

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Action: Adoption of Resolution 5050 Acknowledging Receipt of the City of Eugene,
Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011

Meeting Date: January 9, 2012
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 3C
Staff Contact: Fionan Cronin
Contact Telephone Number: 541-682-5394

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, 2011. 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, 2011, and issued an unqualified opinion on the basic financial statements.

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.

The key pages of the CAFR to review 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 (GASB) to ensure consistency in accounting and comparability in financial reporting among state and local governments. A clean opinion is a fundamental financial goal for every government, as it represents the highest level of opinion a government can receive from its independent auditors. A clean opinion is an important indicator of sound financial management and creditworthiness to the citizens, other governmental jurisdictions (state and federal), credit rating agencies, investment bankers, bond holders, and other private sector entities. 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 two funds:

- The Special Assessment Management Special Revenue Fund overspent its departmental appropriation by \$57,528, or 3.0%. This occurred due to increased street subsidies for qualifying property owners for the Crest drive assessment as a result of allowing additional opportunities for property owners to qualify and changes in the criteria to allow more properties to receive subsidies.
- The Parking Services Enterprise Fund overspent its Planning and Development departmental appropriation by \$116,152, or 3.6%. A portion of the overexpenditure was due to adding more neighborhood parking mitigation changes in the neighborhoods impacted by the new University of Oregon arena. The remainder was due to unanticipated garage security costs due to a delay in the implementation of a new downtown police patrol unit.
- The Parking Services Enterprise Fund also exceeded its Public Works appropriations by \$9,637, or 13%, because of higher than anticipated costs to make parking district changes for free downtown parking and changes for the new parking near Mac Court and the UO Arena district.

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 particular over-expenditures for fiscal year 2011 were unique circumstances that are not likely to be repeated.

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 2011 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, 2010. This was the 35th 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, 2011, and demonstrates council's compliance with the policy.

COUNCIL OPTIONS

None.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends adoption of the resolution.

SUGGESTED MOTION

Move to adopt Resolution 5050 acknowledging receipt of the Comprehensive Annual Financial Report (CAFR) for the City of Eugene, for the fiscal year ended June 30, 2011.

ATTACHMENTS

- A. Resolution
- B. Copy of the 2011 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, 2011

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, 2011, 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, 2011.

The foregoing resolution adopted the 9th day of January, 2012.

City Recorder

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011



Jon Ruiz, City Manager
CITY OF EUGENE, OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF EUGENE, OREGON
FISCAL YEAR ENDED JUNE 30, 2011



REPORT PREPARED BY THE CITY
FINANCE DIVISION

INTRODUCTORY SECTION

CITY OF EUGENE, OREGON
 Comprehensive Annual Financial Report
 Year ended June 30, 2011

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**Central Services
Finance Division**

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December 15, 2011

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, 2011.

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 and belief, the enclosed data is presented accurately, in all material respects, along with 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 was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011 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, 2011, 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, 2011 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, but 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 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 statute, the City levies a property tax on real and personal property located within its boundaries.

As of July 1, 2010, 157,845 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 town. 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 an average of 1.3% 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, 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 blended with those of the City 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 see that the budget is prepared according to law. Citizens involved with budget preparation see that programs they want and need are adequately funded.

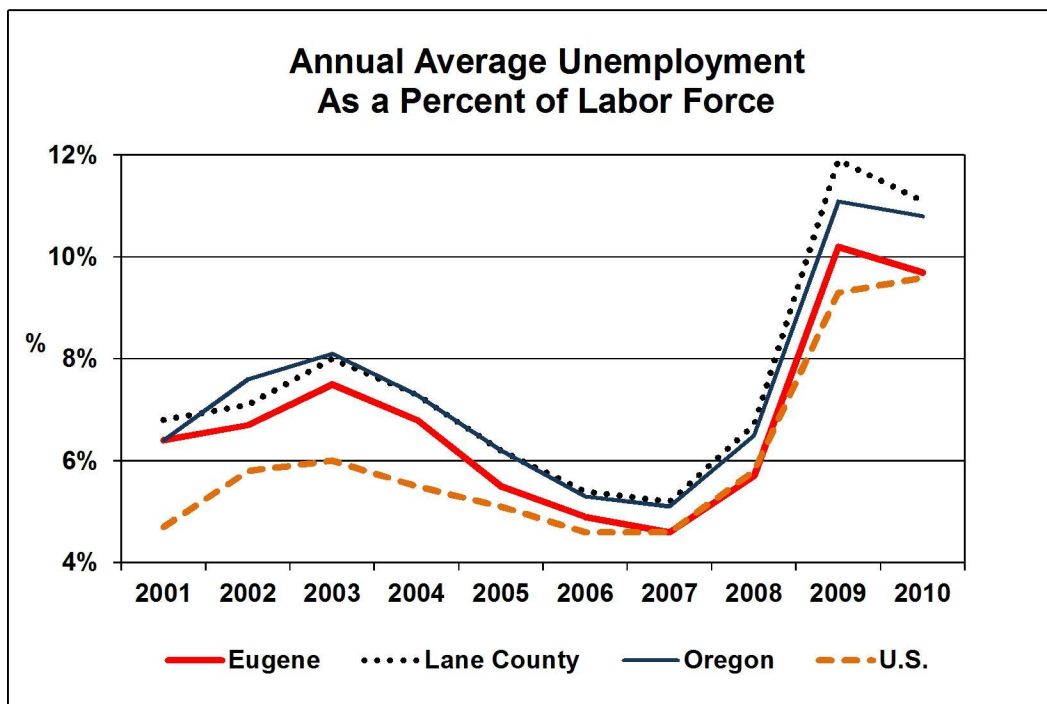
To give the public ample opportunity to participate in the budgeting process, local budget law requires that a Budget Officer be appointed and a Budget Committee be formed. The Budget Officer draws together necessary information and prepares the first draft of the budget. The Budget Committee then reviews and revises the proposed budget before making a recommendation to the City Council. Notices are published, budgets are made available for review, and at least two public hearings are held – one meeting is held before the Budget Committee, which is composed of the eight City Councilors and eight citizen members, and one meeting 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 current 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 Seattle, Portland, Denver, Salt Lake City, Phoenix/Mesa, Las Vegas, Los Angeles, Oakland and San Francisco.

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 for Eugene rose sharply as a result of the recession, from an average annual rate of 5.7% in 2008 to a high of 10.2% in 2009, primarily due to job losses in construction, manufacturing, retail, and professional services. Eugene's 2010 unemployment rate dropped to 9.7%, still high by historic standards but lower than the unemployment rate for Lane County as a whole or for the State of Oregon.



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 lower cost of living. However, Eugene's population growth has slowed down significantly 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 2001 and 2009 employment in the public sector increased by 12%, largely due to growth of the University of Oregon. In 2010, the University of Oregon had a record enrollment of 23,389 and provided approximately 4,000 local jobs. The University is a major contributor to Oregon's economy, with an estimated economic impact of \$1.97 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. Between 2001 and 2009, employment in the health care services sector grew by 24%.

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. This \$200.0 million project was completed in February, 2011. The University of Oregon campus is also the site for another large project that is underway, a 100,000 square-foot science building valued at \$65.0 million. This building will house brain research, cognitive science, neuroscience, green materials science, nanotechnology research, and solar technology research. The East Campus Residence Hall is a \$71.5 million project that broke ground in July 2010 and is expected to provide housing for 450 students and academic amenities by the fall of 2012.

Several public and private construction projects are in progress in downtown Eugene. These include a new \$55 million downtown campus for Lane Community College, located across from the Downtown Library. This project will incorporate five floors of student housing along with a 90,000 square foot education building, and is expected to be completed by November 2012. In addition, a major reconstruction project is the Broadway Commerce Center at Broadway and Willamette Streets, and ground has been broken by Bennett Development for a new five-story commercial building 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 will be provided by the Inn at 5th Street Market, which is currently under construction. These projects will continue to partially offset decreased demand for residential and commercial construction due to a weakening real estate market and will provide new permanent employment opportunities when completed.

Rail and air connections through Eugene also continue to benefit from new investments. In 2010, the main runway at the Eugene Airport was repaved. Also, the Airport has received a \$500,000 federal grant to help start daily nonstop flights to San Jose, California. 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 will provide 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. 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.

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 new 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.

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 0.17% by the end of FY12.

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 spring of 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.

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, 2010. This was the 35th 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.

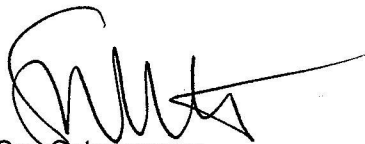
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its proposed budget for FY11. 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, 2010

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.



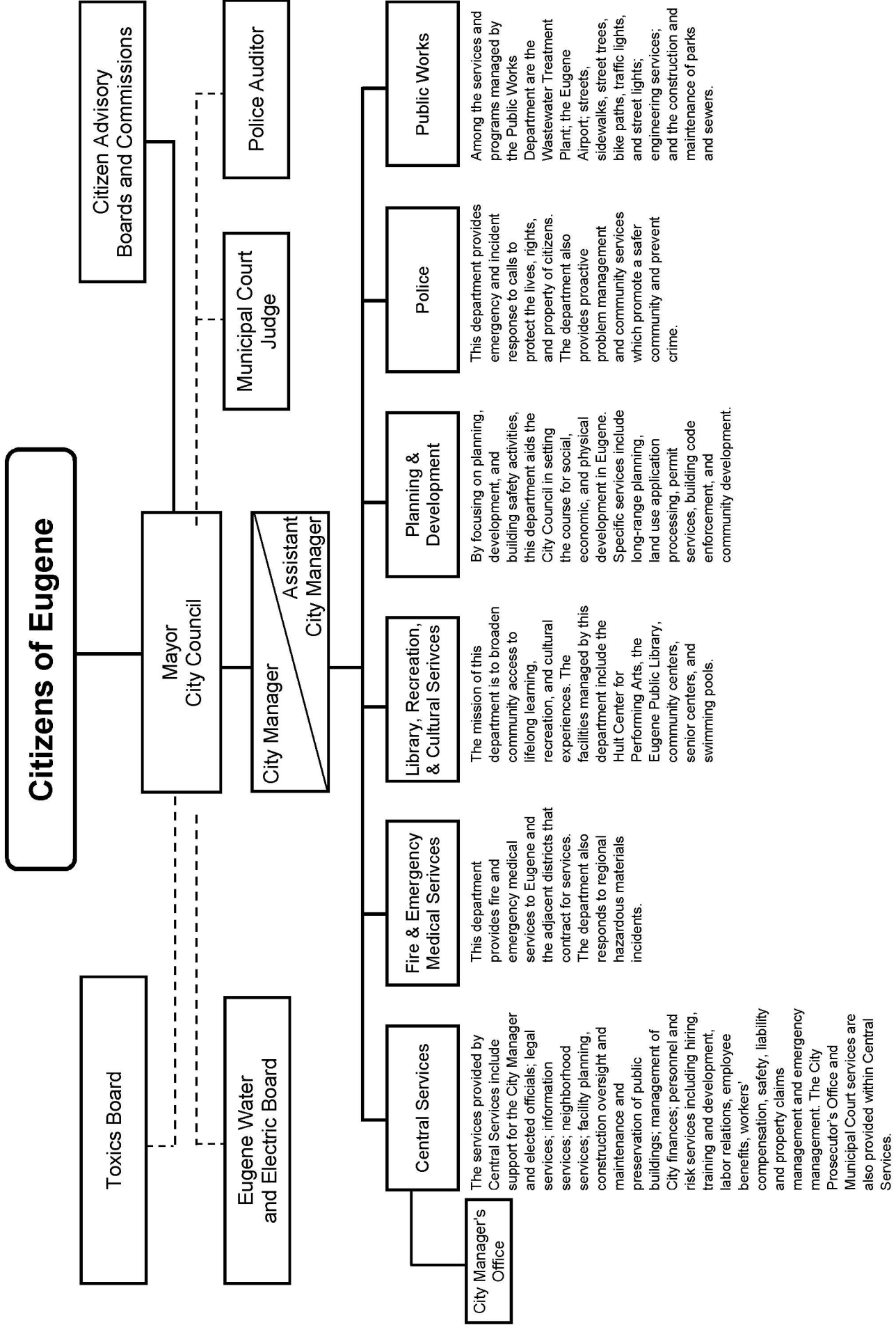
Linda C. Dandson

President

Jeffrey R. Emer

Executive Director

City of Eugene Organizational Chart



CITY OF EUGENE, OREGON
Eugene City Hall
777 Pearl Street
Eugene, Oregon 97401

Mayor and City Council as of June 30, 2011

	<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

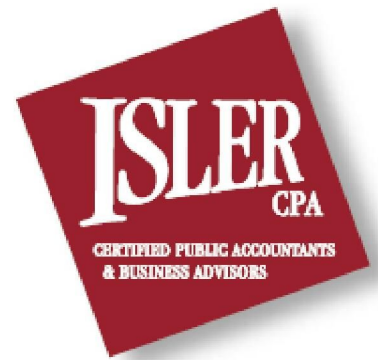
Kurt Corey, Public Works Executive Director

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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, 2011, 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, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, 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 15, 2011, 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 is important for 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 22) 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 basic financial statements. The introductory section (pages 1 through 10); budgetary comparison information (pages 77, 78, and 80); other supplementary information (pages 81 through 127); and statistical tables section (pages 129 through 149) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards 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 164 through 166), 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 15, 2011

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, 2011. 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, 2011 increased \$21.8 million from \$939.3 million to \$961.1 million, or 2.3% from the prior year. The primary cause for the increase in total assets was the addition of \$8.8 million in receivables and \$15.7 million in cash and investments.
- The City's total liabilities increased \$0.7 million from \$160.6 million to \$161.3 million.
- The net assets of the City (assets less liabilities) at June 30, 2011 increased \$21.2 million from \$778.6 million to \$799.8 million from the prior year. Total net assets of \$117.2 million are unrestricted.
- At June 30, 2011, the City's governmental funds reported combined ending fund balances of \$102.8 million, an increase of \$6.8 million in comparison to the prior year. Approximately \$99.1 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 \$45.0 million, or 40.7% 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 22 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report four major funds: General Fund, Community Development Special Revenue Fund, General Capital Projects Fund, and the Systems Development Capital Projects Fund. Data from the other 21 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-6, 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 \$799.8 million at the close of the fiscal year ending June 30, 2011.

City of Eugene's Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital assets	\$ 413,680,953	408,038,730	241,534,489	243,845,409	655,215,442	651,884,139
Other assets	261,994,371	244,339,386	43,890,358	43,046,596	305,884,729	287,385,982
Total assets	<u>675,675,324</u>	<u>652,378,116</u>	<u>285,424,847</u>	<u>286,892,005</u>	<u>961,100,171</u>	<u>939,270,121</u>
Noncurrent liabilities	112,428,124	104,767,637	267,467	4,507,516	112,695,591	109,275,153
Other liabilities	41,610,705	41,121,205	7,007,868	10,235,927	48,618,573	51,357,132
Total liabilities	<u>154,038,829</u>	<u>145,888,842</u>	<u>7,275,335</u>	<u>14,743,443</u>	<u>161,314,164</u>	<u>160,632,285</u>
Net assets:						
Invested in capital assets, net of related debt	363,812,593	368,493,364	241,534,490	239,045,916	605,347,083	607,539,280
Restricted	65,649,036	56,191,505	11,632,556	9,160,566	77,281,592	65,352,071
Unrestricted	92,174,866	81,804,405	24,982,466	23,942,080	117,157,332	105,746,485
Total net assets	<u>\$ 521,636,495</u>	<u>506,489,274</u>	<u>278,149,512</u>	<u>272,148,562</u>	<u>799,786,007</u>	<u>778,637,836</u>

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, \$77.3 million (9.7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets \$117.2 million (14.6%) 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

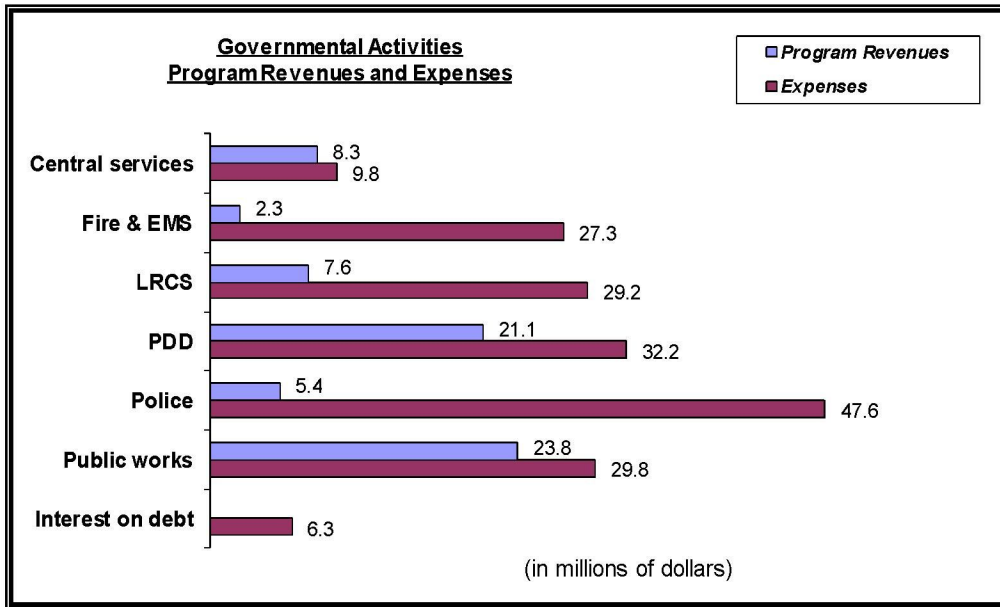
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Fees, fines, and charges for services	\$ 42,595,753	30,373,917	53,186,965	50,616,345	95,782,718	80,990,262
Operating grants and contributions	17,235,076	13,996,242	295,559	147,102	17,530,635	14,143,344
Capital grants and contributions	8,623,632	8,668,969	5,927,862	14,113,734	14,551,494	22,782,703
General revenues:						
Taxes	102,739,643	103,954,171	0	0	102,739,643	103,954,171
Grants and contributions not restricted to specific programs	3,291,002	3,230,928	0	0	3,291,002	3,230,928
Contributions in lieu of taxes	13,762,181	12,342,958	0	0	13,762,181	12,342,958
Franchise fees on telecom providers revenues	10,954,417	8,653,036	0	0	10,954,417	8,653,036
Unrestricted investment earnings	1,170,779	1,823,094	198,099	292,139	1,368,878	2,115,233
Total revenues	<u>200,372,483</u>	<u>183,043,315</u>	<u>59,608,485</u>	<u>65,169,320</u>	<u>259,980,968</u>	<u>248,212,635</u>
Expenses:						
Central services	9,759,910	8,377,766	0	0	9,759,910	8,377,766
Fire and emergency medical services	27,260,063	26,737,259	0	0	27,260,063	26,737,259
Library, recreation, and cultural services	29,249,223	28,956,894	0	0	29,249,223	28,956,894
Planning and development	32,208,704	19,833,161	0	0	32,208,704	19,833,161
Police	47,645,365	44,801,367	0	0	47,645,365	44,801,367
Public works	29,775,680	28,550,511	0	0	29,775,680	28,550,511
Interest on long-term debt	6,280,158	6,415,984	0	0	6,280,158	6,415,984
Ambulance transport	0	0	5,669,204	5,737,099	5,669,204	5,737,099
Municipal airport	0	0	11,031,434	10,404,018	11,031,434	10,404,018
Parking services	0	0	5,517,107	4,567,110	5,517,107	4,567,110
Stormwater utility	0	0	13,084,702	12,318,848	13,084,702	12,318,848
Wastewater utility	0	0	21,351,247	20,588,115	21,351,247	20,588,115
Total expenses	<u>182,179,103</u>	<u>163,672,942</u>	<u>56,653,694</u>	<u>53,615,190</u>	<u>238,832,797</u>	<u>217,288,132</u>
Increase (decrease) in net assets before transfers	18,193,380	19,370,373	2,954,791	11,554,130	21,148,171	30,924,503
Transfers	(3,046,159)	1,191,787	3,046,159	(1,191,787)	0	0
Increase (decrease) in net assets after transfers	15,147,221	20,562,160	6,000,950	10,362,343	21,148,171	30,924,503
Net assets, July 1	506,489,274	485,927,114	272,148,562	261,786,219	778,637,836	747,713,333
Net assets, June 30	\$ <u>521,636,495</u>	<u>506,489,274</u>	<u>278,149,512</u>	<u>272,148,562</u>	<u>799,786,007</u>	<u>778,637,836</u>

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

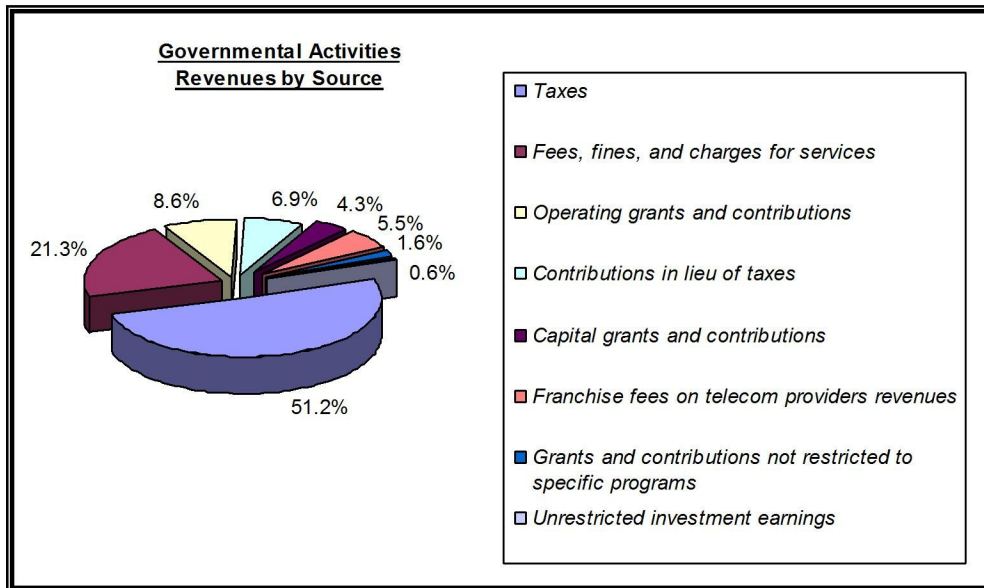
Governmental activities. The change in governmental activities before transfers decreased from \$19.4 million in the prior year to \$18.2 million in the current year. The decrease of \$1.2 million between the two years was driven by the following factors:

- Fees, fines, and charges for services, and operating grants and contributions increased \$12.2 million and \$3.2 million, respectively.
- Planning and Development expenditures increased \$12.4 million 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.
- Police expenditures increased \$2.8 million.

