 2012</b>	<b>8,322,333</b>	<b>9,022,932</b>	<b>(6,599,257)</b>	<b>2,423,675</b>

OTHER SUPPLEMENTARY SCHEDULES

**Schedule of Property Tax Transactions**

For the fiscal year ended June 30, 2012

(amounts in dollars)

<u>Fiscal year</u>	<u>Uncollected balances July 1, 2011</u>	<u>Current year's levy</u>	<u>Adjustments, interest, and discounts</u>	<u>Collections</u>	<u>Uncollected balances June 30, 2012</u>
1965-05	661,445	0	(54,314)	(16,096)	591,035
2006	67,627	0	(9,310)	1,286	59,603
2007	94,036	0	(5,655)	(21,338)	67,043
2008	189,430	0	32,815	(122,920)	99,325
2009	697,314	0	72,073	(531,587)	237,800
2010	1,503,803	0	46,253	(264,158)	1,285,898
2011	2,694,587	0	(44,583)	(777,776)	1,872,228
2012	0	99,967,213	(2,358,226)	(94,522,083)	3,086,904
<b>Totals</b>	<b>5,908,242</b>	<b>99,967,213</b>	<b>(2,320,947)</b>	<b>(96,254,672)</b>	<b>7,299,836</b>

Summary by fund type

General Fund	(80,279,455)	6,154,684
Special Revenue Funds	(872,564)	61,419
Debt Service Funds	(15,102,653)	1,083,733
<b>Totals</b>	<b>(96,254,672)</b>	<b>7,299,836</b>

# Schedule of Bonded Debt Transactions

For the fiscal year ended June 30, 2012

(amounts in dollars)

## Governmental Activities

	Issued interest rates	Issue date	Maturity date	Amount issued/authorized	Outstanding June 30, 2011		Fiscal Year 2011-2012				Outstanding June 30, 2012	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured	
<b>General obligation bonds</b>												
Fire Projects Bonds, Series 2002 Interest	3.000 to 4.650%	10/1/02	6/1/22	8,680,000	0	5,430,000	0	5,430,000	5,430,000	0	0	0
Parks and Open Spaces Bonds, Series 2004 Interest	2.500 to 4.650%	5/1/04	6/1/23	6,305,000	0	3,960,000	0	3,960,000	3,960,000	0	0	3,630,000
General Obligation Refunding Bonds, Series 2006 Interest	3.500 to 4.125%	3/9/06	3/1/19	24,990,000	0	17,170,000	0	2,350,000	2,350,000	0	0	14,820,000
Premium				7,556,255	0	2,819,746	0	692,013	692,013	0	0	2,127,733
Parks and Open Spaces Bonds, Series 2008 Interest	5.100%	10/29/08	12/1/18	244,744	0	86,273	0	21,933	21,933	0	0	64,340
General Obligation Refunding Bonds, Series 2011 Interest	2.000 to 3.000%	12/1/11	6/1/22	5,600,000	0	4,710,000	0	4,710,000	4,710,000	0	0	10,460,000
Premium				1,719,099	0	331,105	0	331,105	331,105	0	0	1,284,200
G.O. Bond and Revolving Credit Facility (POS) Interest	0.750%	5/13/07	6/1/14	3,000,000	0	1,574,164	0	10,975,000	515,000	515,000	0	456,117
Premium				489,606	0	0	0	489,606	33,489	33,489	0	0
G.O. Bond and Revolving Credit Facility (Street) Interest	1.160 to 1.380%	1/27/09	6/1/14	4,000,000	0	5,568	0	4,489	10,057	10,057	0	0
Premium				0	0	0	0	7,340,000	7,340,000	0	0	0
Subtotal general obligation bonds				81,600,699	0	37,394,365	0	21,436,777	25,036,207	25,036,207	0	33,794,935

## Certificates of participation

Santa Clara Fire Station Obligation, Series 2003 Interest	2.000 to 4.000%	10/15/03	1/1/14	2,090,000	0	645,000	0	215,000	215,000	0	0	430,000
Atrium Obligations Series 1998A (tax-exempt) Interest	3.700 to 4.900%	6/1/98	6/1/18	399,205	0	49,773	0	24,510	24,510	0	0	25,263
Atrium Obligations Series 1998B (taxable) Interest	6.125 to 6.200%	6/1/98	6/1/18	1,200,000	0	565,000	0	70,000	70,000	0	0	495,000
Premium				676,913	0	114,680	0	26,900	26,900	0	0	87,780
Subtotal certificates of participation				1,200,000	0	610,000	0	70,000	70,000	0	0	540,000
Premium				939,108	0	161,820	0	37,820	37,820	0	0	124,000
Subtotal certificates of participation				6,505,226	0	2,146,273	0	444,230	444,230	0	0	1,702,043

## Limited tax bonds

Limited Tax Pension Bonds, Series 2002 Interest	2.000 to 7.410%	3/15/02	6/1/28	84,335,000	0	70,885,000	0	1,680,000	1,680,000	0	0	69,205,000
Discount				103,402,626	0	59,125,193	0	4,150,273	4,150,273	0	0	54,974,920
Limited Tax Improvement Bonds, Series 2006 Interest	5.100%	6/13/06	6/1/16	(16,541,344)	0	(14,432,726)	0	(845,286)	(845,286)	0	0	(13,587,440)
Limited Tax Improvement Bonds, Series 2011 Interest	7.050%	6/28/11	12/1/26	1,036,427	0	340,457	0	105,040	105,040	0	0	235,417
Premium				526,818	0	75,273	0	16,081	16,081	0	0	59,192
Subtotal limited tax bonds				580,000	0	580,000	0	93,549	93,549	0	0	486,451
Premium				633,795	0	532,750	0	35,473	35,473	0	0	497,277
Subtotal limited tax bonds				173,973,322	0	117,105,947	0	5,235,129	5,235,129	0	0	111,870,817

continued

	Issued interest rates	Issue date	Maturity date	Amount issued/authorized	Outstanding June 30, 2011		Fiscal Year 2011-2012				Outstanding June 30, 2012	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured	
<b>Governmental Activities, continued</b>												
<b>Tax increment bonds</b>												
URA Tax Increment Bonds, Series 2011	5.200%	5/25/11	6/1/20	7,900,000	0	7,900,000	0	717,000	717,000	0	7,183,000	
Interest				2,185,439	0	2,185,439	0	417,647	417,647	0	1,767,792	
Subtotal tax increment bonds				10,085,439	0	10,085,439	0	1,134,647	1,134,647	0	8,950,792	
<b>Total bonded debt - governmental activities</b>												
				272,164,686	0	166,732,024	21,436,777	31,850,213	31,850,213	0	156,318,587	
<b>Bonded debt - governmental activities</b>												
Principal				146,084,433	0	100,023,168	20,004,606	25,609,888	25,609,888	0	94,417,885	
Interest				126,080,253	0	66,708,856	1,432,171	6,240,324	6,240,324	0	61,900,702	
Total bonded debt - governmental activities				272,164,686	0	166,732,024	21,436,777	31,850,213	31,850,213	0	156,318,587	
<b>Total bonded debt</b>												
Principal				146,084,433	0	100,023,168	20,004,606	25,609,888	25,609,888	0	94,417,885	
Interest				126,080,253	0	66,708,856	1,432,171	6,240,324	6,240,324	0	61,900,702	
Total bonded debt				272,164,686	0	166,732,024	21,436,777	31,850,213	31,850,213	0	156,318,587	