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.



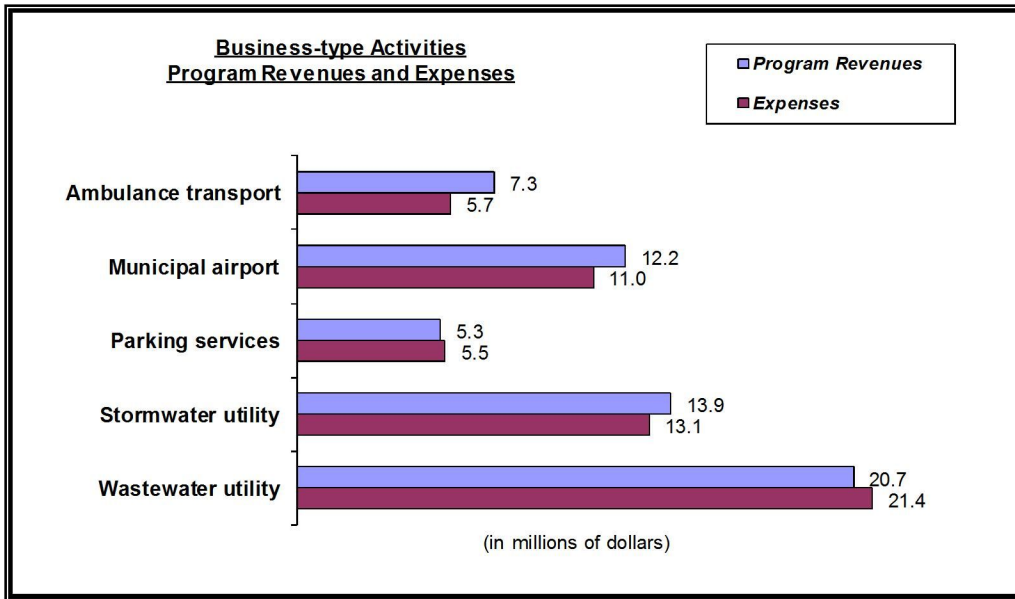
The next chart shows the percent of the total for each source of revenue supporting governmental activities.



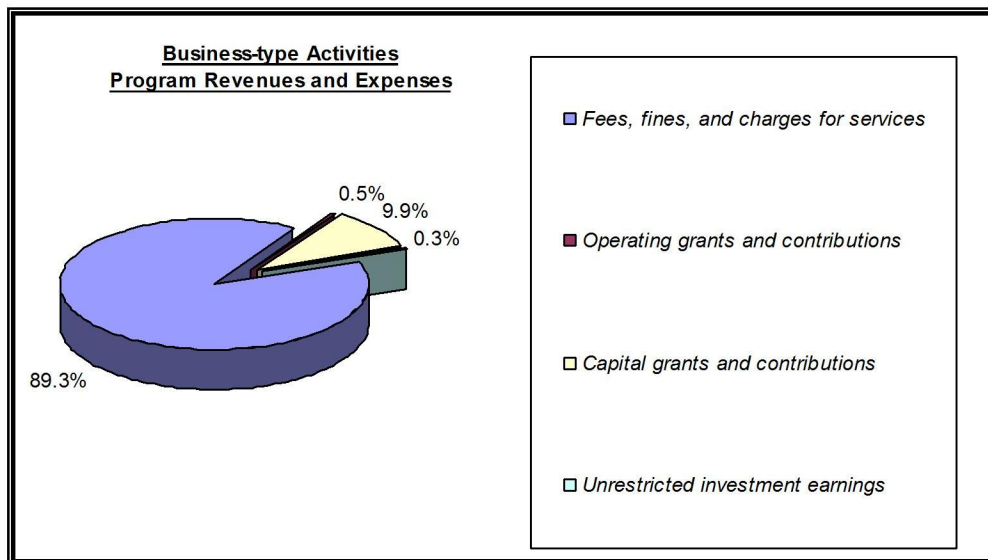
Business-type activities. Business-type activities decreased the City's net assets by \$8.6 million before transfers. The decrease was primarily driven by:

- Capital grants and contributions decreased \$8.2 million during the year, primarily due to a \$9.1 million decrease in Federal Aviation Administration grants.

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 89.2% 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, 2011 amounted to \$655.2 million (net of accumulated depreciation). The investment in capital assets includes land, right-of-ways, 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 0.5%.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 69,611,011	67,499,024	13,834,865	13,834,865	83,445,876	81,333,889
Construction in progress	22,316,636	23,684,573	3,540,458	14,144,108	25,857,094	37,828,681
Buildings and equipment	138,962,587	144,072,303	39,017,367	36,144,993	177,979,954	180,217,296
Improvements other than buildings	43,418,974	40,722,520	55,404,202	47,581,165	98,823,176	88,303,685
Storm sewers and trunk sewers	0	0	129,737,598	132,140,278	129,737,598	132,140,278
Infrastructure	139,371,745	132,060,310	0	0	139,371,745	132,060,310
	<u>\$ 413,680,953</u>	<u>408,038,730</u>	<u>241,534,490</u>	<u>243,845,409</u>	<u>655,215,443</u>	<u>651,884,139</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 \$161.3 million. Of this amount, \$107.6 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$32.8 million in general obligation bonds to be serviced by general property taxes, \$0.6 million in certificates of participation to be serviced by general property taxes, \$0.9 million in limited tax improvement bonds to be serviced by property owners subject to the improvements, and \$64.1 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 \$1.2 million in certificates of participation serviced by specific fund revenues and \$7.9 million in tax increment bonds to be repaid from tax increment revenues.

City of Eugene's Bonded Debt

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 32,844,164	35,389,414	0	0	32,844,164	35,389,414
Certificates of participation	1,820,000	2,160,000	0	0	1,820,000	2,160,000
Limited tax bonds	65,030,281	64,862,223	0	4,810,000	65,030,281	69,672,223
Tax increment bonds	7,900,000	0	0	0	7,900,000	0
Deferred amounts	(33,274)	(17,799)	0	(10,507)	(33,274)	(28,306)
	<u>\$ 107,561,171</u>	<u>102,393,838</u>	<u>0</u>	<u>4,799,493</u>	<u>107,561,171</u>	<u>107,193,331</u>

The City's total bonded debt increased by \$0.4 million (0.3%) during the current fiscal year, due to \$7.9 million in new tax increment bonds issued offset by the \$4.8 million refunding of the Broadway Garages limited tax bonds and scheduled debt payments.

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 \$32.8 million in general obligation debt applicable to this limit is well below the \$638.7 million ceiling. The City's net direct general obligation bonded debt per capita is \$202.

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

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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$102.8 million, an increase of \$6.8 million in comparison to the prior year. Approximately 96.4% of this total amount (\$99.1 million) constitutes fund balance which is available for spending at the government's discretion, subject to reporting fund limitations. The remainder of fund balance (\$3.7 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 increased \$6.1 million from \$39.9 million to \$46.0 million during the current fiscal year. The increase was caused by a \$8.5 million in excess revenues over expenditures offset by net transfers of \$2.4 million.

The fund balance in the Community Development Fund increased \$0.5 million from \$2.1 million to \$2.6 million during the current fiscal year. The increase was primarily due to \$1.2 million excess of revenues over expenditures offset by \$0.7 million in other financing uses.

The fund balance in the General Capital Projects Fund increased \$0.6 million from \$11.8 million to \$12.4 million during the current fiscal year. The increase in the fund balance was primarily caused by \$0.5 million in revenues, \$3.4 million in transfers, and \$2.5 million in debt proceeds, offset by \$5.7 million in capital outlay expenditures.

The fund balance in the Systems Development Capital Projects Fund increased \$0.4 million from \$5.3 million to \$5.7 million during the current fiscal year. The increase was due to \$2.5 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	\$ 1.8 million	(67.8%)
• Municipal Airport	3.5 million	(3.7%)
• Parking Services	0.1 million	(0.6%)
• Stormwater Utility	8.1 million	(14.6%)
• Wastewater Utility	3.8 million	(3.9%)

Total business-type net assets increased \$5.1 million in the current fiscal year. Significant issues regarding proprietary funds are as follows:

- The Ambulance Transport Fund reported a \$1.2 million increase in net assets. The increase was mainly due to \$1.5 million in operating income that was offset by \$0.3 million in transfers out.
- The Municipal Airport Fund reported a \$1.2 million increase in net assets. The increase was due to a \$4.3 million in contributions related to FAA grants offset by \$3.2 million in operating losses.
- The Parking Services Fund reported a \$2.9 million increase in net assets. The increase was due to net transfers of \$3.4 million offset by losses of \$0.5 million.
- The Stormwater Utility Fund reported a \$0.7 million increase in net assets. The increase was principally due to \$0.4 million in operating losses offset by \$1.1 million in capital contributions.
- The Wastewater Utility Fund reported a \$0.9 million decrease in net assets. The decrease was mainly due to \$1.5 million in operating losses that were offset by \$0.6 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 2011 budget for the General Fund was increased by \$6.0 million. The primary reasons for this increase are as follows:

- \$2.8 million increase to police, including \$1.6 million for grant-funded activities, \$0.7 million in fire dispatch services, and \$0.4 million in carry-forward appropriations.
- \$0.7 million increase to central services, including \$0.4 million in carry-forward appropriations and \$0.2 million for additional jail funding.
- \$0.4 million increase to library, recreation, and cultural services, including \$0.2 million for grant funded-activities and \$0.1 million in carry-forward appropriations.
- \$0.3 million increase in carry-forward appropriations in planning and development.

These changes were funded primarily by an increase of \$2.0 million in intergovernmental revenues and \$3.1 million in unspent resources from the prior year.

The net increase of \$5.8 million in budget-basis fund balance for the year ended June 30, 2011 was a significant improvement over the projected deficit of \$1.5 million in the General Fund final amended budget. Actual revenues were \$1.3 million lower than budget. Although tax revenues were \$1.2 million higher than anticipated, intergovernmental revenues were \$1.3 million below budget projections and charges for services and licenses and permits revenues both came in \$0.7 million below budget. On the expenditure side, departments underspent their budgets by a total of \$8.5 million. The significant changes were in Police (\$2.9 million), Fire and Emergency Medical Services (\$1.7 million), Central Services (\$1.6 million), and Planning and Development (\$0.7 million).

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 2012 budget:

- Interest rates on investments will be 0.65%.
- Property tax revenue is expected to decrease 2.7% in FY 2012 due to expiration of the Library Local Option Levy.
- Salaries for non-represented employees and the other collectively bargained agreements will increase 1.0% - 2.1%.
- Health benefit rates will increase by 8.7%.
- PERS and OPSRP costs are expected to be 25.5% and 21.7% of payroll, respectively.

During the current fiscal year, budget-basis fund balance in the General Fund increased to \$44.9 million, an increase of \$5.8 million over the prior year. A portion of that increase was due to unanticipated revenues and underspending during the year. City staff will be submitting a FY 2012 supplemental budget to the City Council in December to determine how to allocate the unanticipated ending fund balance.

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 10th Avenue, Suite 400
Eugene, Oregon 97401

BASIC FINANCIAL STATEMENTS

Statement of Net Assets

June 30, 2011

(amounts in dollars)

	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Current assets			
Equity in pooled cash and investments	161,521,534	28,140,592	189,662,126
Cash with fiscal agent	517,734	0	517,734
Receivables (net of allowance)	37,439,329	5,483,544	42,922,873
Internal balances	(7,571,538)	7,571,538	0
Due from other governments	7,077,806	1,663,015	8,740,821
Inventories	967,709	805,701	1,773,410
Prepays and deposits	1,169,244	0	1,169,244
Assets held for resale	1,869,038	0	1,869,038
Total current assets	202,990,856	43,664,390	246,655,246
Noncurrent assets			
Loans and notes receivable	0	225,968	225,968
Deferred charges	855,524	0	855,524
Pension assets	58,147,991	0	58,147,991
Capital assets:			
Land and construction in progress	91,927,647	17,375,323	109,302,970
Other capital assets (net of accumulated depreciation)	321,753,306	224,159,167	545,912,473
Total noncurrent assets	472,684,468	241,760,458	714,444,926
Total assets	675,675,324	285,424,848	961,100,172
Liabilities			
Current liabilities			
Accounts payable	4,210,803	1,262,151	5,472,954
Wages payable	7,616,296	1,648,024	9,264,320
Compensated absences payable	8,152,209	1,683,352	9,835,561
Due to other governments	1,165,378	658,835	1,824,213
Claims payable	10,916,609	0	10,916,609
Deposits	1,461,718	713,419	2,175,137
Interest payable	457,416	0	457,416
Unearned revenue	2,154,177	1,042,088	3,196,265
Certificates of participation payable	355,000	0	355,000
Bonds payable	5,121,099	0	5,121,099
Total current liabilities	41,610,705	7,007,869	48,618,574
Noncurrent liabilities			
Compensated absences payable	120,187	175,076	295,263
Notes and contracts payable	6,118,000	0	6,118,000
General obligation bond and revolving credit facility	1,465,000	0	1,465,000
Bonds payable (net of unamortized discount/premium)	100,620,072	0	100,620,072
Net OPEB obligation	4,104,865	92,391	4,197,256
Total noncurrent liabilities	112,428,124	267,467	112,695,591
Total liabilities	154,038,829	7,275,336	161,314,165
Net assets			
Invested in capital assets (net of related debt)	371,712,593	241,534,490	613,247,083
Restricted for:			
Capital projects	24,756,656	11,625,345	36,382,001
Debt service	2,971,915	7,211	2,979,126
Community development	20,259,962	0	20,259,962
Urban renewal	3,346,926	0	3,346,926
Other purposes	6,413,577	0	6,413,577
Unrestricted	92,174,866	24,982,466	117,157,332
Total net assets	521,636,495	278,149,512	799,786,007

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

Statement of Activities

For the fiscal year ended June 30, 2011

(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
Functions/Programs								
Governmental activities:								
Central services	28,293,113	(18,533,203)	7,865,208	365,686	36,591	(1,492,425)	0	(1,492,425)
Fire and emergency medical services	23,790,433	3,469,630	2,243,125	90,993	0	(24,925,945)	0	(24,925,945)
Library, recreation, and cultural services	26,569,541	2,679,682	6,175,973	1,412,022	0	(21,661,228)	0	(21,661,228)
Planning and development	30,838,081	1,370,623	15,265,547	5,883,903	0	(11,059,254)	0	(11,059,254)
Police	41,768,226	5,877,139	3,886,160	1,318,578	155,526	(42,285,101)	0	(42,285,101)
Public works	28,216,551	1,559,129	7,159,740	8,163,894	8,431,515	(6,020,531)	0	(6,020,531)
Interest on long term debt	6,280,158	0	0	0	0	(6,280,158)	0	(6,280,158)
Total governmental activities	185,756,103	(3,577,000)	42,595,753	17,235,076	8,623,632	(113,724,642)	0	(113,724,642)
Business-type activities:								
Ambulance transport	5,122,204	547,000	7,305,057	0	0	0	1,635,853	1,635,853
Municipal airport	10,548,434	483,000	7,955,702	6,829	4,274,476	0	1,205,573	1,205,573
Parking services	5,262,107	255,000	5,058,011	211,546	0	0	(247,550)	(247,550)
Stormwater utility	12,201,702	883,000	12,752,165	77,184	1,093,310	0	837,957	837,957
Wastewater utility	19,942,247	1,409,000	20,116,031	0	560,076	0	(675,140)	(675,140)
Total business-type activities	53,076,694	3,577,000	53,186,966	295,559	5,927,862	0	2,756,693	2,756,693
Total activities	238,832,797	0	95,782,719	17,530,635	14,551,494	(113,724,642)	2,756,693	(110,967,949)
General revenues:								
Property taxes						97,962,592	0	97,962,592
Transient room tax						1,658,169	0	1,658,169
Local motor vehicle fuel tax						3,118,882	0	3,118,882
Contributions in lieu of taxes						13,762,181	0	13,762,181
Franchise fees on telecom provider's revenues						10,954,417	0	10,954,417
Grants and contributions not restricted to specific programs						3,291,002	0	3,291,002
Unrestricted investment earnings						1,170,778	198,099	1,368,877
Transfers						(3,046,158)	3,046,158	0
Total general revenues and transfers						128,871,863	3,244,257	132,116,120
Change in net assets						15,147,221	6,000,950	21,148,171
Net assets, July 1, 2010						506,489,274	272,148,562	778,637,836
Net assets, June 30, 2011						521,636,495	278,149,512	799,786,007

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

Balance Sheet*Governmental Funds*

June 30, 2011

(amounts in dollars)

	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in pooled cash and investments	49,672,373	2,066,788	12,017,994	5,461,739	33,621,676	102,840,570
Cash with fiscal agent	12,255	0	505,479	0	0	517,734
Receivables:						
Interest	1,009,303	43,623	0	0	181,946	1,234,872
Taxes	5,065,861	0	0	0	1,043,271	6,109,132
Accounts	2,737,917	17,243	200	2,026,350	912,433	5,694,143
Assessments	0	0	0	0	1,336,897	1,336,897
Loans and notes	0	20,983,936	0	5,124	3,102,634	24,091,694
Allowance for uncollectibles	(5,135)	0	0	0	(55,741)	(60,876)
Due from other funds	61,065	0	0	0	0	61,065
Due from other governments	2,533,934	769,711	164,434	0	3,303,132	6,771,211
Inventories	0	0	0	0	615,555	615,555
Prepays and deposits	1,066,473	0	0	0	71,790	1,138,263
Assets held for resale	0	0	0	0	1,869,038	1,869,038
Total assets	62,154,046	23,881,301	12,688,107	7,493,213	46,002,631	152,219,298
Liabilities and fund balances						
Liabilities						
Accounts payable	644,577	118,732	251,415	34,945	2,174,034	3,223,703
Wages payable	5,879,314	37,229	0	10,491	751,824	6,678,858
Due to other governments	541,233	105,708	0	492	381,148	1,028,581
Deposits	514,759	0	0	0	858,650	1,373,409
Deferred revenue	8,530,097	21,004,596	0	1,696,494	5,866,997	37,098,184
Total liabilities	16,109,980	21,266,265	251,415	1,742,422	10,032,653	49,402,735
Fund balances						
Nonspendable	1,066,473	0	0	0	2,636,383	3,702,856
Restricted	22,174,813	2,615,036	817,929	5,750,791	22,076,339	53,434,908
Committed	0	0	0	0	11,257,256	11,257,256
Assigned	17,009,910	0	11,618,763	0	0	28,628,673
Unassigned	5,792,870	0	0	0	0	5,792,870
Total fund balances	46,044,066	2,615,036	12,436,692	5,750,791	35,969,978	102,816,563
Total liabilities and fund balances	62,154,046	23,881,301	12,688,107	7,493,213	46,002,631	

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.	34,157,957
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.	392,731,764
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.	(56,096,152)
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.	48,026,363
Net assets of governmental activities	521,636,495

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, 2011

(amounts in dollars)

	General	Community Development	General Capital Projects	Systems Development Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	94,477,143	0	0	0	22,003,573	116,480,716
Licenses and permits	5,664,386	0	0	0	10,583,416	16,247,802
Intergovernmental	4,426,121	5,231,175	389,246	0	13,014,467	23,061,009
Rental income	96,942	0	0	97,915	188,409	383,266
Charges for services	10,625,908	11,074	0	2,282,383	5,242,187	18,161,552
Fines and forfeits	2,864,390	0	0	0	65,010	2,929,400
Special assessments	0	0	0	0	1,100,252	1,100,252
Repayment of revolving loans	0	1,160,885	0	0	259,022	1,419,907
Miscellaneous	765,299	709,382	121,296	95,594	2,390,418	4,081,989
Total revenues	118,920,189	7,112,516	510,542	2,475,892	54,846,754	183,865,893
Expenditures						
Current - departmental:						
Central services	14,084,747	115,000	9,872	15,000	3,964,183	18,188,802
Fire and emergency medical services	23,278,823	0	0	0	228,546	23,507,369
Library, recreation, and cultural services	21,472,103	0	0	0	4,126,589	25,598,692
Planning and development	5,508,748	5,663,266	0	67,326	10,895,652	22,134,992
Police	40,187,074	0	0	0	2,357,721	42,544,795
Public works	5,607,701	0	0	198,180	9,356,878	15,162,759
Debt service:						
Principal	210,000	0	0	0	11,957,801	12,167,801
Interest	31,755	20,486	0	0	1,518,934	1,571,175
Issuance costs	0	0	0	0	50,696	50,696
Capital outlay	0	101,643	5,748,912	1,779,816	15,752,237	23,382,608
Contribution of land held for resale	0	0	0	0	538,929	538,929
Intergovernmental	0	0	0	0	8,000,000	8,000,000
Total expenditures	110,380,951	5,900,395	5,758,784	2,060,322	68,748,166	192,848,618
Excess (deficiency) of revenues over expenditures	8,539,238	1,212,121	(5,248,242)	415,570	(13,901,412)	(8,982,725)
Other financing sources (uses)						
Proceeds of debt issuance	0	0	2,475,000	0	15,290,000	17,765,000
Proceeds of note issuance	0	3,412,000	0	0	0	3,412,000
Transfers in	3,560,830	0	3,369,300	0	5,333,621	12,263,751
Transfers out	(5,960,707)	(4,149,682)	0	0	(7,548,938)	(17,659,327)
Total other financing sources (uses)	(2,399,877)	(737,682)	5,844,300	0	13,074,683	15,781,424
Net change in fund balances	6,139,361	474,439	596,058	415,570	(826,729)	6,798,699
Fund balances, July 1, 2010	39,904,705	2,140,597	11,840,634	5,335,221	36,796,707	96,017,864
Fund balances, June 30, 2011	46,044,066	2,615,036	12,436,692	5,750,791	35,969,978	102,816,563

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, 2011

(amounts in dollars)

Net change in fund balances - total governmental funds	6,798,699
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.	8,414,793
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.	2,014,773
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.	(32,919)
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.	5,591,562
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.	(9,009,199)
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.	(112,360)
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 certain internal service funds is reported with governmental activities.	1,481,872
Change in net assets of governmental activities	<u><u>15,147,221</u></u>

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

Statement of Fund Net Assets

Proprietary Funds

June 30, 2011

(amounts in dollars)

	Business-type Activities Enterprise Funds						Totals	Governmental Activities	Total Internal Service Funds
	Ambulance <u>Transport</u>	Municipal <u>Airport</u>	Parking <u>Services</u>	Stormwater <u>Utility</u>	Wastewater <u>Utility</u>				
Assets									
Current assets									
Equity in pooled cash and investments	1,774,739	15,378,020	0	7,333,899	3,653,934	28,140,592	58,680,964		
Receivables:									
Accounts	1,700,754	751,689	417,071	1,701,286	1,491,613	6,062,413	171,012		
Allowance for uncollectibles	(421,530)	(10,599)	(133,905)	(8,366)	(4,469)	(578,869)	(220)		
Due from other governments	16,156	83,557	337,602	78,633	1,147,067	1,663,015	306,595		
Inventories	0	0	25,648	249,146	530,907	805,701	352,154		
Prepays and deposits	0	0	0	0	0	0	30,981		
Total current assets	3,070,119	16,202,667	646,416	9,354,598	6,819,052	36,092,852	59,541,486		
Noncurrent assets									
Loans and notes receivable	0	214,964	0	0	11,004	225,968	0		
Deferred charges	0	0	0	0	0	0	476,754		
Pension assets	0	0	0	0	0	0	58,147,991		
Capital assets:									
Land	0	6,502,960	2,130,235	3,859,025	1,342,645	13,834,865	455,834		
Improvements other than buildings	379,107	95,704,675	966,827	2,537,987	2,365,964	101,954,560	51,913		
Trunk sewers	0	339,320	0	232,169	152,311,206	152,882,695	0		
Storm sewers	0	232,244	0	51,644,568	1,860,724	53,737,536	0		
Buildings and equipment	1,159,200	33,847,324	29,149,057	1,205,647	991,093	66,352,321	46,136,304		
Construction in progress	0	1,227,996	19,981	1,935,826	356,655	3,540,458	241,837		
Accumulated depreciation	(674,125)	(58,065,379)	(13,603,752)	(13,962,681)	(64,462,008)	(150,767,945)	(25,936,699)		
Total noncurrent assets	864,182	80,004,104	18,662,348	47,452,541	94,777,283	241,760,458	79,573,934		
Total assets	3,934,301	96,206,771	19,308,764	56,807,139	101,596,335	277,853,310	139,115,420		

continued

	Business-type Activities Enterprise Funds						Totals	Total Internal Service Funds
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility			
<u>Liabilities</u>								
<u>Current liabilities</u>								
Accounts payable	12,980	541,861	117,810	363,370	226,130	1,262,151	987,100	
Wages payable	261,245	224,813	74,584	394,807	692,575	1,648,024	937,438	
Compensated absences payable	229,200	272,843	73,006	401,942	706,361	1,683,352	819,377	
Due to other governments	0	39,918	193	8,589	610,135	658,835	136,797	
Due to other funds	0	0	61,065	0	0	61,065	0	
Claims payable	0	0	0	0	0	0	10,916,609	
Deposits	0	5,269	8,150	0	700,000	713,419	88,309	
Interest payable	0	0	0	0	0	0	281,592	
Unearned revenue	742,785	128,388	167,011	3,903	0	1,042,087	351,273	
Certificates of participation payable	0	0	0	0	0	0	140,000	
Bonds payable	0	0	0	0	0	0	844,099	
Total current liabilities	1,246,210	1,213,092	501,819	1,172,611	2,935,201	7,068,933	15,502,594	
<u>Noncurrent liabilities</u>								
Compensated absences payable	0	52,927	5,845	67,806	48,498	175,076	40,958	
Certificates of participation payable	0	0	0	0	0	0	1,035,000	
Bonds payable (net of unamortized discount/premium)	0	0	0	0	0	0	63,146,178	
Net OPEB obligation	7,815	10,110	10,707	21,414	42,345	92,391	3,731,724	
Total noncurrent liabilities	7,815	63,037	16,552	89,220	90,843	267,467	67,953,860	
Total liabilities	1,254,025	1,276,129	518,371	1,261,831	3,026,044	7,336,400	83,456,454	
<u>Net assets</u>								
Invested in capital assets (net of related debt)	864,182	79,789,140	18,662,348	47,452,541	94,766,279	241,534,490	19,774,189	
Restricted for capital projects	0	11,625,345	0	0	0	11,625,345	0	
Restricted for debt service	0	0	7,211	0	0	7,211	0	
Unrestricted	1,816,094	3,516,157	120,834	8,092,767	3,804,012	17,349,864	35,884,777	
Total net assets	2,680,276	94,930,642	18,790,393	55,545,308	98,570,291	270,516,910	55,658,966	

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

Net assets of business-type activities

7,632,602
278,149,512

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, 2011

(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	85,211	0	85,211	382
Intergovernmental	0	6,829	211,546	77,184	0	295,559	276,079
Rental income	0	3,294,520	517,272	28,540	40,292	3,880,624	1,077,761
Charges for services	7,234,304	4,624,636	3,563,145	12,610,029	20,011,702	48,043,816	58,058,972
Fines and forfeits	0	7,494	964,193	0	3,350	975,037	0
Miscellaneous	70,753	29,052	13,401	28,385	60,687	202,278	298,810
Total operating revenues	7,305,057	7,962,531	5,269,557	12,829,349	20,116,031	53,482,525	59,712,004
<u>Operating expenses</u>							
Personnel services	3,957,411	3,860,086	1,275,128	6,792,972	10,417,658	26,303,255	15,234,881
Contractual services	358,428	811,370	1,640,368	2,153,718	1,660,673	6,624,557	3,947,766
Materials and supplies	257,582	669,944	164,937	433,198	1,791,090	3,316,751	4,373,249
Maintenance	568,316	368,971	1,118,819	1,463,231	1,595,670	5,115,007	1,648,375
Utilities	11,971	394,428	25,922	69,831	870,968	1,373,120	3,028,292
Rent	0	1,331	40,939	43,214	56,723	142,207	434,049
Taxes	0	0	22,992	0	0	22,992	12,546
Insurance	34,049	103,269	63,084	63,996	131,508	395,906	1,977,305
Claims	0	0	0	0	0	0	19,967,474
Central business functions	547,000	483,000	255,000	883,000	1,409,000	3,577,000	1,859,000
Depreciation	45,304	4,483,664	798,113	1,377,537	3,694,640	10,399,258	3,115,247
Total operating expenses	5,780,061	11,176,063	5,405,302	13,280,697	21,627,930	57,270,053	55,598,184
Operating income (loss)	1,524,996	(3,213,532)	(135,745)	(451,348)	(1,511,899)	(3,787,528)	4,113,820
<u>Nonoperating revenues (expenses)</u>							
Interest revenue	8,274	96,006	126	65,129	28,564	198,099	437,185
Interest expense	0	0	(313,031)	0	0	(313,031)	(4,550,626)
Amortization of issuance costs	0	0	(11,633)	0	0	(11,633)	(39,263)
Total nonoperating revenues (expenses)	8,274	96,006	(324,538)	65,129	28,564	(126,565)	(4,152,704)
Income (loss) before capital contributions and transfers	1,533,270	(3,117,526)	(460,283)	(386,219)	(1,483,335)	(3,914,093)	(38,884)
Capital contributions	0	4,274,476	0	1,105,300	560,076	5,939,852	100,371
Transfers in	0	0	5,252,084	0	0	5,252,084	2,361,407
Transfers out	(348,615)	0	(1,869,300)	0	0	(2,217,915)	0
Change in net assets	1,184,655	1,156,950	2,922,501	719,081	(923,259)	5,059,928	2,422,894
Total net assets, July 1, 2010	1,495,621	93,773,692	15,867,892	54,826,227	99,493,550		53,236,072
Total net assets, June 30, 2011	2,680,276	94,930,642	18,790,393	55,545,308	98,570,291		55,658,966

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

941,022

Change in net assets of business-type activities

6,000,950

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

Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2011

(amounts in dollars)

	Business-type Activities					Total
	Enterprise Funds					
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Internal Service Funds
<u>Cash flows from operating activities</u>						
Cash received from customers	7,361,531	7,998,763	5,029,484	12,970,967	27,862,962	13,712,439
Cash received from interfund services provided	0	0	0	0	0	45,952,257
Cash received from MVMC for operating reimbursements	0	0	0	0	11,530,030	0
Cash paid to MVMC for sewer user and septic hauler fees collected	0	0	0	0	(19,704,258)	0
Cash paid to suppliers for goods and services	(599,983)	(5,551,714)	(1,766,157)	(1,883,369)	(3,595,097)	(32,828,216)
Cash paid to employees for services	(3,572,658)	(3,285,741)	(1,028,815)	(5,591,214)	(8,688,232)	(11,553,228)
Cash paid for interfund services used	(1,066,377)	(1,130,256)	(1,440,605)	(3,172,582)	(3,177,249)	(4,313,605)
Cash paid for central business functions	(547,000)	(483,000)	(255,000)	(883,000)	(1,409,000)	(1,859,000)
Net cash provided by (used for) operating activities	1,575,513	(2,451,948)	538,907	1,440,802	2,819,156	9,110,647
<u>Cash flows from noncapital financing activities</u>						
Transfers in	0	0	5,252,084	0	0	2,361,407
Transfers out	(348,615)	0	(1,869,300)	0	0	0
Principal payments on pension bonds	0	0	0	0	0	(1,440,000)
Interest payments on pension bonds	0	0	0	0	0	(3,314,372)
Net cash provided by (used for) noncapital financing activities	(348,615)	0	3,382,784	0	0	(2,392,965)
<u>Cash flows from capital and related financing activities</u>						
Principal payments on notes, bonds, and certificates	0	0	(4,810,000)	0	0	(130,000)
Interest payments on notes, bonds, and certificates	0	0	(442,084)	0	0	(71,708)
Contributions from other funds and governments	0	8,437,377	0	855,263	0	0
Proceeds from sale of capital assets	0	0	0	0	0	196,236
Acquisition and construction of capital assets	0	(3,340,575)	(594,639)	(2,046,135)	(1,298,877)	(1,359,359)
Net cash provided by (used for) capital and related financing activities	0	5,096,802	(5,846,723)	(1,190,872)	(1,296,877)	(1,364,831)
<u>Cash flows from investing activities</u>						
Interest revenue	8,274	96,006	126	65,129	28,564	437,185
Repayment of loans and notes receivable	0	65,504	0	0	0	0
Net cash provided by (used for) investing activities	8,274	161,510	126	65,129	28,564	437,185
Net increase (decrease) in cash	1,235,172	2,806,364	(1,924,906)	315,059	1,550,843	5,790,036
Cash, July 1, 2010	539,567	12,571,656	1,924,906	7,018,840	2,103,091	52,890,928
Cash, June 30, 2011	1,774,739	15,378,020	0	7,333,899	3,653,934	58,680,964

continued

	Business-type Activities Enterprise Funds					Governmental Activities	
	Ambulance Transport	Municipal Airport	Parking Services	Stormwater Utility	Wastewater Utility	Totals	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	1,524,996	(3,213,532)	(135,745)	(451,348)	(1,511,899)	(3,787,528)	4,113,820
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u>							
Depreciation	45,304	4,483,664	798,113	1,377,537	3,694,640	10,399,258	3,115,247
Amortization of pension assets	0	0	0	0	0	0	1,595,270
(Increase) Decrease in accounts receivable	(77,191)	17,188	(86,807)	1,140	(268,653)	(414,323)	(147,388)
Increase (Decrease) in allowance for uncollectibles	83,395	(5,437)	40,482	2,054	(214)	120,280	(55)
(Increase) Decrease in due from other governments	(8,756)	(54,053)	(325,960)	154,408	275,067	40,706	(140,751)
(Increase) Decrease in prepaids and deposits	0	0	0	4,713	4,713	9,426	(5,781)
(Increase) Decrease in wetlands mitigation credits	0	0	0	(2,385)	0	(2,385)	0
(Increase) Decrease in inventories	0	0	0	0	24,986	24,986	(32,956)
Increase (Decrease) in accounts payable	4,442	(3,787,418)	32,971	277,938	48,088	(3,423,979)	(141,820)
Increase (Decrease) in wages payable	(28,624)	(29,549)	6,974	43,341	84,442	76,584	(48,255)
Increase (Decrease) in compensated absences payable	(28,226)	44,173	15,058	82,911	41,481	155,397	(49,854)
Increase (Decrease) in net OPEB obligation	1,147	1,497	643	3,127	4,639	11,053	36,536
Increase (Decrease) in claims payable	0	0	0	0	0	0	584,358
Increase (Decrease) in deposits	0	0	0	0	0	0	46,675
Increase (Decrease) in due to other governments	0	12,985	(99)	(36,650)	421,866	398,102	(8,610)
Increase (Decrease) in due to other funds	0	0	61,065	0	0	61,065	0
Increase (Decrease) in deferred revenue	59,026	78,534	132,212	(15,984)	0	253,788	194,211
<u>Net cash provided by (used for) operating activities</u>	<u>1,575,513</u>	<u>(2,451,948)</u>	<u>538,907</u>	<u>1,440,802</u>	<u>2,819,156</u>	<u>3,922,430</u>	<u>9,110,647</u>

Noncash capital and related financing activities

During the year, the Stormwater Utility Fund capitalized \$238,047 in assets contributed from customers and \$11,990 in assets contributed from governmental funds.

During the year, the Wastewater Utility Fund capitalized \$560,076 in assets contributed from customers.

During the year, \$100,371 of capital assets purchased by governmental funds were transferred to the Fleet Services Fund.

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

CITY OF EUGENE, OREGON
Notes to Basic Financial Statements

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CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

June 30, 2011

(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 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).

(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.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies, continued

(C) Government-wide and Fund Financial Statements, continued

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 as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures. The City has elected not to apply FASB guidance issued subsequent to November 30, 1989 to business-type activities and to enterprise funds, unless specifically adopted by the GASB.

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 Answering Point
- Road

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:

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

Debt Service Funds:

- General Obligation
- Library
- 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, right-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. As permitted by GASB 34, the City has limited the retroactive capitalization of governmental fund infrastructure to fiscal years ending after June 30, 1980. Although the majority of such infrastructure was placed in service before that date, it has not been included in these financial statements since it has been substantially depreciated.

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 right-of-ways). 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. In accordance with the composite depreciation method, no gain or loss is recorded upon disposal, but rather, cost is removed from the capital asset account and charged to the accumulated depreciation account.

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, 2011, 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, 2011 were as follows:

	<u>General</u>	<u>Community Development</u>	<u>General Capital Projects</u>	<u>Systems Development Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Fund balances</u>						
Nonspendable:						
Inventories	\$ 0	0	0	0	615,555	615,555
Prepays and deposits	1,066,473	0	0	0	71,790	1,138,263
Assets held for resale	0	0	0	0	1,869,038	1,869,038
Permanent balance	0	0	0	0	80,000	80,000
Restricted:						
Capital projects	0	0	817,929	5,750,791	7,561,460	14,130,180
Community development	0	2,615,036	0	0	0	2,615,036
Rental housing program	0	0	0	0	207,803	207,803
Cultural services	914,813	0	0	0	3,685,096	4,599,909
Debt service	0	0	0	0	1,812,455	1,812,455
Road maintenance	0	0	0	0	2,125,866	2,125,866
Solid waste and recycling	0	0	0	0	801,937	801,937
Unappropriated ending fund balance	21,260,000	0	0	0	0	21,260,000
Urban renewal	0	0	0	0	5,881,722	5,881,722
Committed:						
Construction Permits	0	0	0	0	1,733,379	1,733,379
Special assessments	0	0	0	0	2,413,095	2,413,095
Telecommunications	0	0	0	0	7,110,782	7,110,782
Assigned:						
Capital projects	0	0	11,618,763	0	0	11,618,763
Cultural services	1,535,551	0	0	0	0	1,535,551
Reserve for encumbrances	1,839,077	0	0	0	0	1,839,077
Reserve for next year's spending	4,418,113	0	0	0	0	4,418,113
Reserve for revenue shortfall	7,945,638	0	0	0	0	7,945,638
Other reserves	1,271,531	0	0	0	0	1,271,531
Unassigned	5,792,870	0	0	0	0	5,792,870
Total fund balances	\$ 46,044,066	2,615,036	12,436,692	5,750,791	35,969,978	102,816,563

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 \$34,157,957 difference are as follows:

Receivables:	
Interest	\$ 1,184,469
Taxes	5,908,242
Systems development charges	1,691,370
Municipal court	1,199,691
Assessments	1,277,576
Loans and notes	<u>24,033,934</u>
Subtotal	35,295,282
Allowance for uncollectibles	<u>(1,137,325)</u>
Net adjustment	<u>\$ 34,157,957</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 \$392,731,764 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	\$ 91,927,647
Other capital assets (net of accumulated depreciation)	321,753,306
Capital assets (net of accumulated depreciation) reported in internal service funds included in the Statement of Net Assets - governmental activities column	<u>(20,949,189)</u>
Net adjustment	<u>\$ 392,731,764</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 \$56,096,152 difference are as follows:

Bonds payable (less: deferred charge for issuance costs)	\$ (42,017,127)
Notes and contracts payable	(6,118,000)
Accrued interest payable	(175,824)
Compensated absences	(7,412,061)
Net OPEB obligation	<u>(373,140)</u>
Net adjustment	\$ <u><u>(56,096,152)</u></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 \$8,414,793 difference are as follows:

Change in deferred revenue from the following sources:	
Property taxes receivable	\$ 21,108
Special assessments receivable	55,960
System development charges receivable	1,182,689
Municipal court receivables	571,870
Notes receivable	<u>6,811,357</u>
Subtotal	8,642,984
Change in the allowance for uncollectibles	<u>(228,191)</u>
Net adjustment	\$ <u><u>8,414,793</u></u>

Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. In addition, the Statement of Activities reports gains and losses arising from the disposal of existing capital assets, while governmental funds do not. The details of this \$2,014,773 difference are as follows:

Donations of capital assets	\$ <u><u>2,014,773</u></u>
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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 \$32,919 difference are as follows:

Compensated absences	\$	111,521
Net OPEB obligation		(36,779)
Accrued interest		(3,954)
Amortization of issuance costs		<u>(103,707)</u>
Net adjustment	\$	<u><u>(32,919)</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 \$5,591,562 difference are as follows:

Capital outlay	\$	22,827,512
Depreciation expense		<u>(17,235,950)</u>
Net adjustment	\$	<u><u>5,591,562</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 \$9,009,199 difference are as follows:

Debt issued:		
Issuance of general obligation bonds	\$	(9,285,000)
Issuance of tax increment bonds		(7,900,000)
Issuance of notes payable		(3,412,000)
Issuance of limited tax bonds		<u>(580,000)</u>
		<u>(21,177,000)</u>
Principal payments:		
General obligation debt		11,830,250
Certificates of participation		210,000
Limited tax bonds		<u>127,551</u>
Net adjustment	\$	<u><u>(9,009,199)</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>(112,360)</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 \$17,718,556.