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## STATISTICAL SECTION

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

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

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

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

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

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

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

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

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

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

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

**Net Assets by Component**

Last ten fiscal years - unaudited  
(amounts in dollars)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Invested in capital assets (net of related debt)	242,930,926	248,499,182	281,066,898	289,352,542	317,131,090	337,614,504	345,073,199	368,493,364	371,712,593	384,208,529
Restricted for:										
Capital projects	21,466,297	45,501,931	30,800,274	27,019,544	24,818,163	18,685,919	17,115,701	16,733,124	24,756,656	18,408,750
Debt service	5,784,296	10,550,052	10,752,994	2,302,664	1,698,134	1,479,458	815,360	2,126,503	2,971,915	2,666,763
Community development	11,114,837	10,186,049	10,249,932	10,544,238	11,072,272	12,345,467	15,559,285	16,817,966	20,259,962	23,219,052
Urban renewal	n/a	n/a	n/a	n/a	13,044,734	14,159,758	15,275,722	14,789,792	3,346,926	6,337,101
Other purposes	10,580,678	10,590,948	11,745,848	21,595,774	9,721,619	6,387,334	5,195,976	5,722,120	6,413,577	8,760,189
Unrestricted	88,105,543	79,175,913	90,192,949	98,906,385	93,170,976	92,606,219	86,891,871	81,804,405	92,174,866	91,155,599
<b>Total governmental activities net assets</b>	<b>379,982,577</b>	<b>404,504,075</b>	<b>434,808,895</b>	<b>449,721,147</b>	<b>470,656,988</b>	<b>483,278,659</b>	<b>485,927,114</b>	<b>506,487,274</b>	<b>521,636,495</b>	<b>534,755,983</b>
<b>Business-type activities</b>										
Invested in capital assets (net of related debt)	181,710,933	190,406,623	207,872,367	215,793,591	223,163,869	229,495,712	232,335,631	239,045,916	241,534,490	243,029,332
Restricted for:										
Capital projects	2,240,031	4,221,577	4,615,382	5,004,684	4,919,041	7,819,508	7,222,609	8,435,242	11,625,345	12,568,710
Debt service	2,043,280	1,852,349	1,519,435	1,178,972	1,661,826	1,536,386	2,150,987	725,324	7,211	0
Other purposes	9,016,577	7,361,798	5,428,288	0	0	0	0	0	0	0
Unrestricted	10,131,423	10,425,367	13,885,527	25,988,723	29,141,077	25,321,148	20,076,992	23,942,080	24,982,466	26,709,243
<b>Total business-type activities net assets</b>	<b>205,142,244</b>	<b>214,267,714</b>	<b>233,320,999</b>	<b>247,965,970</b>	<b>258,885,813</b>	<b>264,172,754</b>	<b>261,786,219</b>	<b>272,148,562</b>	<b>278,149,512</b>	<b>282,307,285</b>
<b>Total government</b>										
Invested in capital assets (net of related debt)	424,641,859	438,905,805	488,939,265	505,146,133	540,294,959	567,110,216	577,408,830	607,539,280	613,247,083	627,237,861
Restricted for:										
Capital projects	23,706,328	49,723,508	35,415,656	32,024,228	29,737,204	26,505,427	24,338,310	25,168,366	36,382,001	30,977,460
Debt service	7,827,576	12,402,401	12,272,429	3,481,636	3,359,960	3,015,844	2,966,347	2,853,827	2,979,126	2,666,763
Community development	11,114,837	10,186,049	10,249,932	10,544,238	11,072,272	12,345,467	15,559,285	16,817,966	20,259,962	23,219,052
Urban renewal	n/a	n/a	n/a	n/a	13,044,734	14,159,758	15,275,722	14,789,792	3,346,926	6,337,101
Other purposes	19,597,255	17,952,746	17,174,136	21,595,774	9,721,619	6,387,334	5,195,976	5,722,120	6,413,577	8,760,189
Unrestricted	98,236,966	89,601,280	104,078,476	124,895,108	122,312,053	117,927,367	106,968,863	105,746,485	117,157,332	117,864,842
<b>Total government net assets</b>	<b>585,124,821</b>	<b>618,771,789</b>	<b>668,129,894</b>	<b>697,687,117</b>	<b>729,542,801</b>	<b>747,451,413</b>	<b>747,713,333</b>	<b>778,637,836</b>	<b>799,786,007</b>	<b>817,063,268</b>

Notes

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

b) Beginning in FY07, restricted net assets of the Urban Renewal Agency have been removed from other purposes restricted net assets and reported separately.

Data source

City of Eugene Finance Division

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental activities:</b>										
Central services	9,042,788	14,151,814	14,401,565	16,160,914	14,074,704	8,705,558	9,217,725	8,377,766	9,759,910	9,804,909
Fire and emergency medical services	18,152,078	19,033,516	19,920,243	23,732,902	25,625,315	27,597,155	27,345,006	26,737,259	27,260,063	28,641,938
Library, recreation, and cultural services	22,183,540	25,093,028	24,101,249	26,273,938	28,318,253	27,418,613	29,681,412	28,956,894	29,249,223	28,620,958
Planning and development	15,304,680	15,540,851	14,808,950	16,620,966	20,368,626	21,760,065	20,978,977	19,833,161	32,208,704	19,651,543
Police	33,694,608	35,062,405	37,303,852	42,460,895	44,649,823	46,876,021	48,533,017	44,801,367	47,645,365	52,725,185
Public works	22,546,630	22,898,974	23,748,309	25,056,399	26,796,672	29,077,493	29,139,235	28,550,511	29,775,680	30,285,866
Interest on long term debt	7,797,372	7,758,978	7,806,526	7,424,942	7,296,131	6,635,966	6,654,887	6,415,984	6,280,158	6,650,862
Total governmental activities expenses	128,721,696	139,539,566	142,090,694	157,730,976	167,129,524	168,070,871	171,550,259	163,672,942	182,179,103	176,581,261
<b>Business-type activities:</b>										
Ambulance transport	6,006,952	5,435,656	5,093,887	5,350,797	5,570,868	5,971,282	6,773,249	5,737,099	5,669,204	6,950,263
Municipal airport	7,935,186	7,538,797	7,735,411	8,576,421	9,506,496	9,910,114	10,261,598	10,404,018	11,031,434	11,969,227
Parking services	4,296,893	4,260,447	4,033,881	4,191,032	4,194,549	4,249,563	4,756,555	4,567,110	5,517,107	4,554,259
Stormwater utility	9,172,888	8,962,888	8,575,679	8,994,867	10,533,696	11,272,132	11,578,529	12,318,848	13,084,702	13,301,129
Wastewater utility	16,739,835	16,805,577	17,952,868	18,817,961	20,164,583	19,969,122	23,474,996	20,588,115	21,351,247	22,359,079
Total business-type activities expenses	44,151,754	43,003,365	43,391,726	45,931,078	49,970,192	51,372,213	56,844,927	53,615,190	56,653,694	59,133,957
Total government expenses	172,873,450	182,542,931	185,482,420	203,662,054	217,099,716	219,443,084	228,395,186	217,288,132	238,832,797	235,715,218
<b>Program revenues</b>										
<b>Governmental activities:</b>										
Fees, fines, and charges for services:										
Central services	5,265,309	5,954,400	5,310,802	6,309,636	5,541,010	5,522,788	5,966,891	6,611,740	7,865,208	7,414,102
Fire and emergency medical services	1,819,968	1,534,245	1,991,033	2,090,634	2,200,740	2,183,626	2,212,104	2,195,110	2,243,125	2,323,103
Library, recreation, and cultural services	5,722,806	5,391,726	5,261,932	5,502,360	5,623,221	6,043,182	5,713,783	5,522,563	6,175,973	5,636,053
Planning and development	8,539,009	8,138,664	8,848,564	9,554,684	9,130,553	8,822,469	11,193,007	8,379,827	15,265,547	12,067,636
Police	3,568,419	3,002,037	3,568,807	3,580,790	3,630,956	3,600,489	4,061,284	3,639,665	3,886,160	4,975,304
Public works	5,756,504	4,712,472	8,499,745	8,698,693	7,693,206	6,701,152	4,111,995	4,025,012	7,159,740	7,518,399
Operating grants and contributions	14,003,997	14,834,303	14,263,348	13,920,917	17,572,724	18,105,379	12,404,857	13,996,242	17,235,076	15,253,888
Capital grants and contributions	9,301,426	6,808,625	12,234,191	7,306,494	14,581,532	7,820,036	10,628,446	8,668,969	8,623,632	2,933,678
Total governmental activities program revenues	53,967,438	50,376,472	59,968,422	56,964,208	65,873,942	58,799,121	56,292,367	53,039,128	68,454,461	58,122,163
<b>Business-type activities:</b>										
Fees, fines, and charges for services:										
Ambulance transport	5,534,677	5,738,689	5,867,073	6,166,896	6,208,007	6,198,183	6,077,414	6,846,164	7,305,057	6,858,744
Municipal airport	6,486,631	6,182,864	6,848,387	7,049,709	7,146,352	7,930,588	6,982,760	7,454,423	7,955,702	8,068,953
Parking services	4,267,078	4,563,968	4,206,172	4,743,260	4,509,409	4,686,222	4,320,201	4,463,624	5,058,011	5,333,965
Stormwater utility	8,517,863	8,657,982	9,333,197	9,469,763	10,988,542	11,903,193	11,849,471	12,631,672	12,752,165	14,620,589
Wastewater utility	14,214,815	14,860,136	16,602,546	17,292,034	17,408,380	17,844,420	20,542,153	19,220,462	20,116,031	21,317,603
Operating grants and contributions	189,919	32,677	45,384	1,091,915	1,025,293	1,005,229	0	147,102	295,559	50,920
Capital grants and contributions	6,259,130	9,477,941	19,779,046	10,550,162	11,140,197	9,286,521	3,977,229	14,113,734	5,927,862	7,232,486
Total business-type activities program revenues	45,469,113	49,514,257	62,881,805	56,363,739	58,426,180	58,854,356	53,749,228	64,877,181	59,410,387	63,483,280
Total government program revenues	99,436,551	99,890,729	122,860,227	113,327,947	124,300,122	117,653,477	110,041,595	117,916,309	127,864,848	121,605,423