(B) Overexpenditures of Appropriations

For the year ended June 30, 2011, the Special Assessment Management Special Revenue Fund and the Parking Services Enterprise Fund had budget-basis expenditures in excess of legal appropriations of \$57,528 and \$125,789, respectively.

(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, 2011:

Cash on hand	\$	55,609
Cash with fiscal agent		517,734
Deposits with banks		7,956,483
Investments		<u>181,650,034</u>
	\$	<u>190,179,860</u>

Deposits

At June 30, 2011, the City's deposits with various financial institutions had a bank value of \$10,706,159, which included \$4,011,784 in time certificates of deposits and \$517,734 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 still 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 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, 2011, the City had deposits of \$750,000 insured by federal depository insurance and \$9,438,425 collateralized under the PFCP.

At June 30, 2011, the City had \$517,734 in deposits (cash with fiscal agent) held by escrow companies that were uninsured and uncollateralized.

Investments

As of June 30, 2011, 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	\$ 17,310,073	0.456	9.5%
Local government investment pool	40,304,201	0.003	22.2%
Municipal bonds	39,165,935	1.292	21.6%
U.S. agency securities	82,875,145	1.080	45.6%
U.S. treasury securities	1,994,680	1.142	1.1%
Total	\$ <u>181,650,034</u>	<u>0.751</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 \$43,117,180, 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.

Investments, continued

At June 30, 2011, 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</u>	<u>Investors</u>	<u>Service</u>	<u>or Standard & Poor's Corporation</u>	
		<u>MIG 1</u>	<u>Aaa/AAA</u>	<u>Aa/AA</u>	<u>A/A</u>	
Corporate securities	\$ 17,310,073	0	0	17,310,073	0	0
Local government investment pool	40,304,201	0	0	0	0	40,304,201
Municipal bonds	39,165,935	1,336,097	2,842,135	34,197,217	790,486	0
U.S. agency securities	82,875,145	0	82,875,145	0	0	0
U.S. treasury securities	1,994,680	0	1,994,680	0	0	0
Total	\$ 181,650,034	1,336,097	87,711,960	51,507,290	790,486	40,304,201

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, 2011, 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, 2011 included: Corporate Notes (45.8%), U.S. Treasury and Agency Securities (38.5%), Government Guaranteed Corporate Securities (10.6%), Commercial Paper (2.7%), Bank Notes (1.2%), Certificates of Deposits (0.6%) and Municipal Bonds (0.6%). The credit risk associated with the investments was: AAA rating (48.0%), AA rating (18.2%), A rating (32.5%), BBB rating (0.2%), not rated (0.6%) and ratings withdrawn (0.5%).

Concentration of Credit Risk

The City's policy for investing in individual issuers varies depending on the type of investments. 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. Investments in commercial paper or corporate bonds of 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. 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, 2011, 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	\$ 1,009,303	5,065,861	2,737,917	0	0	8,813,081	(5,135)	8,807,946
Community Development	43,623	0	17,243	0	20,983,936	21,044,802	0	21,044,802
General Capital Projects	0	0	200	0	0	200	0	200
Systems Development Capital Projects	0	0	2,026,350	0	5,124	2,031,474	0	2,031,474
Ambulance Transport	0	0	1,700,754	0	0	1,700,754	(421,530)	1,279,224
Municipal Airport	0	0	751,689	0	214,964	966,653	(10,599)	956,054
Parking Services	0	0	417,071	0	0	417,071	(133,905)	283,166
Stormwater Utility	0	0	1,701,286	0	0	1,701,286	(8,366)	1,692,920
Wastewater Utility	0	0	1,491,613	0	11,004	1,502,617	(4,469)	1,498,148
Internal service funds	0	0	171,012	0	0	171,012	(220)	170,792
Other governmental funds	181,946	1,043,271	912,433	1,336,897	3,102,634	6,577,181	(55,741)	6,521,440
	<u>\$ 1,234,872</u>	<u>6,109,132</u>	<u>11,927,568</u>	<u>1,336,897</u>	<u>24,317,662</u>	<u>44,926,131</u>	<u>(639,965)</u>	<u>44,286,166</u>

Government-wide adjustment for uncollectibles

(1,137,325)

Receivables (net of allowance) - Government-wide Statement of Net Assets

43,148,841

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>Parking Services</u>	<u>Internal service funds</u>	<u>Other governmental funds</u>	<u>Total transfers out</u>
General	\$ 0	3,369,300	0	2,361,407	230,000	5,960,707
Community Development	0	0	0	0	4,149,682	4,149,682
Ambulance Transport	348,615	0	0	0	0	348,615
Parking Services	1,869,300	0	0	0	0	1,869,300
Other governmental funds	<u>1,342,915</u>	<u>0</u>	<u>5,252,084</u>	<u>0</u>	<u>953,939</u>	<u>7,548,938</u>
Total transfers in	\$ <u>3,560,830</u>	<u>3,369,300</u>	<u>5,252,084</u>	<u>2,361,407</u>	<u>5,333,621</u>	<u>19,877,242</u>

Transfers are routinely made for the following purposes:

- To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
- To move 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 \$1.9 million transferred from the Parking Services fund to the General Fund to support general operations and \$2.4 million transferred from the General Fund to the Fleet Services fund for future replacement of equipment.

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, 2011, are presented below.

<u>Fund description</u>	<u>State</u>	<u>Federal</u>	<u>County</u>	<u>Water and Electric Board</u>	<u>MWMMC</u>	<u>Other</u>	<u>Total</u>
General	\$ 569,085	26,714	588,307	990,988	0	358,840	2,533,934
Community Development	7,638	762,073	0	0	0	0	769,711
General Capital Projects	141,837	22,597	0	0	0	0	164,434
Ambulance Transport	15,176	0	980	0	0	0	16,156
Municipal Airport	0	83,557	0	0	0	0	83,557
Parking Services	167,840	0	0	0	0	169,762	337,602
Stormwater Utility	2,173	3,461	4,594	0	88	68,317	78,633
Wastewater Utility	0	0	0	0	1,084,832	62,235	1,147,067
Internal service funds	105,847	97,936	69,711	0	0	33,101	306,595
Other governmental funds	<u>2,993,511</u>	<u>60,609</u>	<u>108,081</u>	<u>33,285</u>	<u>19,721</u>	<u>87,925</u>	<u>3,303,132</u>
Total due from other governments - Government-wide Statement of Net Assets	\$ <u>4,003,107</u>	<u>1,056,947</u>	<u>771,673</u>	<u>1,024,273</u>	<u>1,104,641</u>	<u>780,180</u>	<u>8,740,821</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, 2011 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	\$ 67,499,024	2,902,406	(790,419)	69,611,011
Construction in progress	23,684,573	7,881,255	(9,249,192)	22,316,636
Total capital assets, not being depreciated	<u>91,183,597</u>	<u>10,783,661</u>	<u>(10,039,611)</u>	<u>91,927,647</u>
Capital assets, being depreciated:				
Buildings and equipment	218,053,079	2,810,594	(1,321,568)	219,542,105
Improvements other than buildings	72,202,264	5,852,150	0	78,054,414
Infrastructure	251,041,067	16,782,859	0	267,823,926
Total capital assets being depreciated	<u>541,296,410</u>	<u>25,445,603</u>	<u>(1,321,568)</u>	<u>565,420,445</u>
Less accumulated depreciation for:				
Buildings and equipment	(73,980,776)	(7,724,075)	1,125,333	(80,579,518)
Improvements other than buildings	(31,479,744)	(3,155,696)	0	(34,635,440)
Infrastructure	(118,980,757)	(9,471,424)	0	(128,452,181)
Total accumulated depreciation	<u>(224,441,277)</u>	<u>(20,351,195)</u>	<u>1,125,333</u>	<u>(243,667,139)</u>
Total capital assets, being depreciated, net	<u>316,855,133</u>	<u>5,094,408</u>	<u>(196,235)</u>	<u>321,753,306</u>
Governmental activities capital assets, net	<u>\$ 408,038,730</u>	<u>15,878,069</u>	<u>(10,235,846)</u>	<u>413,680,953</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:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Land	\$ 13,834,865	0	0	13,834,865
Construction in progress	14,144,108	2,249,301	(12,852,951)	3,540,458
Total capital assets, not being depreciated	<u>27,978,973</u>	<u>2,249,301</u>	<u>(12,852,951)</u>	<u>17,375,323</u>
Capital assets, being depreciated:				
Buildings and equipment	61,807,748	4,544,573	0	66,352,321
Improvements other than buildings	90,209,411	11,745,149	0	101,954,560
Storm sewers	53,115,503	622,033	0	53,737,536
Trunk sewers	151,102,461	1,780,234	0	152,882,695
Total capital assets being depreciated	<u>356,235,123</u>	<u>18,691,989</u>	<u>0</u>	<u>374,927,112</u>
Less accumulated depreciation for:				
Buildings and equipment	(25,662,755)	(1,672,199)	0	(27,334,954)
Improvements other than buildings	(42,628,246)	(3,922,111)	0	(46,550,357)
Storm sewers	(12,570,004)	(1,287,879)	0	(13,857,883)
Trunk sewers	(59,507,682)	(3,517,069)	0	(63,024,751)
Total accumulated depreciation	<u>(140,368,687)</u>	<u>(10,399,258)</u>	<u>0</u>	<u>(150,767,945)</u>
Total capital assets, being depreciated, net	<u>215,866,436</u>	<u>8,292,731</u>	<u>0</u>	<u>224,159,167</u>
Business-type activities capital assets, net	<u>\$ 243,845,409</u>	<u>10,542,032</u>	<u>(12,852,951)</u>	<u>241,534,490</u>

CITY OF EUGENE, OREGON
Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(E) Capital Assets, continued

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

Central services	\$ 169,984
Fire and emergency medical services	1,066,044
Library, recreation, and cultural services	2,200,708
Planning and development	413,194
Police	829,331
Public works	12,556,687
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	3,115,247
	\$ 20,351,195

Business-type activities:

Ambulance transport	\$ 45,304
Municipal airport	4,483,664
Parking services	798,113
Stormwater utility	1,377,537
Wastewater utility	3,694,640
	10,399,258
	\$ 10,399,258

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	\$ 5,874,275	0	5,874,275
Other governmental funds	1,218,435	0	1,218,435
Assessments receivable:			
Other governmental funds	1,275,769	0	1,275,769
Systems development charges receivable:			
Systems Development Capital Projects	1,691,370	0	1,691,370
Notes receivable:			
Community Development Special Revenue	20,926,175	0	20,926,175
Systems Development Capital Projects	5,124	0	5,124
Other governmental funds	3,071,565	0	3,071,565
Other:			
General	1,199,691	1,456,131	2,655,822
Community Development Special Revenue	0	78,421	78,421
Ambulance Transport	0	742,785	742,785
Municipal Airport	0	128,388	128,388
Parking Services	0	167,011	167,011
Stormwater Utility	0	3,903	3,903
Internal service funds	0	351,273	351,273
Other governmental funds	32,875	268,353	301,228
Total deferred revenue	\$ <u>35,295,279</u>	<u>3,196,265</u>	<u>38,491,544</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, 2011, for operating leases was \$655,631. 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, 2011:

Fiscal year <u>ending June 30</u>	<u>Rentals</u>
2012	\$ 792,892
2013	1,029,030
2014	1,001,870
2015	830,473
2016	<u>685,405</u>
Total minimum future rentals	\$ <u><u>4,339,670</u></u>

(H) Bond Anticipation Note

On November 3, 2009 the City entered into a Revolving Credit Facility with Bank of America, N.A. with an authorized limit of \$2,500,000. For each draw the City elects from either a LIBOR based taxable or tax exempt interest rate. On June 30, 2011, the City elected to close this credit facility. Draws on this credit facility were recorded as a liability of the Special Assessment Capital Projects Fund. The line of credit was available to finance construction of local improvement projects which primarily benefit the property owners against whose properties special assessments were levied.

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
<u>Governmental activities</u>				
Revolving credit facility	\$ <u>829,318</u>	<u>822,857</u>	<u>(1,652,175)</u>	<u>0</u>

(I) Noncurrent Liabilities

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.

The City has a G.O. and revolving credit facility with Bank of America, N.A. which matures on June 1, 2012 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, 2011, the City had a \$0 balance on the credit facility with \$2,590,000 in authorized borrowing remaining.

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.

continued

CITY OF EUGENE, OREGON
Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(I) Noncurrent Liabilities, continued

General Obligation Bond and Revolving Credit Facility (Street), continued

<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>6,810,000</u>	<u>(6,810,000)</u>	<u>0</u>

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.

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, 2012. 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, 2011, the City had a \$1,574,164 balance on the credit facility with \$13,538,800 in authorized borrowing remaining.

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 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>684,414</u>	<u>2,475,000</u>	<u>(1,585,250)</u>	<u>1,574,164</u>

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 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, 2011, the City had 95% of capacity available. G.O. bonds currently outstanding are as follows:

continued

CITY OF EUGENE, OREGON
Notes to Basic Financial Statements

- (4) Detailed Notes on All Funds, continued
(l) Noncurrent Liabilities, continued
General Obligation 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:			
Fire Projects Bonds, Series 2002	\$ 8,680,000	3.000% to 4.650%	5,430,000
Parks and Open Spaces Bonds, Series 2004	6,305,000	2.500% to 4.650%	3,960,000
General Obligation Refunding Bonds, Series 2006	24,990,000	3.500% to 4.125%	17,170,000
Parks and Open Spaces Bonds, Series 2008	<u>5,600,000</u>	5.100%	<u>4,710,000</u>
Total general obligation bonds	<u>\$ 45,575,000</u>		<u>31,270,000</u>

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

Fiscal year ending June 30	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012 \$	3,560,000	1,315,527
2013	3,705,000	1,169,051
2014	3,855,000	1,015,856
2015	4,015,000	855,660
2016	4,180,000	688,026
2017-2021	10,680,000	1,378,071
2022	<u>1,275,000</u>	<u>74,467</u>
	<u>\$ 31,270,000</u>	<u>6,496,658</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
(l) 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%	645,000
Certificates of participation serviced by specific fund revenues:			
Atrium Obligations, Series 1998A (tax-exempt)	1,200,000	3.700% to 4.900%	565,000
Atrium Obligations, Series 1998B (taxable)	<u>1,200,000</u>	6.125% to 6.200%	<u>610,000</u>
Total certificates of participation	<u>\$ 4,490,000</u>		<u>1,820,000</u>

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

Fiscal year <u>ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012 \$	355,000	89,230
2013	360,000	73,823
2014	370,000	57,855
2015	165,000	40,770
2016	180,000	31,700
2017-2018	<u>390,000</u>	<u>32,895</u>
	<u>\$ 1,820,000</u>	<u>326,273</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

(l) 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%	64,109,824
Limited Tax Improvement Bonds, Series 2006	1,036,427	5.100%	340,457
Limited Tax Improvement Bonds, Series 2011	<u>580,000</u>	7.050%	<u>580,000</u>
Total limited tax bonds	<u>\$ 85,951,427</u>		<u>65,030,281</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	\$ 65,030,281
Less: Accretion of deep discount	<u>(7,538,003)</u>
Total debt service requirements for limited tax bonds	<u>\$ 57,492,278</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>
2012 \$	0	58,253
2013	0	58,253
2014	0	58,253
2015	0	58,253
2016	340,457	58,253
2017-2021	0	204,450
2022-2027	0	204,450
2028	<u>580,000</u>	<u>20,445</u>
	<u>\$ 920,457</u>	<u>720,610</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(l) 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
2012 \$	844,099	4,150,273
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
2017-2021	10,715,684	24,349,654
2022-2026	26,595,000	10,512,351
2027-2028	14,585,000	1,337,463
	<u>56,571,821</u>	<u>59,125,193</u>
Total limited tax bonds \$	<u>57,492,278</u>	<u>59,845,803</u>

Tax Increment Bonds

The City's Urban Renewal Agency issues tax increment bonds to finance major construction projects in governmental and business-type 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".

On May 25, 2011, the City issued \$7,900,000 of Downtown Urban Renewal District Tax Increment Bonds, Series 2011 A, dated May 25, 2011, bearing a fixed interest rate of 5.20%, and maturing on June 1, 2020. The proceeds of the Bonds were used to refund \$4.4 million in debt service associated with the limited tax bonds issued by the City to finance construction of the Broadway Garages and \$3.5 million in financial assistance to Lane Community College to help build their new Downtown Campus.

The refunding of the Broadway Garages Limited Tax Bonds, Series 1997 resulted in an economic gain despite the net cost from refunding. The economic gain realized in this refunding was \$84,000 and the net cost resulting from the refunding was as follows:

Cash flow requirements to service old debt	\$	5,574,191
Less: Cash flow requirements for new debt		<u>(5,600,976)</u>
Net cash from refunding	\$	<u>(26,785)</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(l) Noncurrent Liabilities, continued

Tax Increment Bonds, continued

<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%	7,900,000
Total limited tax bonds	<u>\$ 7,900,000</u>		<u>7,900,000</u>

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

<u>Fiscal year ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012 \$	717,000	410,800
2013	754,000	373,516
2014	794,000	334,308
2015	835,000	293,020
2016	878,000	249,600
2017-2020	<u>3,922,000</u>	<u>517,348</u>
	<u>\$ 7,900,000</u>	<u>2,178,592</u>

Notes Payable

In July 2008, the City borrowed \$2,706,000 from the U.S. Department of Housing and Urban Development (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 monthly 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. As of June 30, 2011, the City had borrowed \$3,412,000 against the note. The note pays interest at a variable rate equal to the three-month LIBOR rate plus 0.2%. The rate adjusts monthly on the first day of each month.

<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>3,412,000</u>
	<u>\$ 7,895,000</u>		<u>6,118,000</u>

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(l) Noncurrent Liabilities, continued

Notes Payable, continued

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

Fiscal year ending June 30	Governmental activities	
	Principal	Interest
2012	\$ 0	30,780
2013	128,000	30,297
2014	248,000	29,200
2015	248,000	27,953
2016	328,000	26,403
2017-2021	1,690,000	107,079
2022-2026	1,990,000	60,669
2027-2030	1,486,000	7,197
	<u>\$ 6,118,000</u>	<u>319,578</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, 2011, the City reported compensated absences of \$8,272,396 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, 2011, internal service fund debt included the Atrium Obligations of \$1,175,000, Limited Tax Pension Bonds of \$64,109,824, deferred bond discounts net of premiums of \$119,547, and \$860,335 in compensated absences.