continued

	Fiscal Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Net (expense) revenue</b>											
Governmental activities	(74,754,258)	(89,163,094)	(82,122,272)	(100,766,768)	(101,255,582)	(109,271,750)	(115,257,892)	(110,633,814)	(113,724,642)	(118,459,098)	
Business-type activities	1,317,359	6,510,892	19,290,079	10,432,661	8,455,988	7,482,143	(3,095,699)	11,261,991	2,756,693	4,349,303	
Total government net (expense) revenue	(73,436,899)	(82,652,202)	(62,832,193)	(90,334,107)	(92,799,594)	(101,789,607)	(118,353,591)	(99,371,823)	(110,967,949)	(114,109,795)	
<b>General revenues and transfers</b>											
<u>Governmental activities:</u>											
Property taxes	69,678,930	79,929,151	84,467,067	87,114,975	88,531,791	83,958,978	86,465,150	99,297,845	97,962,592	97,837,712	
Transient room tax	1,151,317	1,298,846	1,362,210	1,488,469	1,668,940	1,772,968	1,678,566	1,518,030	1,658,169	1,686,458	
Local motor vehicle fuel tax	0	2,007,509	2,558,093	3,533,582	3,359,536	3,083,605	2,976,107	3,138,296	3,118,882	3,045,192	
Contributions in lieu of taxes	9,979,014	9,590,961	10,361,749	11,251,713	11,913,379	11,448,537	13,263,982	12,342,958	13,762,181	13,469,821	
Franchise fees on telecom providers revenues	8,486,770	19,664,506	8,106,087	8,100,845	8,389,156	8,870,285	9,029,349	8,653,036	10,954,417	10,393,736	
Grants and contributions not restricted to specific programs	2,388,726	2,485,605	2,572,312	2,848,225	2,926,084	3,308,742	752,602	3,230,928	3,291,002	3,573,073	
Unrestricted investment earnings	1,742,590	1,139,941	2,377,897	4,920,649	6,697,857	6,221,900	3,720,245	1,823,094	1,170,778	1,219,164	
Transfers	16,447	(2,401,927)	621,677	(3,579,438)	(1,295,320)	3,230,406	20,346	1,191,787	(3,046,158)	353,430	
Total governmental activities general revenues and transfers	93,443,794	113,684,592	112,427,092	115,679,020	122,191,423	121,893,421	117,906,347	131,195,974	128,871,863	131,578,586	
<u>Business-type activities:</u>											
Unrestricted investment earnings	505,274	212,651	384,883	632,872	1,168,535	1,035,204	729,510	292,139	198,099	161,900	
Transfers	(16,447)	2,401,927	(621,677)	3,579,438	1,295,320	(3,230,406)	(20,346)	(1,191,787)	3,046,158	(353,430)	
Total business-type activities general revenues and transfers	488,827	2,614,578	(236,794)	4,212,310	2,463,855	(2,195,202)	709,164	(899,648)	3,244,257	(191,530)	
Total government general revenues and transfers	93,932,621	116,299,170	112,190,298	119,891,330	124,655,278	119,698,219	118,615,511	130,296,326	132,116,120	131,387,056	
<u>Change in net assets:</u>											
Governmental activities	18,689,536	24,521,498	30,304,820	14,912,252	20,935,841	12,621,671	2,648,455	20,562,160	15,147,221	13,119,488	
Business-type activities	1,806,186	9,125,470	19,053,285	14,644,971	10,919,843	5,286,941	(2,386,535)	10,362,343	6,000,950	4,157,773	
Total government change in net assets	20,495,722	33,646,968	49,358,105	29,557,223	31,855,684	17,908,612	261,920	30,924,503	21,148,171	17,277,261	

**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

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City of Eugene, Oregon  
**Fund Balances - Governmental Funds**

Last ten fiscal years - unaudited  
 (amounts in dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund:</b>										
Reserved	486,579	674,233	357,615	507,739	371,847	441,011	405,650	0	0	0
Unreserved	31,644,816	35,413,181	31,444,329	32,777,927	30,788,707	30,005,614	32,109,937	0	0	0
Nonspendable	0	0	0	0	0	0	0	736,386	1,066,473	1,399,020
Restricted	0	0	0	0	0	0	0	20,987,111	22,174,813	22,191,185
Assigned	0	0	0	0	0	0	0	13,682,884	17,009,910	16,170,281
Unassigned	0	0	0	0	0	0	0	4,498,324	5,792,870	3,330,380
<b>Total General Fund</b>	<b>32,131,395</b>	<b>36,087,414</b>	<b>31,801,944</b>	<b>33,285,666</b>	<b>31,160,554</b>	<b>30,446,625</b>	<b>32,515,587</b>	<b>39,904,705</b>	<b>46,044,066</b>	<b>43,090,866</b>
<b>All other governmental funds:</b>										
Reserved	11,113,328	9,209,577	4,875,099	4,442,288	4,149,246	3,998,804	3,331,083	0	0	0
Unreserved, reported in:										
Special revenue funds	14,769,533	29,039,622	24,012,646	29,513,286	30,761,057	25,938,461	27,990,706	0	0	0
Debt service funds	0	0	5,465,927	6,644,093	7,023,344	6,394,515	5,790,008	0	0	0
Capital projects funds	34,398,522	33,845,140	26,541,738	25,442,697	23,715,035	19,975,502	14,603,402	0	0	0
Nonspendable	0	0	0	0	0	0	0	3,197,689	2,636,383	3,836,064
Restricted	0	0	0	0	0	0	0	34,464,276	31,260,095	35,767,355
Committed	0	0	0	0	0	0	0	7,793,449	11,257,256	12,413,934
Assigned	0	0	0	0	0	0	0	10,766,087	11,618,763	5,506,138
Unassigned	0	0	0	0	0	0	0	(108,342)	0	0
<b>Total all other governmental funds</b>	<b>60,281,383</b>	<b>72,094,339</b>	<b>60,895,410</b>	<b>66,042,364</b>	<b>65,648,682</b>	<b>56,307,282</b>	<b>51,715,199</b>	<b>56,113,159</b>	<b>56,772,497</b>	<b>57,523,491</b>

Notes

- a) This schedule was modified with the implementation of GASB54, effective FY10.
- b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.