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(4) Detailed Notes on All Funds, continued

(l) Noncurrent Liabilities, continued

Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2011 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<u>Governmental activities</u>					
Compensated absences payable	\$ 8,433,771	7,734,424	(7,895,799)	8,272,396	8,152,209
Notes and contracts payable	2,706,000	3,412,000	0	6,118,000	0
Certificates of participation payable	2,160,000	0	(340,000)	1,820,000	355,000
General obligation bonds	35,389,414	9,285,000	(11,830,250)	32,844,164	3,560,000
Limited tax bonds	64,862,223	580,000	(411,942)	65,030,281	844,099
Tax increment bonds	0	7,900,000	0	7,900,000	717,000
Deferred issuance discount/premium	(17,799)	0	(15,475)	(33,274)	0
Total bonds payable	100,233,838	17,765,000	(12,257,667)	105,741,171	5,121,099
Net OPEB obligation	4,031,549	813,254	(739,939)	4,104,865	0
Governmental activities - noncurrent liabilities	\$ 117,565,158	29,724,678	(21,233,404)	126,056,432	13,628,308
<u>Business-type activities</u>					
Compensated absences payable	\$ 1,703,031	1,838,443	(1,683,046)	1,858,428	1,683,352
Limited tax bonds	4,810,000	0	(4,810,000)	0	0
Deferred issuance discount/premium	(10,507)	0	10,507	0	0
Total bonds payable	4,799,493	0	(4,799,493)	0	0
Net OPEB obligation	81,338	122,607	(111,553)	92,391	0
Business-type activities - noncurrent liabilities	\$ 6,583,862	1,961,050	(6,594,092)	1,950,819	1,683,352

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 officials 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. During the previous three fiscal years, there was one liability claim that exceeded the insurance coverage levels.

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 as of June 30, 2011. 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.

At June 30, 2011, a total claims liability of \$10,916,609 is reported in the Risk and Benefits Internal Service Fund. All prior and current year claims are fully reserved and have not been discounted. The City does not utilize annuity contracts from commercial insurers. Therefore, during this reporting period, all known liabilities have been disclosed.

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 of year	Current-year claims and changes in estimates	Claim payments	Liability balance at end of year
2010	10,133,777	20,374,030	(20,175,556)	10,332,251
2011	10,332,251	19,967,474	(19,383,116)	10,916,609

continued

CITY OF EUGENE, OREGON

Notes to Basic Financial Statements

(5) Other Information, continued

(B) Joint Ventures

The City of Eugene 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 of Eugene 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 43% of its revenues. Although the City of Eugene 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, 2010, where its Information Services Fund reflected operating income of \$1,618,051, an increase in net assets of \$1,583,051 and total net assets of \$12,915,949. For the fiscal year ended June 30, 2011, the City paid \$2,274,753 to Lane County for its share of RIS operations.

The City of Eugene 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 of Eugene appoints three voting members. The City of Eugene 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 of Eugene 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, 2011, the City provided billable operations to MWMC costing \$11,271,623 and MWMC owed the City \$1,084,833 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, 2010, which reflected net income of \$6,802,260 and total fund equity of \$115,924,191. 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 any or all of 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, 2011, the 6.0% IAP contribution was \$5,393,764 (5.99% 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, 2007 PERS and OPSRP actuarial valuations. The most recent actuarial valuation was prepared as of December 31, 2009. The 2009 valuation was used to establish rates as of July 1, 2011. The City also charges 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, 2011, the City's annual pension expenditures/expense exclusive of the 6.0% IAP contribution was \$10,683,385. This amount consisted of the annual required contribution to the defined benefit pension plans of \$9,088,115 and \$1,595,270 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, 2011, were as follows:

Annual required contribution	\$ 9,088,115
Interest on pension assets	(4,779,461)
Adjustment to the annual required contribution	6,374,731
Annual pension cost	<u>10,683,385</u>
Contributions made	<u>9,088,115</u>
Decrease in pension assets	(1,595,270)
Pension assets, beginning of year	<u>59,743,261</u>
Pension assets, end of year	<u>\$ 58,147,991</u>

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, 2011 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>
2009	\$	13,381,346	12,013,659	90%	61,220,364
2010		10,371,206	8,894,103	86%	59,743,261
2011		10,683,385	9,088,115	85%	58,147,991

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$664,728,789, and the actuarial value of assets was \$572,595,446, resulting in an unfunded actuarial liability (UAAL) of \$92,133,343. The covered payroll (annual payroll of active employees covered by the plans) was \$89,005,209, and the ratio of the UAAL to the covered payroll was 104.0%.

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, 2011, the City's annual required contribution rate for PERS and OSRP was based on the December 31, 2007 actuarial valuation using the projected unit credit method.

The actuarial assumptions for the December 31, 2007 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 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 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>
2009	\$	309,134
2010		236,218
2011		236,631

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, 2011, the City's combined plan contributions were \$851,492.

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, 2011, 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	213,870
Adjustment to the annual required contribution	<u>(273,681)</u>
Annual OPEB cost (expense)	935,860
Contributions made	<u>851,492</u>
Increase in net OPEB obligation	84,368
Net OPEB obligation, beginning of year	<u>4,112,887</u>
Net OPEB obligation, end of year	<u><u>\$ 4,197,255</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 2011 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>
2009	1,429,319	1,343,785	94%	4,178,547
2010	1,501,673	1,567,333	104%	4,112,887
2011	935,860	851,492	91%	4,197,255

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, 2011, the City has set aside \$3,667,887 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, 2011, the City has encumbered the following significant commitments:

<u>Fund</u>	<u>Amount</u>
General	\$ 1,839,077
Community Development Special Revenue	1,160,844
General Capital Projects	815,201
Systems Development Capital Projects	494,554
Municipal Airport	3,304,310
Parking Services	227,763
Stormwater Utility	116,551
Wastewater Utility	916,595
Internal service funds	672,306
Other governmental funds	<u>8,950,815</u>
Total outstanding encumbrances	<u>\$ 18,498,016</u>

(G) Subsequent Events

In November 2011, the City issued \$11,020,000 in General Obligation Refunding Bonds to refund \$5,430,000 of the Fire Projects Bonds, Series 2002, \$4,220,000 of the Parks and Open Spaces Bonds, Series 2008, and a portion of the General Obligation Bond and Revolving Credit Facility obligation.

(H) 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 financial assistance 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, 2011, \$6.9 million of the bonds were outstanding.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	Budget		Actual		
	<u>Original</u>	<u>Final</u>	<u>Budget basis</u>	<u>Adjustment</u>	<u>GAAP basis</u>
Revenues					
Taxes	93,278,000	93,278,000	94,477,143	0	94,477,143
Licenses and permits	6,382,500	6,382,500	5,664,386	0	5,664,386
Intergovernmental	3,804,013	5,793,301	4,492,415	(66,294)	4,426,121
Rental income	98,768	98,768	96,942	0	96,942
Charges for services	11,312,442	12,001,477	11,300,032	(674,124)	10,625,908
Fines and forfeits	2,909,000	2,909,000	2,864,390	0	2,864,390
Miscellaneous	474,620	474,620	791,836	(26,537)	765,299
Total revenues	118,259,343	120,937,666	119,687,144	(766,955)	118,920,189
Expenditures					
Current - departmental:					
Central services	22,534,668	23,271,739	21,644,188	(7,559,441)	14,084,747
Fire and emergency medical services	24,639,428	24,987,600	23,298,775	(19,952)	23,278,823
Library, recreation, and cultural services	21,703,613	22,066,091	21,468,007	4,096	21,472,103
Planning and development	6,123,327	6,451,145	5,717,977	(209,229)	5,508,748
Police	40,615,918	43,430,861	40,580,160	(393,086)	40,187,074
Public works	6,257,172	6,320,275	5,607,701	0	5,607,701
Debt service	245,000	245,000	241,755	0	241,755
Intergovernmental	550,000	550,000	289,896	(289,896)	0
Total expenditures	122,669,126	127,322,711	118,848,459	(8,467,508)	110,380,951
Excess (deficiency) of revenues over expenditures	(4,409,783)	(6,385,045)	838,685	7,700,553	8,539,238
Other financing sources (uses)					
Transfers in	10,957,767	11,225,299	10,957,741	(7,396,911)	3,560,830
Transfers out	(4,923,704)	(6,291,236)	(5,960,707)	0	(5,960,707)
Total other financing sources (uses)	6,034,063	4,934,063	4,997,034	(7,396,911)	(2,399,877)
Net change in fund balance	1,624,280	(1,450,982)	5,835,719	303,642	6,139,361
Fund balance, July 1, 2010	32,804,224	39,066,297	39,066,297	838,408	39,904,705
Fund balance, June 30, 2011	34,428,504	37,615,315	44,902,016	1,142,050	46,044,066

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	Budget		Actual		GAAP basis
	Original	Final	Budget basis	Adjustment	
Revenues					
Intergovernmental	7,040,191	8,032,759	5,231,175	0	5,231,175
Charges for services	5,000	5,000	11,074	0	11,074
Repayment of revolving loans	0	0	0	1,160,885	1,160,885
Miscellaneous	1,263,250	1,263,250	710,210	(828)	709,382
Total revenues	8,308,441	9,301,009	5,952,459	1,160,057	7,112,516
Expenditures					
Current - departmental:					
Central services	6,000	6,000	0	115,000	115,000
Planning and development	3,618,486	3,618,486	2,901,965	2,761,301	5,663,266
Loans granted	5,269,146	6,118,295	2,761,301	(2,761,301)	0
Debt service	400,000	400,000	20,486	0	20,486
Capital outlay	734,240	842,568	101,643	0	101,643
Intergovernmental	6,504,000	6,504,000	4,149,682	(4,149,682)	0
Total expenditures	16,531,872	17,489,349	9,935,077	(4,034,682)	5,900,395
Excess (deficiency) of revenues over expenditures	(8,223,431)	(8,188,340)	(3,982,618)	5,194,739	1,212,121
Other financing sources (uses)					
Principal payments received	2,209,000	2,209,000	1,160,885	(1,160,885)	0
Proceeds of note issuance	5,189,000	5,189,000	3,412,000	0	3,412,000
Transfers out	(115,000)	(115,000)	(115,000)	(4,034,682)	(4,149,682)
Total other financing sources (uses)	7,283,000	7,283,000	4,457,885	(5,195,567)	(737,682)
Net change in fund balance	(940,431)	(905,340)	475,267	(828)	474,439
Fund balance, July 1, 2010	1,540,431	2,138,094	2,138,094	2,503	2,140,597
Fund balance, June 30, 2011	600,000	1,232,754	2,613,361	1,675	2,615,036

CITY OF EUGENE, OREGON

Notes to Required Supplementary Information

June 30, 2011

(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>
12/31/05	\$ 579,816,082	571,031,263	(8,784,819)	102%	75,604,360	-12%
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%

(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	\$ 5,835,719	475,267
<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.	(8,137,419)	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.	(26,446)	(828)
<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.	8,137,419	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>330,088</u>	<u>0</u>
Net change in fund balance - GAAP basis.	<u>\$ 6,139,361</u>	<u>474,439</u>

Principal payments received of \$1,160,885 and loans granted of \$2,761,301 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, 2011

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Other Governmental Funds
Assets				
Equity in pooled cash and investments	20,937,296	1,676,621	11,007,759	33,621,676
Receivables:				
Interest	53,352	128,594	0	181,946
Taxes	215,695	827,576	0	1,043,271
Accounts	912,433	0	0	912,433
Assessments	155,920	933,848	247,129	1,336,897
Loans and notes	3,071,565	0	31,069	3,102,634
Allowance for uncollectibles	(55,741)	0	0	(55,741)
Due from other governments	1,965,159	84,514	1,253,459	3,303,132
Inventories	615,555	0	0	615,555
Prepays and deposits	71,790	0	0	71,790
Assets held for resale	0	1,541	1,867,497	1,869,038
Total assets	27,943,024	3,652,694	14,406,913	46,002,631
Liabilities and fund balances				
Liabilities				
Accounts payable	438,980	8,266	1,726,788	2,174,034
Wages payable	751,824	0	0	751,824
Due to other governments	337,466	0	43,682	381,148
Deposits	1,324	0	857,326	858,650
Deferred revenue	3,758,102	1,830,432	278,463	5,866,997
Total liabilities	5,287,696	1,838,698	2,906,259	10,032,653
Fund balances				
Nonspendable	767,345	1,541	1,867,497	2,636,383
Restricted	11,798,150	1,812,455	8,465,734	22,076,339
Committed	10,089,833	0	1,167,423	11,257,256
Total fund balances	22,655,328	1,813,996	11,500,654	35,969,978
Total liabilities and fund balances	27,943,024	3,652,694	14,406,913	46,002,631

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues				
Taxes	3,428,808	15,455,883	3,118,882	22,003,573
Licenses and permits	10,583,416	0	0	10,583,416
Intergovernmental	8,675,224	0	4,339,243	13,014,467
Rental income	188,409	0	0	188,409
Charges for services	5,118,980	0	123,207	5,242,187
Fines and forfeits	65,010	0	0	65,010
Special assessments	14,090	181,331	904,831	1,100,252
Repayment of revolving loans	259,022	0	0	259,022
Miscellaneous	2,200,821	115,400	74,197	2,390,418
Total revenues	30,533,780	15,752,614	8,560,360	54,846,754
Expenditures				
Current - departmental:				
Central services	3,964,183	0	0	3,964,183
Fire and emergency medical services	228,546	0	0	228,546
Library, recreation, and cultural services	4,126,589	0	0	4,126,589
Planning and development	10,895,652	0	0	10,895,652
Police	2,357,721	0	0	2,357,721
Public works	9,356,878	0	0	9,356,878
Debt service:				
Principal	0	11,957,801	0	11,957,801
Interest	0	1,495,632	23,302	1,518,934
Issuance costs	0	44,116	6,580	50,696
Capital outlay	157,804	0	15,594,433	15,752,237
Contribution of land held for resale	538,929	0	0	538,929
Intergovernmental	0	8,000,000	0	8,000,000
Total expenditures	31,626,302	21,497,549	15,624,315	68,748,166
Excess (deficiency) of revenues over expenditures	(1,092,522)	(5,744,935)	(7,063,955)	(13,901,412)
Other financing sources (uses)				
Proceeds of debt issuance	0	7,900,000	7,390,000	15,290,000
Transfers in	4,596,093	0	737,528	5,333,621
Transfers out	(1,510,528)	(6,038,410)	0	(7,548,938)
Total other financing sources (uses)	3,085,565	1,861,590	8,127,528	13,074,683
Net change in fund balances	1,993,043	(3,883,345)	1,063,573	(826,729)
Fund balances, July 1, 2010	20,662,285	5,697,341	10,437,081	36,796,707
Fund balances, June 30, 2011	22,655,328	1,813,996	11,500,654	35,969,978

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.

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 Answering Point Fund - To account for operations of the emergency dispatch center. 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, 2011
 (amounts in dollars)

	Construction and Rental Housing	Library Local Option Levy	Library, Parks, and Recreation	Public Safety Answering Point	Solid Waste and Recycling	Special Assessment Management	Telecom Registration and Licensing	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
Assets										
Equity in pooled cash and investments	1,171,502	564,932	3,349,171	179,815	1,957,866	1,249,763	6,659,531	657,941	4,293,991	20,937,296
Receivables:										
Interest	0	37,717	0	0	0	0	0	6,782	8,853	53,352
Taxes	0	168,950	0	0	0	0	0	0	46,745	215,695
Accounts	84,469	0	39	0	157,726	339	601,145	68,715	0	912,433
Assessments	0	0	0	0	0	155,920	0	0	0	155,920
Loans and notes	0	0	0	0	0	0	0	3,071,565	0	3,071,565
Allowance for uncollectibles	0	0	0	0	(1,139)	0	0	(54,602)	0	(55,741)
Due from other governments	1,058,029	16,308	0	0	880,172	5,953	0	0	4,697	1,965,159
Inventories	0	0	0	0	615,555	0	0	0	0	615,555
Prepays and deposits	0	58,070	6,370	0	0	0	7,350	0	0	71,790
Total assets	2,314,000	845,977	3,355,580	179,815	3,610,180	1,405,683	7,268,026	3,750,401	4,354,286	27,943,024
Liabilities and fund balances										
Liabilities										
Accounts payable	5,485	44,712	57,001	805	307,444	10,936	12,537	60	0	438,980
Wages payable	260,609	59,810	543	82,611	288,630	44,261	11,269	0	0	751,824
Due to other governments	106,724	331	458	96,399	66,361	1,942	65,235	0	16	337,466
Deposits	0	0	0	0	1,324	0	0	0	0	1,324
Deferred revenue	0	206,666	2,500	0	205,000	0	60,853	3,071,565	55,598	3,758,102
Total liabilities	372,818	311,519	60,502	179,815	868,759	57,139	149,894	3,071,625	55,614	5,287,696
Fund balances										
Nonspendable	0	58,070	86,370	0	615,555	0	7,350	0	0	767,345
Restricted	207,803	476,388	3,208,708	0	2,125,866	801,937	0	678,776	4,298,672	11,798,150
Committed	1,733,379	0	0	0	0	0	7,110,782	0	0	10,089,833
Total fund balances	1,941,182	534,458	3,295,078	0	2,741,421	801,937	7,118,132	678,776	4,298,672	22,655,328
Total liabilities and fund balances	2,314,000	845,977	3,355,580	179,815	3,610,180	859,076	7,268,026	3,750,401	4,354,286	27,943,024

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

Normal Special Revenue Funds
For the fiscal year ended June 30, 2011
(amounts in dollars)

Revenues	Construction and Rental Housing	Library Local Option Levy	Library, Parks, and Recreation	Public Safety Answering Point	Road	Waste and Recycling	Special Assessment Management	Telecom Registration and Licensing	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
Taxes	0	2,616,251	0	0	0	0	0	0	0	812,557	3,428,808
Licenses and permits	2,856,982	0	0	0	1,691,591	619,911	0	5,414,932	0	0	10,583,416
Intergovernmental	0	0	1,682	788,715	7,877,874	6,953	0	0	0	0	8,675,224
Rental income	0	20,515	0	0	68,272	0	0	0	36,622	63,000	188,409
Charges for services	3,216,426	0	20,245	1,715,868	37,173	5,562	110,476	0	13,230	0	5,118,980
Fines and forfeits	64,110	0	0	0	0	900	0	0	0	0	65,010
Special assessments	0	0	0	0	0	0	14,090	0	0	0	14,090
Repayment of revolving loans	0	0	0	0	0	0	0	0	259,022	0	259,022
Miscellaneous	21,257	8,504	1,897,907	3,138	120,936	14,490	24,748	59,245	14,519	36,077	2,200,821
Total revenues	6,158,775	2,645,270	1,919,834	2,507,721	9,795,846	647,816	149,314	5,474,177	323,393	911,634	30,533,780
Expenditures											
Current - departmental:											
Central services	793,000	0	0	150,000	751,000	50,000	76,509	2,108,674	17,500	17,500	3,964,183
Fire and emergency medical services	228,546	0	0	0	0	0	0	0	0	0	228,546
Library, recreation, and cultural services	0	2,854,656	1,271,933	0	0	0	0	0	0	0	4,126,589
Planning and development	4,403,708	0	0	0	0	635,713	0	0	5,728,238	127,993	10,895,652
Police	0	0	0	2,357,721	0	0	0	0	0	0	2,357,721
Public works	292,462	0	0	0	9,064,416	0	0	0	0	0	9,356,878
Capital outlay	0	0	102,780	0	0	0	0	55,024	0	0	157,804
Contribution of land held for resale	0	0	0	0	0	0	0	0	538,929	0	538,929
Total expenditures	5,717,716	2,854,656	1,374,713	2,507,721	9,815,416	685,713	76,509	2,163,698	6,284,667	145,493	31,626,302
Excess (deficiency) of revenues over expenditures	441,059	(209,386)	545,121	0	(19,570)	(37,897)	72,805	3,310,479	(5,961,274)	766,141	(1,092,522)
Other financing sources (uses)											
Transfers in	0	0	0	0	200,000	0	0	0	4,396,093	0	4,596,093
Transfers out	0	0	0	0	0	0	(207,528)	(1,303,000)	0	0	(1,510,528)
Total other financing sources (uses)	0	0	0	0	200,000	0	(207,528)	(1,303,000)	4,396,093	0	3,085,565
Net change in fund balances	441,059	(209,386)	545,121	0	180,430	(37,897)	(134,723)	2,007,479	(1,565,181)	766,141	1,995,043
Fund balances, July 1, 2010	1,500,123	743,844	2,749,957	0	2,560,991	839,834	1,380,395	5,110,653	2,243,957	3,532,531	20,662,285
Fund balances, June 30, 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	22,655,328

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Licenses and permits	2,724,900	2,856,982	0	2,856,982
Charges for services	3,693,880	3,671,360	(454,934)	3,216,426
Fines and forfeits	70,250	64,110	0	64,110
Miscellaneous	424,500	24,942	(3,685)	21,257
Total revenues	6,913,530	6,617,394	(458,619)	6,158,775
Expenditures				
Current - departmental:				
Central services	0	0	793,000	793,000
Fire and emergency medical services	285,022	228,546	0	228,546
Planning and development	4,852,845	4,394,062	9,646	4,403,708
Public works	400,974	292,462	0	292,462
Intergovernmental	1,100,000	454,934	(454,934)	0
Total expenditures	6,638,841	5,370,004	347,712	5,717,716
Excess (deficiency) of revenues over expenditures	274,689	1,247,390	(806,331)	441,059
Other financing sources (uses)				
Transfers out	(793,000)	(793,000)	793,000	0
Total other financing sources (uses)	(793,000)	(793,000)	793,000	0
Net change in fund balance	(518,311)	454,390	(13,331)	441,059
Fund balance, July 1, 2010	1,484,614	1,484,614	15,509	1,500,123
Fund balance, June 30, 2011	966,303	1,939,004	2,178	1,941,182

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	2,583,191	2,616,251	0	2,616,251
Rental income	18,000	20,515	0	20,515
Miscellaneous	12,244	8,980	(476)	8,504
Total revenues	2,613,435	2,645,746	(476)	2,645,270
<u>Expenditures</u>				
Current - departmental:				
Library, recreation, and cultural services	2,878,800	2,836,288	18,368	2,854,656
Total expenditures	2,878,800	2,836,288	18,368	2,854,656
Excess (deficiency) of revenues over expenditures	(265,365)	(190,542)	(18,844)	(209,386)
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(265,365)	(190,542)	(18,844)	(209,386)
Fund balance, July 1, 2010	665,492	665,492	78,352	743,844
Fund balance, June 30, 2011	400,127	474,950	59,508	534,458

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	1,682	1,682	0	1,682
Charges for services	0	20,245	0	20,245
Miscellaneous	2,049,540	1,901,148	(3,241)	1,897,907
Total revenues	2,051,222	1,923,075	(3,241)	1,919,834
Expenditures				
Current - departmental:				
Library, recreation, and cultural services	1,319,442	1,278,303	(6,370)	1,271,933
Capital outlay	1,259,093	102,780	0	102,780
Total expenditures	2,578,535	1,381,083	(6,370)	1,374,713
Excess (deficiency) of revenues over expenditures	(527,313)	541,992	3,129	545,121
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(527,313)	541,992	3,129	545,121
Fund balance, July 1, 2010	2,741,679	2,741,679	8,278	2,749,957
Fund balance, June 30, 2011	2,214,366	3,283,671	11,407	3,295,078

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	859,000	788,715	0	788,715
Charges for services	1,951,681	1,715,868	0	1,715,868
Miscellaneous	2,607	3,138	0	3,138
Total revenues	2,813,288	2,507,721	0	2,507,721
Expenditures				
Current - departmental:				
Central services	0	0	150,000	150,000
Police	2,663,288	2,357,721	0	2,357,721
Total expenditures	2,663,288	2,357,721	150,000	2,507,721
Excess (deficiency) of revenues over expenditures	150,000	150,000	(150,000)	0
Other financing sources (uses)				
Transfers out	(150,000)	(150,000)	150,000	0
Total other financing sources (uses)	(150,000)	(150,000)	150,000	0
Net change in fund balance	0	0	0	0
Fund balance, July 1, 2010	0	0	0	0
Fund balance, June 30, 2011	0	0	0	0

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	1,462,000	1,691,591	0	1,691,591
Intergovernmental	8,081,579	7,877,874	0	7,877,874
Rental income	42,801	68,272	0	68,272
Charges for services	101,842	37,173	0	37,173
Miscellaneous	128,084	121,588	(652)	120,936
Total revenues	9,816,306	9,796,498	(652)	9,795,846
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	751,000	751,000
Public works	10,115,209	9,064,416	0	9,064,416
Total expenditures	10,115,209	9,064,416	751,000	9,815,416
Excess (deficiency) of revenues over expenditures	(298,903)	732,082	(751,652)	(19,570)
<u>Other financing sources (uses)</u>				
Transfers in	200,000	200,000	0	200,000
Transfers out	(751,000)	(751,000)	751,000	0
Total other financing sources (uses)	(551,000)	(551,000)	751,000	200,000
Net change in fund balance	(849,903)	181,082	(652)	180,430
Fund balance, July 1, 2010	1,942,058	1,942,058	618,933	2,560,991
Fund balance, June 30, 2011	1,092,155	2,123,140	618,281	2,741,421

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	606,363	619,911	0	619,911
Intergovernmental	0	6,953	0	6,953
Charges for services	700	5,562	0	5,562
Fines and forfeits	0	900	0	900
Miscellaneous	9,000	15,386	(896)	14,490
Total revenues	616,063	648,712	(896)	647,816
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	50,000	50,000
Planning and development	967,213	635,713	0	635,713
Total expenditures	967,213	635,713	50,000	685,713
Excess (deficiency) of revenues over expenditures	(351,150)	12,999	(50,896)	(37,897)
<u>Other financing sources (uses)</u>				
Transfers out	(50,000)	(50,000)	50,000	0
Total other financing sources (uses)	(50,000)	(50,000)	50,000	0
Net change in fund balance	(401,150)	(37,001)	(896)	(37,897)
Fund balance, July 1, 2010	837,152	837,152	2,682	839,834
Fund balance, June 30, 2011	436,002	800,151	1,786	801,937

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Charges for services	101,620	110,476	0	110,476
Special assessments	0	0	14,090	14,090
Miscellaneous	30,800	26,230	(1,482)	24,748
Total revenues	132,420	136,706	12,608	149,314
Expenditures				
Current - departmental:				
Central services	85,110	70,294	6,215	76,509
Total expenditures	85,110	70,294	6,215	76,509
Excess (deficiency) of revenues over expenditures	47,310	66,412	6,393	72,805
Other financing sources (uses)				
Principal payments received	12,500	14,090	(14,090)	0
Loans - deferred assessments	(120,000)	(3,216)	3,216	0
Transfers in	120,000	0	0	0
Transfers out	(153,000)	(210,528)	3,000	(207,528)
Total other financing sources (uses)	(140,500)	(199,654)	(7,874)	(207,528)
Net change in fund balance	(93,190)	(133,242)	(1,481)	(134,723)
Fund balance, July 1, 2010	1,376,854	1,376,854	3,541	1,380,395
Fund balance, June 30, 2011	1,283,664	1,243,612	2,060	1,245,672

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	2,900,000	5,414,932	0	5,414,932
Miscellaneous	35,000	61,295	(2,050)	59,245
Total revenues	2,935,000	5,476,227	(2,050)	5,474,177
<u>Expenditures</u>				
Current - departmental:				
Central services	4,663,650	2,023,939	84,735	2,108,674
Capital outlay	157,710	55,024	0	55,024
Total expenditures	4,821,360	2,078,963	84,735	2,163,698
Excess (deficiency) of revenues over expenditures	(1,886,360)	3,397,264	(86,785)	3,310,479
<u>Other financing sources (uses)</u>				
Transfers out	(1,387,000)	(1,387,000)	84,000	(1,303,000)
Total other financing sources (uses)	(1,387,000)	(1,387,000)	84,000	(1,303,000)
Net change in fund balance	(3,273,360)	2,010,264	(2,785)	2,007,479
Fund balance, July 1, 2010	5,091,574	5,091,574	19,079	5,110,653
Fund balance, June 30, 2011	1,818,214	7,101,838	16,294	7,118,132

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	6,504,000	4,149,682	(4,149,682)	0
Rental income	0	36,622	0	36,622
Charges for services	2,000	13,230	0	13,230
Repayment of revolving loans	0	0	259,022	259,022
Miscellaneous	46,000	17,386	(2,867)	14,519
Total revenues	6,552,000	4,216,920	(3,893,527)	323,393
Expenditures				
Current - departmental:				
Central services	0	0	17,500	17,500
Planning and development	530,000	251,541	5,476,697	5,728,238
Loans granted	8,302,558	5,494,197	(5,494,197)	0
Contribution of land held for resale	0	0	538,929	538,929
Total expenditures	8,832,558	5,745,738	538,929	6,284,667
Excess (deficiency) of revenues over expenditures	(2,280,558)	(1,528,818)	(4,432,456)	(5,961,274)
Other financing sources (uses)				
Principal payments received	50,000	259,022	(259,022)	0
Transfers in	530,000	246,411	4,149,682	4,396,093
Total other financing sources (uses)	580,000	505,433	3,890,660	4,396,093
Net change in fund balance	(1,700,558)	(1,023,385)	(541,796)	(1,565,181)
Fund balance, July 1, 2010	1,700,558	1,700,558	543,399	2,243,957
Fund balance, June 30, 2011	0	677,173	1,603	678,776

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

For the fiscal year ended June 30, 2011

(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	780,000	812,557	0	812,557
Rental income	0	63,000	0	63,000
Miscellaneous	25,000	37,956	(1,879)	36,077
Total revenues	805,000	913,513	(1,879)	911,634
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	17,500	17,500
Planning and development	267,500	145,493	(17,500)	127,993
Total expenditures	267,500	145,493	0	145,493
Excess (deficiency) of revenues over expenditures	537,500	768,020	(1,879)	766,141
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	537,500	768,020	(1,879)	766,141
Fund balance, July 1, 2010	3,524,486	3,524,486	8,045	3,532,531
Fund balance, June 30, 2011	4,061,986	4,292,506	6,166	4,298,672

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.

Library Debt Service Fund - To account for debt service to construct a new library. The debt service is financed through tax increment revenues from the Urban Renewal Agency Debt Service Fund.

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, 2011

(amounts in dollars)

	General <u>Obligation</u>	Special Assessment <u>Bond</u>	Urban Renewal <u>Agency</u>	<u>Total</u>
<u>Assets</u>				
Equity in pooled cash and investments	891,352	412,964	372,305	1,676,621
Receivables:				
Interest	91,851	0	36,743	128,594
Taxes	694,090	0	133,486	827,576
Assessments	0	933,848	0	933,848
Due from other governments	70,567	0	13,947	84,514
Assets held for resale	0	1,541	0	1,541
Total assets	1,747,860	1,348,353	556,481	3,652,694
<u>Liabilities and fund balances</u>				
<u>Liabilities</u>				
Accounts payable	0	8,266	0	8,266
Deferred revenue	785,941	874,262	170,229	1,830,432
Total liabilities	785,941	882,528	170,229	1,838,698
<u>Fund balances</u>				
Nonspendable	0	1,541	0	1,541
Restricted	961,919	464,284	386,252	1,812,455
Total fund balances	961,919	465,825	386,252	1,813,996
Total liabilities and fund balances	1,747,860	1,348,353	556,481	3,652,694

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

Nonmajor Debt Service Funds

For the fiscal year ended June 30, 2011

(amounts in dollars)

	General <u>Obligation</u>	<u>Library</u>	Special Assessment <u>Bond</u>	Urban Renewal <u>Agency</u>	<u>Total</u>
<u>Revenues</u>					
Taxes	13,596,290	0	0	1,859,593	15,455,883
Special assessments	0	0	181,331	0	181,331
Miscellaneous	49,629	0	24,456	41,315	115,400
Total revenues	13,645,919	0	205,787	1,900,908	15,752,614
<u>Expenditures</u>					
Debt service:					
Principal	11,830,250	0	127,551	0	11,957,801
Interest	1,473,511	0	22,121	0	1,495,632
Issuance costs	0	0	16,265	27,851	44,116
Intergovernmental	0	0	0	8,000,000	8,000,000
Total expenditures	13,303,761	0	165,937	8,027,851	21,497,549
Excess (deficiency) of revenues over expenditures	342,158	0	39,850	(6,126,943)	(5,744,935)
<u>Other financing sources (uses)</u>					
Proceeds of debt issuance	0	0	0	7,900,000	7,900,000
Transfers out	0	(39,915)	0	(5,998,495)	(6,038,410)
Total other financing sources (uses)	0	(39,915)	0	1,901,505	1,861,590
Net change in fund balances	342,158	(39,915)	39,850	(4,225,438)	(3,883,345)
Fund balances, July 1, 2010	619,761	39,915	425,975	4,611,690	5,697,341
Fund balances, June 30, 2011	961,919	0	465,825	386,252	1,813,996

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	13,276,808	13,596,290	0	13,596,290
Miscellaneous	27,000	51,591	(1,962)	49,629
Total revenues	13,303,808	13,647,881	(1,962)	13,645,919
<u>Expenditures</u>				
Debt service	13,303,808	13,303,761	0	13,303,761
Total expenditures	13,303,808	13,303,761	0	13,303,761
Excess (deficiency) of revenues over expenditures	0	344,120	(1,962)	342,158
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	0	344,120	(1,962)	342,158
Fund balance, July 1, 2010	609,323	609,323	10,438	619,761
Fund balance, June 30, 2011	609,323	953,443	8,476	961,919

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Miscellaneous	100	0	0	0
Total revenues	100	0	0	0
<u>Expenditures</u>				
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	100	0	0	0
<u>Other financing sources (uses)</u>				
Transfers out	(39,852)	(39,826)	(89)	(39,915)
Total other financing sources (uses)	(39,852)	(39,826)	(89)	(39,915)
Net change in fund balance	(39,752)	(39,826)	(89)	(39,915)
Fund balance, July 1, 2010	39,826	39,826	89	39,915
Fund balance, June 30, 2011	74	0	0	0

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, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Special assessments	0	0	181,331	181,331
Miscellaneous	64,500	24,851	(395)	24,456
Total revenues	64,500	24,851	180,936	205,787
<u>Expenditures</u>				
Debt service	400,000	165,937	0	165,937
Total expenditures	400,000	165,937	0	165,937
Excess (deficiency) of revenues over expenditures	(335,500)	(141,086)	180,936	39,850
<u>Other financing sources (uses)</u>				
Principal payments received	344,800	181,331	(181,331)	0
Transfers out	(20,000)	0	0	0
Total other financing sources (uses)	324,800	181,331	(181,331)	0
Net change in fund balance	(10,700)	40,245	(395)	39,850
Fund balance, July 1, 2010	424,872	424,872	1,103	425,975
Fund balance, June 30, 2011	414,172	465,117	708	465,825

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, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	1,920,000	1,859,593	0	1,859,593
Miscellaneous	25,000	46,409	(5,094)	41,315
Total revenues	1,945,000	1,906,002	(5,094)	1,900,908
<u>Expenditures</u>				
Debt service	150,000	27,851	0	27,851
Intergovernmental	13,261,000	13,252,084	(5,252,084)	8,000,000
Total expenditures	13,411,000	13,279,935	(5,252,084)	8,027,851
Excess (deficiency) of revenues over expenditures	(11,466,000)	(11,373,933)	5,246,990	(6,126,943)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	7,900,000	7,900,000	0	7,900,000
Transfers out	(1,030,000)	(746,411)	(5,252,084)	(5,998,495)
Total other financing sources (uses)	6,870,000	7,153,589	(5,252,084)	1,901,505
Net change in fund balance	(4,596,000)	(4,220,344)	(5,094)	(4,225,438)
Fund balance, July 1, 2010	4,599,060	4,599,060	12,630	4,611,690
Fund balance, June 30, 2011	3,060	378,716	7,536	386,252

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, 2011

(amounts in dollars)

	Special Assessment	Transportation	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
Assets					
Equity in pooled cash and investments	2,025,014	8,078,471	740,531	163,743	11,007,759
Receivables:					
Assessments	247,129	0	0	0	247,129
Loans and notes	31,069	0	0	0	31,069
Due from other governments	0	1,253,459	0	0	1,253,459
Assets held for resale	265	0	0	1,867,232	1,867,497
Total assets	2,303,477	9,331,930	740,531	2,030,975	14,406,913
Liabilities and fund balances					
Liabilities					
Accounts payable	0	1,726,788	0	0	1,726,788
Due to other governments	0	43,682	0	0	43,682
Deposits	857,326	0	0	0	857,326
Deferred revenue	278,463	0	0	0	278,463
Total liabilities	1,135,789	1,770,470	0	0	2,906,259
Fund balances					
Nonspendable	265	0	0	1,867,232	1,867,497
Restricted	0	7,561,460	740,531	163,743	8,465,734
Committed	1,167,423	0	0	0	1,167,423
Total fund balances	1,167,688	7,561,460	740,531	2,030,975	11,500,654
Total liabilities and fund balances	2,303,477	9,331,930	740,531	2,030,975	14,406,913

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

Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2011

(amounts in dollars)

	Special Assessment	Transportation	Urban Renewal Agency	Urban Renewal Agency Riverfront	Total
<u>Revenues</u>					
Taxes	0	3,118,882	0	0	3,118,882
Intergovernmental	0	4,339,243	0	0	4,339,243
Charges for services	118,764	4,443	0	0	123,207
Special assessments	904,831	0	0	0	904,831
Miscellaneous	37,201	33,340	2,266	1,390	74,197
Total revenues	1,060,796	7,495,908	2,266	1,390	8,560,360
<u>Expenditures</u>					
Debt service:					
Interest	23,302	0	0	0	23,302
Issuance costs	3,558	3,022	0	0	6,580
Capital outlay	545,699	15,048,734	0	0	15,594,433
Total expenditures	572,559	15,051,756	0	0	15,624,315
Excess (deficiency) of revenues over expenditures	488,237	(7,555,848)	2,266	1,390	(7,063,955)
<u>Other financing sources (uses)</u>					
Proceeds of debt issuance	580,000	6,810,000	0	0	7,390,000
Transfers in	207,528	30,000	500,000	0	737,528
Total other financing sources (uses)	787,528	6,840,000	500,000	0	8,127,528
Net change in fund balances	1,275,765	(715,848)	502,266	1,390	1,063,573
Fund balances, July 1, 2010	(108,077)	8,277,308	238,265	2,029,585	10,437,081
Fund balances, June 30, 2011	1,167,688	7,561,460	740,531	2,030,975	11,500,654

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	251,069	389,246	0	389,246
Rental income	20,000	0	0	0
Miscellaneous	35,000	116,508	4,788	121,296
Total revenues	306,069	505,754	4,788	510,542
Expenditures				
Current - departmental:				
Central services	10,000	9,872	0	9,872
Debt service	50,000	0	0	0
Capital outlay	30,278,340	5,748,912	0	5,748,912
Total expenditures	30,338,340	5,758,784	0	5,758,784
Excess (deficiency) of revenues over expenditures	(30,032,271)	(5,253,030)	4,788	(5,248,242)
Other financing sources (uses)				
Principal payments received	8,500	0	0	0
Proceeds of debt issuance	15,351,557	2,475,000	0	2,475,000
Transfers in	3,369,300	3,369,300	0	3,369,300
Total other financing sources (uses)	18,729,357	5,844,300	0	5,844,300
Net change in fund balance	(11,302,914)	591,270	4,788	596,058
Fund balance, July 1, 2010	11,827,334	11,827,334	13,300	11,840,634
Fund balance, June 30, 2011	524,420	12,418,604	18,088	12,436,692

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

For the fiscal year ended June 30, 2011

(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	118,764	0	118,764
Special assessments	0	0	904,831	904,831
Miscellaneous	76,400	39,207	(2,006)	37,201
Total revenues	76,400	157,971	902,825	1,060,796
<u>Expenditures</u>				
Debt service	2,000,000	1,679,034	(1,652,174)	26,860
Capital outlay	1,433,447	545,699	0	545,699
Total expenditures	3,433,447	2,224,733	(1,652,174)	572,559
Excess (deficiency) of revenues over expenditures	(3,357,047)	(2,066,762)	2,554,999	488,237
<u>Other financing sources (uses)</u>				
Principal payments received	355,000	904,831	(904,831)	0
Proceeds of debt issuance	3,591,190	1,402,857	(822,857)	580,000
Transfers in	150,000	207,528	0	207,528
Transfers out	(100,000)	0	0	0
Total other financing sources (uses)	3,996,190	2,515,216	(1,727,688)	787,528
Net change in fund balance	639,143	448,454	827,311	1,275,765
Fund balance, July 1, 2010	716,435	716,435	(824,512)	(108,077)
Fund balance, June 30, 2011	1,355,578	1,164,889	2,799	1,167,688

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Rental income	104,000	97,915	0	97,915
Charges for services	2,009,536	2,282,383	0	2,282,383
Miscellaneous	60,683	99,263	(3,669)	95,594
Total revenues	2,174,219	2,479,561	(3,669)	2,475,892
<u>Expenditures</u>				
Current - departmental:				
Central services	0	0	15,000	15,000
Planning and development	83,904	67,326	0	67,326
Public works	273,322	198,180	0	198,180
Capital outlay	4,498,318	1,779,816	0	1,779,816
Total expenditures	4,855,544	2,045,322	15,000	2,060,322
Excess (deficiency) of revenues over expenditures	(2,681,325)	434,239	(18,669)	415,570
<u>Other financing sources (uses)</u>				
Transfers out	(15,000)	(15,000)	15,000	0
Total other financing sources (uses)	(15,000)	(15,000)	15,000	0
Net change in fund balance	(2,696,325)	419,239	(3,669)	415,570
Fund balance, July 1, 2010	5,323,227	5,323,227	11,994	5,335,221
Fund balance, June 30, 2011	2,626,902	5,742,466	8,325	5,750,791