Data source

City of Eugene Finance Division

### Changes in Fund Balances - Governmental Funds

Last ten fiscal years - unaudited

(amounts in dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	80,845,313	92,945,384	98,764,452	103,790,123	105,364,632	99,870,624	103,745,938	115,363,742	116,480,716	114,430,239
Licenses and permits	12,464,238	23,550,147	12,734,940	12,844,614	12,421,905	12,649,419	12,124,148	12,016,951	16,247,802	14,621,168
Intergovernmental	17,647,948	18,688,065	18,480,741	16,073,467	21,450,428	20,321,509	21,547,927	21,246,577	23,061,009	19,783,960
Rental income	244,483	206,887	310,577	310,413	278,748	314,334	377,621	355,002	383,266	432,660
Charges for services	16,761,966	17,995,959	20,033,539	21,130,857	20,195,253	19,603,598	17,277,036	16,546,585	18,161,552	23,333,482
Fines and forfeits	3,359,621	3,477,562	3,693,594	3,817,038	3,498,604	3,446,535	3,110,577	2,986,586	2,929,400	2,648,101
Special assessments	1,204,627	1,105,714	676,831	1,505,641	352,648	1,254,187	209,188	498,370	1,100,252	269,691
Repayment of revolving loans	1,519,523	1,900,483	1,352,576	1,030,982	1,075,399	1,391,553	1,725,978	1,316,158	1,419,907	1,577,023
Miscellaneous	9,379,002	4,546,803	4,288,516	6,402,046	7,499,141	6,395,831	4,812,046	3,754,441	4,081,989	2,643,789
Total revenues	143,426,721	164,417,004	160,335,766	166,905,181	172,136,758	165,247,590	164,930,459	174,084,412	183,865,893	179,740,113
<b>Expenditures</b>										
Central services	14,371,741	15,748,496	16,694,836	18,090,534	20,122,497	20,357,835	18,713,107	17,159,626	18,188,802	19,693,788
Fire and emergency medical services	16,373,386	17,284,554	18,049,197	20,365,572	21,982,727	23,449,090	22,667,961	22,977,955	23,507,369	24,666,748
Library, recreation, and cultural services	19,642,991	21,645,633	21,556,587	22,478,643	24,958,865	24,744,457	24,428,693	25,688,755	25,598,692	24,987,647
Planning and development	14,279,159	15,229,114	14,028,193	14,618,095	18,556,670	19,066,468	18,266,739	18,326,473	22,134,992	17,899,972
Police	30,924,127	32,690,864	35,169,815	38,261,119	41,982,140	42,862,037	41,877,715	39,781,729	42,544,795	46,724,924
Public works	13,417,292	13,221,151	13,960,750	14,293,416	14,292,723	15,140,126	16,387,652	15,857,207	15,162,759	15,891,864
Debt service:										
Principal	5,012,615	4,780,796	5,004,576	5,045,393	5,290,083	7,172,607	7,660,834	7,655,206	12,167,801	24,579,753
Interest	3,030,340	2,875,351	3,290,733	2,645,152	2,179,207	2,013,199	2,000,874	1,780,068	1,571,175	2,071,130
Arbitrage fee	2,310	3,310	11,150	19,281	8,132	1,813	6,900	15,070	0	0
Issuance costs	97,059	105,759	61	198,718	28,209	6,006	32,253	18,975	50,696	137,276
Capital outlay	33,609,835	26,961,865	22,951,069	17,639,671	20,346,939	28,962,548	24,501,530	31,526,686	23,382,608	28,481,716
Contribution of land held for resale	0	0	0	0	0	0	0	0	538,929	0
Intergovernmental	0	6,676,427	7,169,994	7,589,076	6,397,451	89,847	0	0	8,000,000	0
Total expenditures	150,760,855	157,223,320	157,886,961	161,244,670	176,125,643	183,866,033	176,544,258	180,787,750	192,848,618	205,134,818
Excess (deficiency) of revenues over expenditures	(7,334,134)	7,193,684	2,448,805	5,660,511	(3,988,885)	(18,618,443)	(11,613,799)	(6,703,338)	(8,982,725)	(25,394,705)

continued

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Other financing sources (uses)</u>										
Proceeds of debt issuance	8,683,963	8,395,000	0	1,036,427	0	5,200,000	4,345,000	500,000	17,765,000	8,540,000
Proceeds of note issuance	0	0	0	0	0	0	2,705,930	0	3,412,000	1,777,000
Proceeds of refunding bonds issuance	0	0	0	24,990,000	0	0	5,600,000	0	0	11,464,606
Premium on debt issuance	0	35,281	0	0	0	0	0	0	0	0
Premium on refunding bonds issuance	0	0	0	244,744	0	0	0	0	0	0
Refunded bonds redeemed	0	0	0	0	0	0	(5,593,800)	0	0	0
Payment to refunded bonds escrow agent	0	0	0	(25,033,071)	0	0	0	0	0	0
Transfers in	20,825,256	12,019,189	6,834,491	8,390,169	12,265,545	13,144,668	14,816,539	40,216,213	12,263,751	10,804,034
Transfers out	(24,441,635)	(13,032,364)	(24,767,695)	(9,197,033)	(10,795,454)	(11,206,554)	(12,782,991)	(22,225,797)	(17,659,327)	(10,253,301)
Gain on sale of assets	0	450,716	0	0	0	0	0	0	0	0
Total other financing sources (uses)	5,067,584	7,867,822	(17,933,204)	431,236	1,470,091	7,138,114	9,090,678	18,490,416	15,781,424	22,332,339
Net change in fund balances	12,261,268	10,316,627	(12,272,693)	(3,557,649)	(2,518,794)	(11,480,329)	(2,523,121)	11,787,078	6,798,699	(3,062,366)

Debt service as a percentage of noncapital expenditures	6.95%	5.96%	6.16%	5.51%	4.82%	5.94%	6.38%	6.34%	8.16%	15.16%
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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>	
2003	7,952,671,768	10,167,905,031	434,852,074	448,465,307	8,387,523,842	10,616,370,338	8.41
2004	8,347,546,682	10,770,956,589	425,551,033	440,782,048	8,773,097,715	11,211,738,637	9.22
2005	8,800,344,106	12,031,452,796	439,720,423	459,188,978	9,240,064,529	12,490,641,774	9.28
2006	9,201,750,939	13,642,477,569	448,543,977	467,180,107	9,650,294,916	14,109,657,676	9.17
2007	9,645,975,072	19,412,136,439	459,050,386	517,488,878	10,105,025,458	19,929,625,317	9.05
2008	10,143,358,303	22,088,733,093	473,274,763	506,349,012	10,616,633,066	22,595,082,105	8.15
2009	10,501,729,496	22,922,483,398	492,684,613	525,746,558	10,994,414,109	23,448,229,956	7.98
2010	11,006,944,202	22,077,562,997	459,543,562	483,196,072	11,466,487,764	22,560,759,069	8.56
2011	11,179,600,899	20,845,219,878	433,560,719	444,689,566	11,613,161,618	21,289,909,444	8.58
2012	11,460,819,092	20,777,602,912	423,318,352	430,903,340	11,884,137,444	21,208,506,252	8.29