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Taxes	2,940,000	3,118,882	0	3,118,882
Intergovernmental	8,487,155	4,339,243	0	4,339,243
Rental income	30,000	0	0	0
Charges for services	10,000	4,443	0	4,443
Miscellaneous	41,000	41,853	(8,513)	33,340
Total revenues	11,508,155	7,504,421	(8,513)	7,495,908
<u>Expenditures</u>				
Debt service	40,000	3,022	0	3,022
Capital outlay	29,463,573	15,048,734	0	15,048,734
Total expenditures	29,503,573	15,051,756	0	15,051,756
Excess (deficiency) of revenues over expenditures	(17,995,418)	(7,547,335)	(8,513)	(7,555,848)
<u>Other financing sources (uses)</u>				
Proceeds of debt issuance	10,848,928	6,810,000	0	6,810,000
Transfers in	30,000	30,000	0	30,000
Total other financing sources (uses)	10,878,928	6,840,000	0	6,840,000
Net change in fund balance	(7,116,490)	(707,335)	(8,513)	(715,848)
Fund balance, July 1, 2010	8,262,115	8,262,115	15,193	8,277,308
Fund balance, June 30, 2011	1,145,625	7,554,780	6,680	7,561,460

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, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Miscellaneous	1,000	2,249	17	2,266
Total revenues	1,000	2,249	17	2,266
<u>Expenditures</u>				
Capital outlay	734,593	0	0	0
Total expenditures	734,593	0	0	0
Excess (deficiency) of revenues over expenditures	(733,593)	2,249	17	2,266
<u>Other financing sources (uses)</u>				
Transfers in	500,000	500,000	0	500,000
Total other financing sources (uses)	500,000	500,000	0	500,000
Net change in fund balance	(233,593)	502,249	17	502,266
Fund balance, July 1, 2010	237,918	237,918	347	238,265
Fund balance, June 30, 2011	4,325	740,167	364	740,531

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, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP</u> <u>basis</u>
		<u>Budget</u> <u>basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Miscellaneous	1,000	1,530	(140)	1,390
Total revenues	1,000	1,530	(140)	1,390
<u>Expenditures</u>				
Capital outlay	141,500	0	0	0
Total expenditures	141,500	0	0	0
Excess (deficiency) of revenues over expenditures	(140,500)	1,530	(140)	1,390
Total other financing sources (uses)	0	0	0	0
Net change in fund balance	(140,500)	1,530	(140)	1,390
Fund balance, July 1, 2010	161,965	161,965	1,867,620	2,029,585
Fund balance, June 30, 2011	21,465	163,495	1,867,480	2,030,975

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, 2011

(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	9,281	(9,281)	0
Charges for services	6,209,227	7,234,304	0	7,234,304
Miscellaneous	64,955	77,706	1,321	79,027
Total revenues	6,274,182	7,321,291	(7,960)	7,313,331
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	547,000	547,000
Fire and emergency medical services	5,902,633	5,224,117	(36,360)	5,187,757
Depreciation	0	0	45,304	45,304
Total expenses	5,902,633	5,224,117	555,944	5,780,061
Excess (deficiency) of revenues over expenses	371,549	2,097,174	(563,904)	1,533,270
<u>Other financing sources (uses)</u>				
Transfers in	450,000	0	0	0
Transfers out	(895,615)	(895,615)	547,000	(348,615)
Total other financing sources (uses)	(445,615)	(895,615)	547,000	(348,615)
Change in net assets	(74,066)	1,201,559	(16,904)	1,184,655
Total net assets, July 1, 2010	850,441	850,441	645,180	1,495,621
Total net assets, June 30, 2011	776,375	2,052,000	628,276	2,680,276

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	11,217,329	4,251,792	(4,244,963)	6,829
Rental income	3,203,419	3,294,520	0	3,294,520
Charges for services	4,283,341	4,624,636	0	4,624,636
Fines and forfeits	8,000	7,494	0	7,494
Miscellaneous	97,061	164,357	(39,299)	125,058
Total revenues	18,809,150	12,342,799	(4,284,262)	8,058,537
Expenses				
Current - departmental:				
Central services	0	0	483,000	483,000
Fire and emergency medical services	737,307	678,087	(2,093)	675,994
Police	419,422	402,766	116	402,882
Public works	5,087,649	5,082,071	48,452	5,130,523
Capital outlay	14,219,969	3,343,676	(3,343,676)	0
Depreciation	0	0	4,483,664	4,483,664
Total expenses	20,464,347	9,506,600	1,669,463	11,176,063
Excess (deficiency) of revenues over expenses	(1,655,197)	2,836,199	(5,953,725)	(3,117,526)
Other financing sources (uses)				
Principal payments received	65,060	65,503	(65,503)	0
Capital contributions	0	0	4,274,476	4,274,476
Transfers out	(483,000)	(483,000)	483,000	0
Total other financing sources (uses)	(417,940)	(417,497)	4,691,973	4,274,476
Change in net assets	(2,073,137)	2,418,702	(1,261,752)	1,156,950
Total net assets, July 1, 2010	12,823,786	12,823,786	80,949,906	93,773,692
Total net assets, June 30, 2011	10,750,649	15,242,488	79,688,154	94,930,642

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	5,554,875	5,463,630	(5,252,084)	211,546
Rental income	540,000	517,722	(450)	517,272
Charges for services	3,333,130	3,563,145	0	3,563,145
Fines and forfeits	1,191,500	964,193	0	964,193
Miscellaneous	23,000	16,937	(3,410)	13,527
Total revenues	10,642,505	10,525,627	(5,255,944)	5,269,683
Expenses				
Current - departmental:				
Central services	354,120	306,120	255,118	561,238
Planning and development	3,209,004	3,325,156	637,543	3,962,699
Public works	73,615	83,252	0	83,252
Debt service	5,261,507	5,252,084	(4,939,053)	313,031
Capital outlay	1,290,000	1,216,600	(1,216,600)	0
Depreciation	0	0	798,113	798,113
Amortization	0	0	11,633	11,633
Total expenses	10,188,246	10,183,212	(4,453,246)	5,729,966
Excess (deficiency) of revenues over expenses	454,259	342,415	(802,698)	(460,283)
Other financing sources (uses)				
Transfers in	0	0	5,252,084	5,252,084
Transfers out	(2,124,300)	(2,124,300)	255,000	(1,869,300)
Total other financing sources (uses)	(2,124,300)	(2,124,300)	5,507,084	3,382,784
Change in net assets	(1,670,041)	(1,781,885)	4,704,386	2,922,501
Total net assets, July 1, 2010	1,999,027	1,999,027	13,868,865	15,867,892
Total net assets, June 30, 2011	328,986	217,142	18,573,251	18,790,393

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Licenses and permits	112,500	85,211	0	85,211
Intergovernmental	2,581,755	933,803	(856,619)	77,184
Rental income	27,288	28,540	0	28,540
Charges for services	12,466,201	12,610,429	(400)	12,610,029
Miscellaneous	68,690	98,704	(5,190)	93,514
Total revenues	15,256,434	13,756,687	(862,209)	12,894,478
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	883,000	883,000
Public works	12,053,542	10,848,106	172,054	11,020,160
Capital outlay	7,974,978	2,131,178	(2,131,178)	0
Depreciation	0	0	1,377,537	1,377,537
Intergovernmental	15,000	400	(400)	0
Total expenses	20,043,520	12,979,684	301,013	13,280,697
Excess (deficiency) of revenues over expenses	(4,787,086)	777,003	(1,163,222)	(386,219)
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	1,105,300	1,105,300
Transfers out	(883,000)	(883,000)	883,000	0
Total other financing sources (uses)	(883,000)	(883,000)	1,988,300	1,105,300
Change in net assets	(5,670,086)	(105,997)	825,078	719,081
Total net assets, July 1, 2010	8,429,379	8,429,379	46,396,848	54,826,227
Total net assets, June 30, 2011	2,759,293	8,323,382	47,221,926	55,545,308

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	0	7,650	(7,650)	0
Rental income	18,600	40,292	0	40,292
Charges for services	42,205,106	39,817,188	(19,805,486)	20,011,702
Fines and forfeits	2,500	3,350	0	3,350
Miscellaneous	50,000	89,702	(451)	89,251
Total revenues	42,276,206	39,958,182	(19,813,587)	20,144,595
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	1,409,000	1,409,000
Public works	18,281,528	16,456,309	67,981	16,524,290
Capital outlay	3,515,299	1,296,688	(1,296,688)	0
Depreciation	0	0	3,694,640	3,694,640
Intergovernmental	21,155,000	19,805,487	(19,805,487)	0
Total expenses	42,951,827	37,558,484	(15,930,554)	21,627,930
Excess (deficiency) of revenues over expenses	(675,621)	2,399,698	(3,883,033)	(1,483,335)
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	560,076	560,076
Transfers out	(1,409,000)	(1,409,000)	1,409,000	0
Total other financing sources (uses)	(1,409,000)	(1,409,000)	1,969,076	560,076
Change in net assets	(2,084,621)	990,698	(1,913,957)	(923,259)
Total net assets, July 1, 2010	3,075,063	3,075,063	96,418,487	99,493,550
Total net assets, June 30, 2011	990,442	4,065,761	94,504,530	98,570,291

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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, minutes recording, and printing/graphic services provided to other City funds. 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, 2011

(amounts in dollars)

	Facilities Services	Fleet Services	Information Systems and Services	Professional Services	Risk and Benefits	Total
Assets						
<u>Current assets</u>						
Equity in pooled cash and investments	10,900,764	15,471,532	5,739,389	3,097,470	23,471,809	58,680,964
Receivables:						
Accounts	0	5,256	0	11,772	153,984	171,012
Allowance for uncollectibles	0	0	0	(220)	0	(220)
Due from other governments	98,536	85,680	2,220	27,620	92,539	306,595
Inventories	0	352,154	0	0	0	352,154
Prepays and deposits	0	0	0	0	30,981	30,981
Total current assets	10,999,300	15,914,622	5,741,609	3,136,642	23,749,313	59,541,486
<u>Noncurrent assets</u>						
Deferred charges	5,726	0	0	0	471,028	476,754
Pension assets	0	0	0	0	58,147,991	58,147,991
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	39,566,956	2,213,642	234,423	7,995	46,136,304
Construction in progress	21,503	220,334	0	0	0	241,837
Accumulated depreciation	(1,258,296)	(22,634,096)	(1,874,888)	(168,086)	(1,333)	(25,936,699)
Total noncurrent assets	2,882,221	17,660,941	338,754	66,337	58,625,681	79,573,934
Total assets	13,881,521	33,575,563	6,080,363	3,202,979	82,374,994	139,115,420
<u>Liabilities</u>						
<u>Current liabilities</u>						
Accounts payable	198,921	359,343	361,335	7,764	59,737	987,100
Wages payable	226,548	154,383	190,941	258,779	106,787	937,438
Compensated absences payable	251,573	154,618	148,549	200,859	63,778	819,377
Due to other governments	118,218	0	18,579	0	0	136,797
Claims payable	0	0	0	0	10,916,609	10,916,609
Deposits	1,380	0	0	0	86,929	88,309
Interest payable	5,394	0	0	0	276,198	281,592
Unearned revenue	25,273	0	326,000	0	0	351,273
Certificates of participation payable	140,000	0	0	0	0	140,000
Bonds payable	0	0	0	0	844,099	844,099
Total current liabilities	967,307	668,344	1,045,404	467,402	12,354,137	15,502,594
<u>Noncurrent liabilities</u>						
Compensated absences payable	0	2,789	0	0	38,169	40,958
Certificates of participation payable	1,035,000	0	0	0	0	1,035,000
Bonds payable (net of unamortized discount/premium)	0	0	0	0	63,146,178	63,146,178
Net OPEB obligation	29,744	5,107	7,442	17,955	3,671,476	3,731,724
Total noncurrent liabilities	1,064,744	7,896	7,442	17,955	66,855,823	67,953,860
Total liabilities	2,032,051	676,240	1,052,846	485,357	79,209,960	83,456,454
<u>Net assets</u>						
Invested in capital assets (net of related debt)	1,701,495	17,660,941	338,754	66,337	6,662	19,774,189
Unrestricted	10,147,975	15,238,382	4,688,763	2,651,285	3,158,372	35,884,777
Total net assets	11,849,470	32,899,323	5,027,517	2,717,622	3,165,034	55,658,966

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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, 2011

(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	382	0	382
Intergovernmental	119,194	0	0	0	156,885	276,079
Rental income	1,016,173	61,588	0	0	0	1,077,761
Charges for services	8,797,836	7,774,492	5,825,104	5,498,238	30,163,302	58,058,972
Miscellaneous	3,116	251,388	7,759	49	36,498	298,810
Total operating revenues	9,936,319	8,087,468	5,832,863	5,498,669	30,356,685	59,712,004
<u>Operating expenses</u>						
Personnel services	3,952,553	2,435,792	2,147,031	3,967,953	2,731,552	15,234,881
Contractual services	641,964	596,031	614,499	30,554	2,064,718	3,947,766
Materials and supplies	455,710	2,089,114	1,644,043	70,059	114,323	4,373,249
Maintenance	614,247	443,838	291,441	240,594	58,255	1,648,375
Utilities	2,508,108	26,251	447,828	33,176	12,929	3,028,292
Rent	2,586	20,248	193,868	134,726	82,621	434,049
Taxes	12,546	0	0	0	0	12,546
Insurance	74,698	390,191	28,677	39,240	1,444,499	1,977,305
Claims	0	0	0	0	19,967,474	19,967,474
Central business functions	483,000	419,000	261,000	538,000	158,000	1,859,000
Depreciation	103,740	2,886,946	111,967	12,061	533	3,115,247
Total operating expenses	8,849,152	9,307,411	5,740,354	5,066,363	26,634,904	55,598,184
Operating income (loss)	1,087,167	(1,219,943)	92,509	432,306	3,721,781	4,113,820
<u>Nonoperating revenues (expenses)</u>						
Interest revenue	45,869	123,396	44,973	25,166	197,781	437,185
Interest expense	(71,126)	0	0	0	(4,479,500)	(4,550,626)
Amortization of issuance costs	(1,761)	0	0	0	(37,502)	(39,263)
Total nonoperating revenues (expenses)	(27,018)	123,396	44,973	25,166	(4,319,221)	(4,152,704)
Income (loss) before capital contributions and transfers	1,060,149	(1,096,547)	137,482	457,472	(597,440)	(38,884)
Capital contributions	0	100,371	0	0	0	100,371
Transfers in	0	2,361,407	0	0	0	2,361,407
Change in net assets	1,060,149	1,365,231	137,482	457,472	(597,440)	2,422,894
Total net assets, July 1, 2010	10,789,321	31,534,092	4,890,035	2,260,150	3,762,474	53,236,072
Total net assets, June 30, 2011	11,849,470	32,899,323	5,027,517	2,717,622	3,165,034	55,658,966

Combining Statement of Cash Flows*All Internal Service Funds*

For the fiscal year ended June 30, 2011

(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	1,452,191	880,808	2,485,211	236,140	8,658,089	13,712,439
Cash received from interfund services provided	8,261,087	7,133,858	3,712,294	5,264,580	21,580,438	45,952,257
Cash paid to suppliers for goods and services	(3,653,057)	(3,338,597)	(2,467,380)	(254,318)	(23,114,864)	(32,828,216)
Cash paid to employees for services	(3,252,238)	(2,115,272)	(1,833,081)	(3,433,093)	(919,544)	(11,553,228)
Cash paid for interfund services used	(1,278,259)	(1,114,010)	(778,536)	(857,314)	(285,486)	(4,313,605)
Cash paid for central business functions	(483,000)	(419,000)	(261,000)	(538,000)	(158,000)	(1,859,000)
Net cash provided by (used for) operating activities	1,046,724	1,027,787	857,508	417,995	5,760,633	9,110,647
<u>Cash flows from noncapital financing activities</u>						
Transfers in	0	2,361,407	0	0	0	2,361,407
Principal payments on pension bonds	0	0	0	0	(1,440,000)	(1,440,000)
Interest payments on pension bonds	0	0	0	0	(3,314,372)	(3,314,372)
Net cash provided by (used for) noncapital financing activities	0	2,361,407	0	0	(4,754,372)	(2,392,965)
<u>Cash flows from capital and related financing activities</u>						
Principal payments on notes, bonds, and certificates	(130,000)	0	0	0	0	(130,000)
Interest payments on notes, bonds, and certificates	(71,708)	0	0	0	0	(71,708)
Proceeds from sale of capital assets	0	196,236	0	0	0	196,236
Acquisition and construction of capital assets	(21,017)	(1,180,583)	(157,759)	0	0	(1,359,359)
Net cash provided by (used for) capital and related financing activities	(222,725)	(984,347)	(157,759)	0	0	(1,364,831)
<u>Cash flows from investing activities</u>						
Interest revenue	45,869	123,396	44,973	25,166	197,781	437,185
Net cash provided by (used for) investing activities	45,869	123,396	44,973	25,166	197,781	437,185
Net increase (decrease) in cash	869,868	2,528,243	744,722	443,161	1,204,042	5,790,036
Cash, July 1, 2010	10,030,896	12,943,289	4,994,667	2,654,309	22,267,767	52,890,928
Cash, June 30, 2011	10,900,764	15,471,532	5,739,389	3,097,470	23,471,809	58,680,964

continued

	<u>Facilities Services</u>	<u>Fleet Services</u>	<u>Information Systems and Services</u>	<u>Professional Services</u>	<u>Risk and Benefits</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	1,087,167	(1,219,943)	92,509	432,306	3,721,781	4,113,820
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</u>						
Depreciation	103,740	2,886,946	111,967	12,061	533	3,115,247
Amortization of pension assets	0	0	0	0	1,595,270	1,595,270
(Increase) Decrease in accounts receivable	0	0	656	3,196	(151,240)	(147,388)
Increase (Decrease) in allowance for uncollectibles	0	0	0	(55)	0	(55)
(Increase) Decrease in due from other governments	(91,752)	(72,802)	37,986	(1,090)	(13,093)	(140,751)
(Increase) Decrease in prepaids and deposits	0	0	0	0	(5,781)	(5,781)
(Increase) Decrease in inventories	0	(32,956)	0	0	0	(32,956)
Increase (Decrease) in accounts payable	100,437	(463,997)	281,638	2,972	(62,870)	(141,820)
Increase (Decrease) in wages payable	(1,291)	(41,698)	(2,988)	(18,315)	16,037	(48,255)
Increase (Decrease) in compensated absences payable	(10,227)	(28,850)	5,338	(14,123)	(1,992)	(49,854)
Increase (Decrease) in net OPEB obligation	1,808	1,087	844	1,342	31,455	36,536
Increase (Decrease) in claims payable	0	0	0	0	584,358	584,358
Increase (Decrease) in deposits	500	0	0	0	46,175	46,675
Increase (Decrease) in due to other governments	(11,869)	0	3,558	(299)	0	(8,610)
Increase (Decrease) in deferred revenue	(131,789)	0	326,000	0	0	194,211
Net cash provided by (used for) operating activities	1,046,724	1,027,787	857,508	417,995	5,760,633	9,110,647

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	0	119,723	(529)	119,194
Rental income	906,596	883,473	132,700	1,016,173
Charges for services	8,704,213	8,797,836	0	8,797,836
Miscellaneous	132,000	94,891	(45,906)	48,985
Total revenues	9,742,809	9,895,923	86,265	9,982,188
<u>Expenses</u>				
Current - departmental:				
Central services	8,387,484	7,780,956	474,051	8,255,007
Planning and development	270,964	219,516	270,889	490,405
Debt service	201,708	201,708	(130,582)	71,126
Capital outlay	749,913	291,905	(291,905)	0
Depreciation	0	0	103,740	103,740
Amortization	0	0	1,761	1,761
Total expenses	9,610,069	8,494,085	427,954	8,922,039
Excess (deficiency) of revenues over expenses	132,740	1,401,838	(341,689)	1,060,149
<u>Other financing sources (uses)</u>				
Transfers out	(483,000)	(483,000)	483,000	0
Total other financing sources (uses)	(483,000)	(483,000)	483,000	0
Change in net assets	(350,260)	918,838	141,311	1,060,149
Total net assets, July 1, 2010	9,512,515	9,512,515	1,276,806	10,789,321
Total net assets, June 30, 2011	9,162,255	10,431,353	1,418,117	11,849,470