Notes

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

Data source

Lane County Department of Assessment and Taxation

**Direct and Overlapping Property Tax Rates**

*Last ten fiscal years - unaudited*  
 (rate per \$1,000 of assessed value)

Fiscal year	City direct rates				Overlapping rates				Total overlapping rate	Total
	Operating	Debt service	County	School districts	Community college	School districts	County	School districts		
2003	7.92	0.49	1.41	7.78	0.87	1.41	7.78	0.87	10.06	18.47
2004	8.80	0.42	1.40	7.37	0.87	1.40	7.37	0.87	9.64	18.86
2005	8.81	0.47	1.38	7.35	0.87	1.38	7.35	0.87	9.60	18.88
2006	8.72	0.45	1.38	7.76	0.87	1.38	7.76	0.87	10.01	19.18
2007	8.68	0.36	1.39	7.96	0.84	1.39	7.96	0.84	10.18	19.23
2008	7.60	0.55	1.38	7.70	0.82	1.38	7.70	0.82	9.90	18.05
2009	7.40	0.58	1.38	7.74	0.86	1.38	7.74	0.86	9.98	17.96
2010	7.38	1.18	1.38	7.76	0.84	1.38	7.76	0.84	9.98	18.54
2011	7.38	1.20	1.37	7.66	0.85	1.37	7.66	0.85	9.88	18.46
2012	7.15	1.14	1.37	7.65	0.87	1.37	7.65	0.87	9.89	18.18

Notes

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

Data source

Lane County Department of Assessment and Taxation

**Property Tax Levies and Collections**

*Last seven fiscal years - unaudited*

(amounts in dollars)

<u>Fiscal year</u>	<u>Taxes levied for the fiscal year</u>		<u>Adjustments</u>	<u>Total adjusted levy</u>	<u>Collected within the fiscal year of the levy</u>		<u>Collections/ Adjustments in subsequent years</u>	<u>Total collections to date</u>		<u>Outstanding taxes</u>	
	<u>fiscal year</u>	<u>levy</u>			<u>Amount</u>	<u>Percentage of adjusted levy</u>		<u>Amount</u>	<u>Percentage of adjusted levy</u>	<u>Amount</u>	<u>Percentage of adjusted levy</u>
2006	89,804,899		(2,674,682)	87,130,217	85,156,653	97.7%	1,913,961	87,070,614	99.9%	59,603	0.1%
2007	91,054,148		(2,647,774)	88,406,374	86,354,896	97.7%	1,984,435	88,339,331	99.9%	67,043	0.1%
2008	87,807,231		(3,047,791)	84,759,440	82,508,795	97.3%	2,151,320	84,660,115	99.9%	99,325	0.1%
2009	88,929,425		(2,525,855)	86,403,570	83,787,874	97.0%	2,377,896	86,165,770	99.7%	237,800	0.3%
2010	102,340,449		(3,052,244)	99,288,205	96,079,826	96.8%	1,922,481	98,002,307	98.7%	1,285,898	1.3%
2011	101,032,799		(3,198,238)	97,834,561	95,139,974	97.2%	822,359	95,962,333	98.1%	1,872,228	1.9%
2012	99,967,213		(2,358,226)	97,608,987	94,522,083	96.8%	0	94,522,083	96.8%	3,086,904	3.2%

Notes

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

Data source

Lane County Department of Assessment and Taxation

**Ten Principal Property Taxpayers***Current year and eight years ago - unaudited*

(amounts in dollars)

<u>Taxpayer</u>	FY12 total taxes paid	FY 2012		FY 2004	
		Total assessed value	Percentage of total assessed value	Total assessed value	Percentage of total assessed value
Valley River Center LLC	1,755,745	104,445,512	0.88%	77,129,592	0.88%
Comcast Corporation	1,736,224	101,760,700	0.86%	-	-
Verizon Communications	960,854	58,625,000	0.49%	-	-
Century Link (formerly QWEST)	956,214	58,981,100	0.50%	102,625,360	1.17%
McKay Investment Company	902,665	51,502,848	0.43%	18,781,690	0.21%
Northwest Natural Gas Company	762,312	46,937,800	0.39%	33,742,000	0.38%
Hynix Semiconductor	723,562	44,527,430	0.37%	456,687,935	5.21%
Chase Village LLC	625,448	34,396,437	0.29%	-	-
Molecular Probes, Inc.	623,641	37,761,527	0.32%	-	-
PeaceHealth	591,233	167,660,284	1.41%	26,828,190	0.31%
Guard Publishing Company	n/a	-	-	28,550,287	0.33%
Trus Joist, Inc.	n/a	-	-	23,352,650	0.27%
Metropolitan Life Insurance Company	n/a	-	-	18,186,951	0.21%
SHLP Financing LLC	n/a	-	-	28,476,456	0.32%
Subtotal		706,598,638	5.94%	814,361,111	9.29%
All other taxpayers		11,177,538,806	94.05%	7,958,736,604	90.71%
Total taxpayers		<u>11,884,137,444</u>	<u>99.99%</u>	<u>8,773,097,715</u>	<u>100.00%</u>

Notes

- Total assessed value does not include exemptions.
- Reliable top ten taxpayer information is not available prior to FY2004. Therefore, the City will use FY2004 for comparative purposes until FY2014.
- Comcast Corporation, Verizon Communications, Molecular Probes, Inc., and Chase Village LLC were not among the top ten taxpayers in FY2004.
- Guard Publishing Company, Trus Joist, Inc., Metropolitan Life Insurance Company, and SHLP Financing LLC were not among the top ten taxpayers in FY2012.
- In tax year 2009, Comcast appealed a significant increase in their taxable assessed value. In tax year 2011, the Oregon Supreme Court ruled in favor of Comcast which resulted in a refund.
- Hynix Semiconductor is no longer in business. Total assessed value is decreasing as equipment is sold.

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				Percentage of real market value	Debt per capita	
	General obligation bonds	Certificates of participation	Special assessment bonds	Limited tax bonds	Tax increment bonds	General obligation bonds	Limited tax bonds	Revenue bonds			Total government
2003	39,955,000	16,005,000	1,065,000	69,448,652	0	2,055,000	6,605,000	2,645,000	137,778,652	1.30%	968
2004	44,295,000	16,310,000	490,000	70,120,046	0	1,660,000	6,440,000	2,170,000	141,485,046	1.26%	983
2005	42,055,000	14,250,000	135,000	70,758,970	0	1,245,000	6,255,000	1,670,000	136,368,970	1.09%	943
2006	40,385,000	12,075,000	0	72,251,989	0	810,000	6,040,000	1,145,000	132,706,989	0.94%	908
2007	39,245,000	9,785,000	0	64,869,254	0	415,000	5,790,000	590,000	120,694,254	0.61%	812
2008	40,130,000	7,365,000	0	64,999,879	0	0	5,505,000	0	117,999,879	0.52%	768
2009	40,176,200	4,840,000	0	65,031,643	0	0	5,180,000	0	115,227,843	0.49%	745
2010	35,389,414	2,160,000	0	64,862,223	0	0	4,810,000	0	107,221,637	0.48%	683
2011	32,844,164	1,820,000	0	65,030,281	7,900,000	0	0	0	107,594,445	0.51%	682
2012	28,910,000	1,465,000	0	64,290,728	7,183,000	0	0	0	101,848,728	0.48%	649

**Notes**

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

**Data source**

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)

<u>Fiscal year</u>	<u>General bonded debt outstanding</u>				<u>Total</u>	<u>Percentage of real market value</u>	<u>Per capita</u>
	<u>General obligation bonds</u>	<u>Certificates of participation</u>	<u>Limited tax bonds</u>	<u>Tax increment bonds</u>			
2003	42,010,000	16,005,000	76,053,652	0	134,068,652	1.26%	942
2004	45,955,000	16,310,000	76,560,046	0	138,825,046	1.24%	965
2005	43,300,000	14,250,000	77,013,970	0	134,563,970	1.08%	930
2006	41,195,000	12,075,000	78,291,989	0	131,561,989	0.93%	900
2007	39,660,000	9,785,000	70,659,254	0	120,104,254	0.60%	808
2008	40,130,000	7,365,000	70,504,879	0	117,999,879	0.52%	768
2009	40,176,200	4,840,000	70,211,643	0	115,227,843	0.49%	745
2010	35,389,414	2,160,000	69,672,223	0	107,221,637	0.48%	683
2011	32,844,164	1,820,000	65,030,281	7,900,000	107,594,445	0.51%	682
2012	28,910,000	1,465,000	64,290,728	7,183,000	101,848,728	0.48%	649

Notes

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

Data source

City of Eugene Finance Division

**Direct and Overlapping Governmental Activities Debt**

*As of June 30, 2012 - 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	101,848,728	100.0000%	101,848,728
Less: Funds available for principal payment			<u>(999,694)</u>
City of Eugene net direct debt			<u>100,849,034</u>
Lane Community College	93,542,592	45.0500%	42,140,938
Lane County	109,387,506	45.7300%	50,022,906
Lane Education Service District	7,645,000	45.7900%	3,500,646
School District 4J	179,482,258	77.5000%	139,098,750
School District 19	110,888,543	0.0000%	0
School District 52	17,145,000	78.2800%	13,421,106
Total overlapping debt			<u>248,184,346</u>
Total direct and overlapping debt			<u><u>349,033,380</u></u>

Data source

Oregon State Treasury Debt Management Information System

City of Eugene Finance Division

**Legal Debt Margin - General Obligation Bonded Debt**

Last ten fiscal years - unaudited

(amounts in dollars)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Real market value	10,616,370,338	11,211,738,637	12,490,641,774	14,109,657,676	19,929,625,317	22,595,082,105	23,448,229,956	22,560,759,069	21,289,909,444	21,208,506,252
Legal debt margin:										
Debt limit (3% of real market value)	318,491,110	336,352,159	374,719,253	423,289,730	597,888,760	677,852,463	703,446,899	676,822,772	638,697,283	636,255,188
Debt applicable to limit:										
General Obligation Bonds	42,010,000	45,955,000	43,300,000	41,195,000	39,660,000	40,130,000	40,176,200	35,389,414	32,844,164	28,910,000
Less: Amount reserved for repayment of general obligation debt	(885,718)	(645,278)	(570,377)	(688,206)	(276,840)	(136,909)	458,350	(619,761)	(961,919)	(552,614)
Total debt applicable to limit	41,124,282	45,309,722	42,729,623	40,506,794	39,383,160	39,993,091	40,634,550	34,769,653	31,882,245	28,357,386
Legal debt margin	277,366,828	291,042,437	331,989,630	382,782,936	558,505,600	637,859,372	662,812,349	642,053,119	606,815,038	607,897,802
Total debt applicable to the limit as a percentage of debt limit	13%	13%	11%	10%	7%	6%	6%	5%	5%	4%

Notes

- a) Oregon Revised Statutes 287A.050 provides a debt limit on general obligation bonds of 3% of the real market value of all taxable property within the City's boundaries.
- b) The legal debt margin is the difference between the debt limit and the City's net outstanding general obligation debt.
- 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>
2003	142,380	7.50%	328,150	8,698,081	26,344
2004	143,910	6.80%	329,400	9,213,725	27,788
2005	144,640	5.50%	333,350	9,981,276	29,841
2006	146,160	4.80%	336,085	10,483,145	30,825
2007	148,595	4.60%	339,740	11,269,508	32,877
2008	153,690	5.70%	343,140	11,679,994	33,522
2009	154,620	10.10%	345,880	11,783,941	33,562
2010	157,100	10.80%	347,690	11,709,176	33,277
2011	157,845	9.60%	348,550	11,598,698	33,277
2012	157,010	9.10%	353,155	11,751,939	33,277

Notes

- a) Personal income information is not available for the City.
- b) The 2011 and 2012 personal income for Lane County was not available and has been estimated by multiplying population by per capita income.
- c) The 2011 and 2012 per capita income was not available and has been estimated to be the same as 2010.
- d) Population is reported as of July 1 of each fiscal year.
- e) Unemployment rates presented are annualized for the calendar year through FY2008. The FY2012 unemployment rate is as of July, 2012 (the most recent information available).

Data source

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

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

<u>Employer</u>	2012		2003	
	Employees	Percentage of total employment	Employees	Percentage of total employment
PeaceHealth Medical Group	4,212	2.62%	4,169	2.66%
University of Oregon	4,038	2.51%	3,796	2.42%
Eugene School District 4J	2,794	1.74%	1,966	1.26%
Lane County	2,000	1.24%	1,438	0.92%
State of Oregon	1,781	1.11%	828	0.53%
US Government	1,667	1.04%	-	-
City of Eugene	1,378	0.86%	1,471	0.94%
Springfield School District	1,300	0.81%	-	-
Lane Community College	1,118	0.70%	828	0.53%
Walmart	1,050	0.65%	-	-
Hynix Semiconductor	-	-	850	0.54%
Bethel School District	-	-	657	0.42%
PSC Scanning	-	-	556	0.35%
Total	<u>21,338</u>	<u>13.28%</u>	<u>16,559</u>	<u>10.57%</u>

Notes

- Information provided for the Eugene/Springfield Metropolitan Service Area.
- Employee count and percent of employment is as of January 1st of each year.
- The US Government, Springfield School District, and Walmart were not among the top ten employers in FY2002.
- Hynix, Bethel School District, and PSC Scanning were not among the top ten employers in FY2012.

Data source

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

**City Government Employees by Function/Program**

*Last ten fiscal years - unaudited*

<u>Fiscal year</u>	<u>Function/Program</u>						<u>Total</u>
	<u>Central services</u>	<u>Fire and emergency medical services</u>	<u>Library, recreation, and cultural services</u>	<u>Planning and development</u>	<u>Police</u>	<u>Public works</u>	
2003	234	192	159	96	290	392	1,363
2004	236	195	168	94	293	385	1,371
2005	227	200	193	91	289	390	1,390
2006	230	206	190	100	293	389	1,408
2007	239	204	195	113	303	403	1,457
2008	238	201	190	112	303	407	1,451
2009	230	203	190	111	296	410	1,440
2010	217	204	181	98	306	398	1,404
2011	210	200	180	94	300	396	1,380
2012	212	199	174	93	305	395	1,378

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Central services:</u>										
Number of claims managed	316	323	278	265	333	259	250	258	296	269
Number of purchase orders issued	24,648	24,338	23,007	21,372	20,975	21,983	17,434	15,513	15,936	15,544
Job applications processed	6,460	5,898	8,987	7,088	4,598	6,848	7,464	6,257	7,778	8,602
Building square footage maintained	1,794,295	1,868,354	1,886,998	1,926,848	1,917,643	1,918,643	2,014,217	2,014,217	1,932,261	1,919,698
Municipal Court cases processed	33,188	33,989	30,972	32,699	28,810	28,071	26,963	26,273	23,623	22,078
<u>Fire and emergency medical services:</u>										
Emergency responses	17,669	18,054	18,728	19,441	20,509	21,723	21,233	20,130	21,539	21,186
Fire inspections	3,453	2,502	2,208	1,800	812	973	839	943	1,576	2,393
<u>Library, recreation, and cultural services:</u>										
Number of library patron visits	569,000	989,013	1,125,648	1,194,972	1,267,109	1,527,239	1,542,183	1,469,860	1,380,951	1,386,601
Volume of library collection borrowed	1,507,490	1,803,648	2,160,355	2,469,913	2,582,101	2,791,737	2,909,908	2,928,143	2,859,748	2,826,998
Hult Center attendees	164,197	156,973	166,332	175,851	190,648	217,322	185,873	174,275	187,388	144,102
Recreation services	641,504	627,537	605,834	657,689	665,222	655,883	675,598	795,407	773,162	625,520
<u>Planning and development:</u>										
Construction permits issued	10,455	10,525	11,587	12,347	10,980	10,471	8,634	9,653	9,812	10,260
Land use applications reviewed	317	386	361	446	423	404	240	168	139	208
Parking permits issued	25,646	24,717	26,053	26,058	21,618	20,067	23,660	21,000	16,200	16,800
Parking citations issued	79,269	79,410	72,216	75,801	71,883	68,153	59,009	62,605	56,379	57,885
<u>Police:</u>										
Calls for service	119,637	113,367	110,103	116,596	106,972	104,552	107,836	102,426	103,219	109,097
Eugene crime index	6,629	6,519	6,370	7,078	6,039	5,581	6,864	6,009	4,857	5,282
U.S. median city crime index	5,691	5,466	5,422	4,911	2,785	2,698	2,640	2,520	2,419	3,769
<u>Public works:</u>										
Number of municipal airport passengers	605,091	644,215	719,298	711,822	724,662	773,213	659,641	724,855	789,620	806,541
Gallons of wastewater treated (in billions)	13.8	13.5	11.4	14.1	13.9	13.9	10.8	13.1	14.7	13.6

### Notes

- The number of claims managed is based on the number of general and automobile liability cases and the number of workers' compensation claims managed during the year.
- Recreation services include participants in the City's recreational programs and patron visits to the City's recreational facilities.
- Parking permit contract with Symantec Corporation expired at the end of FY06.
- The Eugene crime index is based on the number of offenses, reported on a calendar year basis (per 100,000 population).
- The U.S. median city crime index is based on the FBI's crime indices for median size U.S. cities with population size between 100,000 to 250,000 (per 100,000 population).
- Calls for service measure for 2006 to 2010 have been modified from FY10 CAFR, due to a change in calculation by EPD.
- The development of surface lots and the availability of free downtown parking option in 2010 has decreased the demand for parking permits.

### Data source

Individual City Departments

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Fire and emergency medical services:</u>										
Ambulances	9	9	10	10	11	11	10	10	10	10
Fire stations	10	10	11	11	11	11	11	11	11	11
Fire apparatus	26	24	23	24	23	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	60	51	51	63	63	65	42	42	43	43
<u>Public works:</u>										
Jogging and hiking trails (miles)	23	27	27	29	29	29	28	28	28	28
On/off street biking trails (miles)	119	122	122	126	130	132	153	157	157	159
Park acreage	2,400	2,902	2,902	2,902	3,150	3,670	3,671	3,671	3,987	4,283
Streets maintained (miles)	503	510	511	516	526	538	533	533	533	533
Alleys (miles)	43	43	43	42	42	42	42	42	42	43
Sidewalks (miles)	616	621	622	633	654	673	700	738	772	772
Drainage Lines (miles)	506	525	518	527	567	567	567	601	601	601
Sanitary sewers (miles)	754	770	774	781	797	807	813	815	811	812

Data source

Individual City Departments

AUDIT COMMENTS AND GOVERNMENT  
AUDITING STANDARDS SECTIONS

AUDIT COMMENTS

## **AUDIT COMMENTS**

(Comments and Disclosures Required by State Regulators)

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

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INDEPENDENT AUDITORS' REPORT  
REQUIRED BY OREGON STATE REGULATIONS



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



We have audited the basic financial statements of City of Eugene, Oregon as of and for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012. 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 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 City of Eugene was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

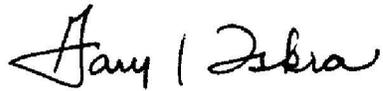
1. Overexpenditures of appropriations are described in Note 3 to the financial statements, *Stewardship, Compliance, and Accountability*.

**OAR 162-10-0230 Internal Control**

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

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

ISLER CPA

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

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

Eugene, Oregon  
December 7, 2012

GOVERNMENT AUDITING STANDARDS

**Government Auditing Standards Report**

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



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



We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Eugene, Oregon (“the City”) as of and for the year ended June 30, 2012, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 7, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City’s 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 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.

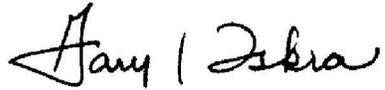
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Isler CPA

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

By Gary Iskra, CPA, a member of the firm

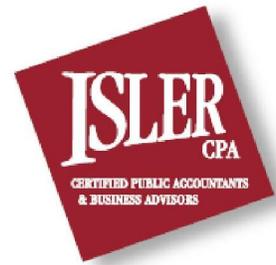
Eugene, Oregon  
December 7, 2012

**OMB Circular A-133 (Single Audit) Report**

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



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



Compliance

We have audited the City of Eugene's ("the City") compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

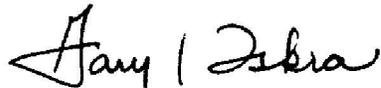
The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Isler CPA

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

By Gary Iskra, CPA, a member of the firm

Eugene, Oregon  
December 7, 2012

CITY OF EUGENE, OREGON  
Schedule of Findings and Questioned Costs  
June 30, 2012

**Section I - Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Eugene.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Eugene were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for the City of Eugene expresses an unqualified opinion on the major federal programs.
6. No audit findings relative to the major federal award programs for the City of Eugene are reported.
7. The programs tested as a major programs were:
  - (ARRA) Habitat Conservation, CFDA #11.463
  - CDBG – Entitlement Grants Cluster:
    - Community Development Block Grants/Entitlement Grants, CFDA #14.218
    - (ARRA) Community Development Block Grants/Entitlement Grants, CFDA #14.218
    - (ARRA) Community Development Block Grant Recovery (CDBG-R) Funds, CFDA #14.253
  - Community Development Block Grants/BEDI, CFDA #14.246
  - Community Development Block Grants Section 108 Loan Guarantees, CFDA #14.248
  - Airport Improvement Program, CFDA #20.106
  - Bonneville Power Administration Agreement, CFDA #81.000
  - State Homeland Security Program (SHSP), CFDA #97.073
8. The threshold for distinguishing between Type A and B programs was \$327,434.
9. The City of Eugene qualified as a low-risk auditee.

**Section II - Financial Statement Findings**  
None

**Section III - Federal Award Findings and Questioned Costs**  
None

**Section IV – Summary Schedule of Prior Audit Findings**  
None

**Schedule of Expenditures of Federal Awards**

For the fiscal year ended June 30, 2012

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
<b>U.S. Department of Commerce</b>			
Direct program:			
(ARRA) Habitat Conservation	11.463	NA09NMF4630300	\$ 619,267
Grants passed through State of Oregon:			
Public Safety Interoperable Communications Grant Program	11.555	07-407	196,742
<b>Total U.S. Department of Commerce</b>			<b>816,009</b>
<b>U.S. Department of Housing and Urban Development</b>			
Direct program:			
HOME Investment Partnerships Program	14.239	M-10-DC-41-0200	751,139
Community Development Block Grants/BEDI	14.246	B-05-BD-41-0029	580,231
Community Development Block Grants Section 108 Loan Guarantees	14.248	B-05-BD-41-0029	1,776,999
(ARRA) Homelessness Prevention and Rapid Re-Housing	14.257	S-09-MY-41-0002	16,783
Grants passed through State of Oregon:			
Sustainable Communities Regional Planning Grant Program	14.703	n/a	67,725
<b>CDBG - Entitlement Grants Cluster:</b>			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-41-0001	1,131,354
(ARRA) Community Development Block Grant Recovery (CDBG-R) Funds	14.253	B-09-MY-41-0001	31,560
Grants passed through State of Oregon:			
(ARRA) Community Development Block Grants/Entitlement Grants	14.218	01089-NSP	18,375
<b>Total CDBG - Entitlement Grants Cluster</b>			<b>1,181,289</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>4,374,166</b>
<b>U.S. Department of the Interior</b>			
Direct program:			
Bureau of Land Management Assistance Agreement	15.DAK	L08AC13286-0005	3,305
Fish, Wildlife and Plant Conservation Resource Management	15.231	2012-05410	809
Fish, Wildlife and Plant Conservation Resource Management	15.231	L10AC20366	30,826
<b>Total U.S. Department of the Interior</b>			<b>34,940</b>
<b>U.S. Department of Justice</b>			
Direct program:			
Bulletproof Vest Partnership Program	16.607	n/a	19,331
(ARRA) Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX-0042	48,887
Juvenile Mentoring Program	16.726	2011-JU-FX-0015	5,406
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2011-CD-BX-0088	21,043
<b>JAG Program Cluster:</b>			
Grants passed through Lane County, Oregon:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1076	67,244
Congressionally Recommended Awards	16.753	2010-DD-BX-0621	18,104
Congressionally Recommended Awards	16.753	2011-03222	7,791
<b>Total JAG Program Cluster</b>			<b>93,139</b>
<b>Total U.S. Department of Justice</b>			<b>187,806</b>

continued

**Schedule of Expenditures of Federal Awards**

For the fiscal year ended June 30, 2012

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Direct program:			
Airport Improvement Program	20.106	3-41-0018-044	7,943
Airport Improvement Program	20.106	3-41-0018-045	47,474
Airport Improvement Program	20.106	3-41-0018-047	1,839,506
Airport Improvement Program	20.106	3-41-0018-048	25,184
Grants passed through Oregon Association Chiefs of Police:			
State and Community Highway Safety	20.600	2009-03214	18,260
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2008-2009	18,410
<b>Highway Planning and Construction Cluster:</b>			
Grants passed through State of Oregon:			
Highway Planning and Construction	20.205	23359	612,528
Highway Planning and Construction	20.205	24651	150,938
Highway Planning and Construction	20.205	26858	54,552
Highway Planning and Construction	20.205	26725	175,900
Highway Planning and Construction	20.205	28158	46,332
Grants passed through Lane Council of Governments:			
Highway Planning and Construction	20.205	2012-00205	40,000
<b>Total Highway Planning and Construction Cluster</b>			<b>1,080,250</b>
Total U.S. Department of Transportation			3,037,027
<u>National Endowment of the Arts</u>			
Grants passed through State of Oregon:			
Promotion of the Arts Grants to Organizations and Individuals	45.024	n/a	17,000
Promotion of the Arts Partnership Agreements	45.025	FY11-CTG-10224	10,000
Grants to States	45.310	11-02-1P	30,782
Total National Foundation of the Arts			57,782
<u>Environmental Protection Agency</u>			
Direct program:			
Climate Showcase Communities Grant Program	66.041	AF-83452601-0	81,572
Grants passed through Lane Council of Governments:			
Regional Wetland Program Development Grants	66.461	EPA-R10-WPDG2010	6,721
Total Environmental Protection Agency			88,293
<u>U.S. Department of Energy</u>			
Direct program:			
(ARRA) Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0001863	111,083
Bonneville Power Administration Agreement	81.000	KEW-4	886,825
Total U.S. Department of Energy			997,908
<u>U.S. Department of Education</u>			
Grants passed through Eugene School District 4J:			
Fund for the Improvement of Education	84.215	Q215F090921	106,294
Twenty-First Century Community Learning Centers	84.287	16923	35,590
Total U.S. Department of Education			141,884

continued

**Schedule of Expenditures of Federal Awards**

For the fiscal year ended June 30, 2012

(amounts in dollars)

<u>Federal Grantor Program Title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Grants passed through State of Oregon:			
National Bioterrorism Hospital Preparedness Program	93.889	137111	9,650
National Bioterrorism Hospital Preparedness Program	93.889	138351	14,179
<b>Total U.S. Department of Health and Human Services</b>			<b>23,829</b>
<u>U.S. Department of Homeland Security</u>			
Direct program:			
Assistance to Firefighters Grant	97.044	n/a	324,000
Grants passed through State of Oregon:			
Emergency Management Performance Grants	97.042	n/a	180,223
Citizen Corps	97.053	09-108	3,415
Citizen Corps	97.053	10-103	11,475
State Homeland Security Program (SHSP)	97.073	09-228	62,701
State Homeland Security Program (SHSP)	97.073	10-241	21,968
State Homeland Security Program (SHSP)	97.073	10-242	50,991
State Homeland Security Program (SHSP)	97.073	10-243	393
State Homeland Security Program (SHSP)	97.073	09-225	127,513
State Homeland Security Program (SHSP)	97.073	10-103	110,489
State Homeland Security Program (SHSP)	97.073	10-305	2,982
State Homeland Security Program (SHSP)	97.073	11-236	84,258
State Homeland Security Program (SHSP)	97.073	08-284	23,727
State Homeland Security Program (SHSP)	97.073	08-275	27,781
State Homeland Security Program (SHSP)	97.073	08-286	122,921
<b>Total U.S. Department of Homeland Security</b>			<b>1,154,837</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 10,914,481</b>

## CITY OF EUGENE, OREGON

### Notes to Schedule of Expenditures of Federal Awards

June 30, 2012

(1) Purpose of the Schedule

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

(2) Significant Accounting Policies

Basis of Presentation

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

Federal Financial Assistance

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

Major Programs

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

Reporting Entity

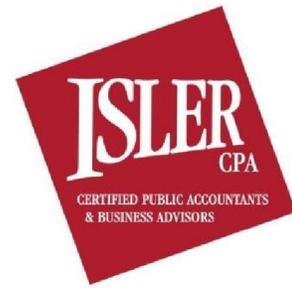
The reporting entity is fully described in Note 1(A) to the City of Eugene, Oregon's Basic Financial Statements. Additionally, the Schedule includes all federal programs administered by the City of Eugene, Oregon for the year ended June 30, 2012.

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.

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December 7, 2012

An Independently Owned Member  
MCGGLADREY ALLIANCE |  McGladrey

To the City Council  
City of Eugene, Oregon

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, 2012, and have issued our report thereon dated December 7, 2012. 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 August 7, 2012, 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.

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 estimate affecting the financial statements was the determination of depreciation on capital assets. The accounting policies relating to capital assets and depreciation are described in the footnotes to the comprehensive annual financial report.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit. There were no known or likely misstatements identified during the 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 December 7, 2012.

### **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.

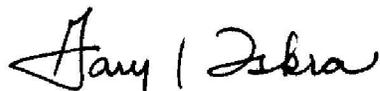
### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and 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, flowing style.

By Gary Iskra, a member of the firm