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	Actual		GAAP <u>basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Intergovernmental	0	4,957	(4,957)	0
Rental income	43,000	61,588	0	61,588
Charges for services	8,764,395	7,774,492	0	7,774,492
Miscellaneous	201,504	435,424	(60,640)	374,784
Total revenues	9,008,899	8,276,461	(65,597)	8,210,864
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	419,000	419,000
Police	807,615	323,733	0	323,733
Public works	7,244,928	6,569,334	(891,602)	5,677,732
Capital outlay	212,472	211,374	(211,374)	0
Depreciation	0	0	2,886,946	2,886,946
Total expenses	8,265,015	7,104,441	2,202,970	9,307,411
Excess (deficiency) of revenues over expenses	743,884	1,172,020	(2,268,567)	(1,096,547)
<u>Other financing sources (uses)</u>				
Capital contributions	0	0	100,371	100,371
Transfers in	1,974,404	2,361,407	0	2,361,407
Transfers out	(419,000)	(419,000)	419,000	0
Total other financing sources (uses)	1,555,404	1,942,407	519,371	2,461,778
Change in net assets	2,299,288	3,114,427	(1,749,196)	1,365,231
Total net assets, July 1, 2010	11,912,954	11,912,954	19,621,138	31,534,092
Total net assets, June 30, 2011	14,212,242	15,027,381	17,871,942	32,899,323

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, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
<u>Revenues</u>				
Charges for services	6,066,500	6,151,104	(326,000)	5,825,104
Miscellaneous	64,905	55,184	(2,452)	52,732
Total revenues	6,131,405	6,206,288	(328,452)	5,877,836
<u>Expenses</u>				
Current - departmental:				
Central services	6,467,742	5,518,964	109,423	5,628,387
Depreciation	0	0	111,967	111,967
Total expenses	6,467,742	5,518,964	221,390	5,740,354
Excess (deficiency) of revenues over expenses	(336,337)	687,324	(549,842)	137,482
<u>Other financing sources (uses)</u>				
Transfers out	(261,000)	(261,000)	261,000	0
Total other financing sources (uses)	(261,000)	(261,000)	261,000	0
Change in net assets	(597,337)	426,324	(288,842)	137,482
Total net assets, July 1, 2010	4,736,746	4,736,746	153,289	4,890,035
Total net assets, June 30, 2011	4,139,409	5,163,070	(135,553)	5,027,517

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

For the fiscal year ended June 30, 2011

(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	2,000	382	0	382
Charges for services	5,866,449	5,498,238	0	5,498,238
Miscellaneous	14,000	25,804	(589)	25,215
Total revenues	5,882,449	5,524,424	(589)	5,523,835
<u>Expenses</u>				
Current - departmental:				
Central services	0	0	538,000	538,000
Public works	5,298,984	4,529,082	(12,780)	4,516,302
Depreciation	0	0	12,061	12,061
Total expenses	5,298,984	4,529,082	537,281	5,066,363
Excess (deficiency) of revenues over expenses	583,465	995,342	(537,870)	457,472
<u>Other financing sources (uses)</u>				
Transfers out	(538,000)	(538,000)	538,000	0
Total other financing sources (uses)	(538,000)	(538,000)	538,000	0
Change in net assets	45,465	457,342	130	457,472
Total net assets, July 1, 2010	2,408,573	2,408,573	(148,423)	2,260,150
Total net assets, June 30, 2011	2,454,038	2,865,915	(148,293)	2,717,622

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

For the fiscal year ended June 30, 2011

(amounts in dollars)

	<u>Budget</u>	<u>Actual</u>		<u>GAAP basis</u>
		<u>Budget basis</u>	<u>Adjustment</u>	
Revenues				
Intergovernmental	134,525	165,978	(9,093)	156,885
Charges for services	30,463,353	30,163,302	0	30,163,302
Miscellaneous	519,080	1,346,480	(1,112,201)	234,279
Total revenues	31,116,958	31,675,760	(1,121,294)	30,554,466
Expenses				
Current - departmental:				
Central services	27,510,251	25,993,209	641,162	26,634,371
Debt service	4,754,500	4,754,373	(274,873)	4,479,500
Depreciation	0	0	533	533
Amortization	0	0	37,502	37,502
Total expenses	32,264,751	30,747,582	404,324	31,151,906
Excess (deficiency) of revenues over expenses	(1,147,793)	928,178	(1,525,618)	(597,440)
Other financing sources (uses)				
Transfers out	(158,000)	(158,000)	158,000	0
Total other financing sources (uses)	(158,000)	(158,000)	158,000	0
Change in net assets	(1,305,793)	770,178	(1,367,618)	(597,440)
Total net assets, July 1, 2010	8,075,436	8,075,436	(4,312,962)	3,762,474
Total net assets, June 30, 2011	6,769,643	8,845,614	(5,680,580)	3,165,034

OTHER SUPPLEMENTARY SCHEDULES

Schedule of Property Tax Transactions

For the fiscal year ended June 30, 2011

(amounts in dollars)

<u>Fiscal year</u>	<u>Uncollected balances July 1, 2010</u>	<u>Current year's levy</u>	<u>Adjustments, interest, and discounts</u>	<u>Collections</u>	<u>Uncollected balances June 30, 2011</u>
1965-04	610,824	0	7,993	(18,666)	600,151
2005	68,631	0	(1,631)	(5,706)	61,294
2006	79,740	0	(5,690)	(6,423)	67,627
2007	147,651	0	21,986	(75,601)	94,036
2008	587,524	0	49,666	(447,760)	189,430
2009	1,302,880	0	(10,308)	(595,258)	697,314
2010	3,208,379	0	(52,480)	(1,652,096)	1,503,803
2011	0	101,032,799	(3,198,238)	(95,139,974)	2,694,587
Totals	6,005,629	101,032,799	(3,188,702)	(97,941,484)	5,908,242

Summary by fund type

General Fund	(79,050,114)	4,864,972
Special Revenue Funds	(3,436,060)	215,694
Debt Service Funds	(15,455,310)	827,576
Totals	(97,941,484)	5,908,242

Schedule of Bonded Debt Transactions

For the fiscal year ended June 30, 2011

(amounts in dollars)

Governmental Activities

General obligation bonds

	Issued interest rates	Issue date	Maturity date	Amount issued/ authorized	Outstanding June 30, 2010		Fiscal Year 2010-2011				Outstanding June 30, 2011	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured	
Fire Projects Bonds, Series 2002	3.000 to 4.650%	10/1/02	6/1/22	8,680,000	0	5,805,000	0	0	375,000	375,000	0	5,430,000
Interest				4,012,543	0	1,778,265	0	0	245,200	245,200	0	1,533,065
Parks and Open Spaces Bonds, Series 2004	2.500 to 4.650%	5/1/04	6/1/23	6,305,000	0	4,295,000	0	0	335,000	335,000	0	3,960,000
Interest				2,610,314	0	1,299,220	0	0	179,200	179,200	0	1,120,020
General Obligation Refunding Bonds, Series 2006	3.500 to 4.125%	3/9/06	3/1/19	24,990,000	0	19,425,000	0	0	2,255,000	2,255,000	0	17,170,000
Interest				7,556,255	0	3,601,959	0	0	782,213	782,213	0	2,819,746
Premium				244,744	0	111,266	0	0	24,993	24,993	0	86,273
Parks and Open Spaces Bonds, Series 2008	5.100%	10/29/08	12/1/18	5,600,000	0	5,180,000	0	0	470,000	470,000	0	4,710,000
Interest				1,719,099	0	1,276,022	0	0	252,195	252,195	0	1,023,827
G.O. Bond and Revolving Credit Facility (POS)	0.750 to 2.500%	5/13/07	6/1/12	6,875,000	0	684,414	2,475,000	1,585,250	1,585,250	1,585,250	0	1,574,164
Interest				0	0	5,149	9,880	9,461	9,461	9,461	0	5,568
G.O. Bond and Revolving Credit Facility (Street)	1.830 to 2.690%	1/27/09	6/1/10	5,000,000	0	0	6,810,000	6,810,000	6,810,000	6,810,000	0	0
Interest				0	0	0	5,242	5,242	5,242	5,242	0	0
Subtotal general obligation bonds				73,592,955	0	43,461,295	9,300,122	13,328,754	13,328,754	13,328,754	0	39,432,663

Certificates of participation

Santa Clara Fire Station Obligation, Series 2003	2.000 to 4.000%	10/15/03	1/1/14	2,090,000	0	855,000	0	0	210,000	210,000	0	645,000
Interest				399,205	0	81,528	0	0	31,755	31,755	0	49,773
Atrium Obligations Series 1998A (tax-exempt)	3.700 to 4.900%	6/1/98	6/1/18	1,200,000	0	630,000	0	0	65,000	65,000	0	565,000
Interest				676,913	0	144,538	0	0	29,858	29,858	0	114,680
Atrium Obligations Series 1998B (taxable)	6.125 to 6.200%	6/1/98	6/1/18	1,200,000	0	675,000	0	0	65,000	65,000	0	610,000
Interest				939,108	0	203,670	0	0	41,850	41,850	0	161,820
Subtotal certificates of participation				6,505,226	0	2,589,736	0	0	443,463	443,463	0	2,146,273

Limited tax bonds

Limited Tax Pension Bonds, Series 2002	2.000 to 7.410%	3/15/02	6/1/28	84,335,000	0	72,325,000	0	0	1,440,000	1,440,000	0	70,885,000
Interest				103,402,626	0	63,097,818	0	0	3,972,625	3,972,625	0	59,125,193
Discount				(16,541,344)	0	(15,100,497)	0	0	(667,771)	(667,771)	0	(14,432,726)
Limited Tax Improvement Bonds, Series 2006	5.100%	6/13/06	6/1/16	1,036,427	0	468,008	0	0	127,551	127,551	0	340,457
Interest				526,818	0	108,936	0	0	22,121	22,121	0	86,815
Limited Tax Improvement Bonds, Series 2011	7.050%	6/28/11	12/1/26	580,000	0	0	580,000	0	0	0	0	580,000
Interest				633,795	0	0	633,795	0	0	0	0	633,795
Subtotal limited tax bonds				173,973,322	0	120,899,265	1,213,795	4,894,526	4,894,526	4,894,526	0	117,218,534

continued

	Issued interest rates	Issue date	Maturity date	Amount issued/authorized	Outstanding June 30, 2010		Fiscal Year 2010-2011				Outstanding June 30, 2011	
					Matured	Unmatured	Incurred	Matured	Redeemed	Matured	Unmatured	
Governmental Activities, continued												
<u>Tax increment bonds</u>												
URA Tax Increment Bonds, Series 2011	5.200%	5/25/11	6/1/20	7,900,000	0	0	7,900,000	0	0	0	0	7,900,000
Interest				2,178,592	0	0	2,178,592	0	0	0	0	2,178,592
Subtotal tax increment bonds				10,078,592	0	0	10,078,592	0	0	0	0	10,078,592
<hr/>												
Total bonded debt - governmental activities				264,150,095	0	166,950,296	20,592,509	18,666,743	18,666,743	0	168,876,062	
<hr/>												
<u>Bonded debt - governmental activities</u>												
Principal				139,494,827	0	95,353,191	17,765,000	13,095,023	13,095,023	0	100,023,168	
Interest				124,655,268	0	71,597,105	2,827,509	5,571,720	5,571,720	0	68,852,894	
Total bonded debt - governmental activities				264,150,095	0	166,950,296	20,592,509	18,666,743	18,666,743	0	168,876,062	
<hr/>												
<u>Business-type Activities</u>												
<u>Limited tax bonds</u>												
Broadway Garage Limited, Series 1997 (taxable)	6.125 to 7.000%	8/1/97	8/1/17	7,000,000	0	4,810,000	0	4,810,000	4,810,000	0	0	0
Interest				6,957,499	0	442,084	0	442,084	442,084	0	0	0
Discount				(47,433)	0	(10,507)	0	(10,507)	(10,507)	0	0	0
Total bonded debt - business-type activities				13,910,066	0	5,241,577	0	5,241,577	5,241,577	0	0	0
<hr/>												
<u>Bonded debt - business-type activities</u>												
Principal				6,952,567	0	4,799,493	0	4,799,493	4,799,493	0	0	0
Interest				6,957,499	0	442,084	0	442,084	442,084	0	0	0
Total bonded debt - business-type activities				13,910,066	0	5,241,577	0	5,241,577	5,241,577	0	0	0
<hr/>												
<u>Total bonded debt</u>												
Principal				146,447,394	0	100,152,684	17,765,000	17,894,516	17,894,516	0	100,023,168	
Interest				131,612,767	0	72,039,189	2,827,509	6,013,804	6,013,804	0	68,852,894	
Total bonded debt				278,060,161	0	172,191,873	20,592,509	23,908,320	23,908,320	0	168,876,062	

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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-12)

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

Demographic and Economic Information (Schedules I-13 - I-14)

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

Operating Information (Schedules I-15 to I-17)

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

Net Assets by Component

Last ten fiscal years - unaudited
(amounts in dollars)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets (net of related debt)	238,609,327	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
Restricted for:										
Capital projects	29,698,478	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
Debt service	14,688,214	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
Community development	9,900,669	11,114,837	10,186,049	10,249,932	10,544,238	11,072,272	12,345,467	15,569,285	16,817,966	20,259,962
Urban renewal	n/a	n/a	n/a	n/a	n/a	13,044,734	14,159,756	15,275,722	14,789,792	3,346,926
Other purposes	9,608,839	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
Unrestricted	58,787,514	88,105,543	79,175,913	90,192,949	98,906,365	93,170,976	92,606,219	86,891,871	81,804,405	92,174,866
Total governmental activities net assets	361,293,041	379,982,577	404,504,075	434,808,895	449,721,147	470,656,988	483,278,659	485,927,114	506,487,274	521,636,495
Business-type activities										
Invested in capital assets (net of related debt)	173,625,568	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
Restricted for:										
Capital projects	1,501,511	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
Debt service	1,843,484	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
Other purposes	12,740,199	9,016,577	7,361,798	5,428,288	0	0	0	0	0	0
Unrestricted	13,625,296	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
Total business-type activities net assets	203,336,058	205,142,244	214,267,714	233,320,999	247,965,970	258,885,813	264,172,754	261,786,219	272,148,562	278,149,512
Total government										
Invested in capital assets (net of related debt)	412,234,895	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
Restricted for:										
Capital projects	31,199,989	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
Debt service	16,531,698	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
Community development	9,900,669	11,114,837	10,186,049	10,249,932	10,544,238	11,072,272	12,345,467	15,569,285	16,817,966	20,259,962
Urban renewal	n/a	n/a	n/a	n/a	n/a	13,044,734	14,159,758	15,275,722	14,789,792	3,346,926
Other purposes	22,349,038	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
Unrestricted	72,412,810	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
Total government net assets	564,629,099	585,124,821	618,771,789	668,129,894	697,687,117	729,542,801	747,451,413	747,713,333	778,637,836	799,786,007

Notes

- a) This schedule was added with the implementation of GASB34, effective with FY2002.
- b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.
- c) 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

City of Eugene, Oregon
Changes in Net Assets
Last ten fiscal years - unaudited
(amounts in dollars)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
<u>Governmental activities:</u>										
Central services	6,024,975	9,042,788	14,151,814	14,401,565	16,160,914	14,074,704	8,705,568	9,217,725	8,377,766	9,759,910
Fire and emergency medical services	17,538,797	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
Library, recreation, and cultural services	19,510,659	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
Planning and development	16,401,470	15,304,680	15,540,851	14,808,950	16,620,986	20,368,626	21,760,065	20,978,977	19,833,161	32,208,704
Police	34,265,210	33,694,608	35,062,405	37,303,852	42,460,895	44,649,822	46,876,021	48,533,017	44,801,367	47,645,365
Public works	22,084,054	22,546,630	22,898,974	23,748,309	25,056,399	26,796,673	29,077,493	29,139,235	28,550,511	29,775,680
Interest on long term debt	4,726,324	7,797,372	7,758,978	7,424,942	7,424,942	7,296,131	6,635,966	6,654,887	6,415,984	6,280,158
Total governmental activities expenses	120,551,489	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
<u>Business-type activities:</u>										
Ambulance transport	6,027,888	6,006,952	5,435,656	5,093,887	5,350,797	5,570,868	5,971,282	6,775,249	5,737,099	5,669,204
Municipal airport	7,499,467	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
Parking services	4,584,178	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
Stormwater utility	8,468,711	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
Wastewater utility	15,656,063	16,739,835	16,805,577	17,952,868	18,817,961	20,164,583	19,968,122	23,474,996	20,588,115	21,351,247
Total business-type activities expenses	42,236,307	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
Total government expenses	162,787,796	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
Program revenues										
<u>Governmental activities:</u>										
Fees, fines, and charges for services:										
Central services	3,256,325	5,285,309	5,954,400	5,310,802	6,309,636	5,541,010	5,522,788	5,966,891	6,611,740	7,865,208
Fire and emergency medical services	1,897,526	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
Library, recreation, and cultural services	5,084,775	5,722,806	5,391,726	5,281,932	5,502,360	5,523,221	6,043,182	5,713,783	5,522,563	6,175,973
Planning and development	8,541,653	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
Police	3,767,607	3,558,419	3,002,037	3,558,807	3,580,790	3,630,956	3,600,489	4,061,284	3,639,665	3,886,160
Public works	5,692,815	5,756,504	4,712,472	4,499,745	8,698,693	7,693,206	6,701,152	4,111,995	4,025,012	7,159,740
Operating grants and contributions	13,016,143	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
Capital grants and contributions	8,469,813	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
Total governmental activities program revenues	49,726,657	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
<u>Business-type activities:</u>										
Fees, fines, and charges for services:										
Ambulance transport	5,843,409	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
Municipal airport	5,175,374	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
Parking services	4,365,804	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
Stormwater utility	7,879,345	8,517,863	8,657,982	9,333,197	9,469,763	10,968,542	11,903,193	11,849,471	12,631,672	12,752,165
Wastewater utility	13,267,698	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
Operating grants and contributions	774,746	188,919	32,677	45,384	1,091,915	1,025,293	1,005,229	0	147,102	295,559
Capital grants and contributions	8,982,969	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
Total business-type activities program revenues	46,289,345	45,469,113	49,514,257	62,681,805	56,363,739	58,426,180	58,854,356	53,749,228	64,877,181	59,410,387
Total government program revenues	96,016,002	99,436,551	99,890,729	122,650,227	113,327,947	124,300,122	117,653,477	110,041,595	117,916,309	127,864,848

continued

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (expense) revenue										
Governmental activities	(70,824,832)	(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)
Business-type activities	4,053,038	1,317,359	6,510,892	19,290,079	10,432,661	8,455,988	7,482,143	(3,095,699)	11,261,991	2,756,893
Total government net (expense) revenue	(66,771,794)	(73,436,899)	(82,652,202)	(62,832,193)	(90,334,107)	(92,799,594)	(101,789,607)	(118,353,591)	(99,371,823)	(110,967,749)
General revenues and transfers										
<u>Governmental activities:</u>										
Property taxes	66,886,343	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
Transient room tax	1,195,852	1,151,317	1,298,846	1,362,210	1,488,469	1,688,940	1,772,968	1,678,566	1,518,030	1,658,169
Local motor vehicle fuel tax	0	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
Contributions in lieu of taxes	9,710,377	9,979,014	9,560,961	10,361,749	11,251,713	11,913,379	11,446,537	13,263,982	12,342,958	13,762,181
Franchise fees on telecom providers revenues	3,013,417	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
Grants and contributions not restricted to specific programs	2,403,509	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
Unrestricted investment earnings	2,485,473	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
Transfers	3,617,820	16,447	(2,401,927)	621,677	(3,579,438)	(1,295,320)	3,230,406	20,346	1,191,787	(3,046,158)
Total governmental activities general revenues and transfers	89,312,791	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
<u>Business-type activities:</u>										
Unrestricted investment earnings	1,155,808	505,274	212,651	384,883	632,872	1,188,535	1,035,204	729,510	292,139	198,099
Transfers	(3,617,820)	(16,447)	2,401,927	(621,677)	3,579,438	1,295,320	(3,230,406)	(20,346)	(1,191,787)	3,046,158
Total business-type activities general revenues and transfers	(2,462,012)	488,827	2,614,578	(236,794)	4,212,310	2,463,855	(2,195,202)	709,164	(899,648)	3,244,257
Total government general revenues and transfers	86,850,779	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
Change in net assets:										
Governmental activities	18,487,959	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
Business-type activities	1,591,026	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
Total government change in net assets	20,078,985	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

Notes

- a) This schedule was added with the implementation of GASB34, effective with FY2002.
- b) Significant fluctuations between the current year and the prior year are discussed in the Management's Discussion and Analysis.

Data source

City of Eugene Finance Division

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City of Eugene, Oregon
Fund Balances - Governmental Funds

Last ten fiscal years - unaudited
 (amounts in dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:										
Reserved	373,834	486,579	674,233	357,615	507,739	371,847	441,011	405,650	0	0
Unreserved	25,479,484	31,644,816	35,413,181	31,444,329	32,777,927	30,788,707	30,005,614	32,109,937	0	0
Nonspendable	0	0	0	0	0	0	0	0	736,386	1,066,473
Restricted	0	0	0	0	0	0	0	0	20,987,111	22,174,813
Assigned	0	0	0	0	0	0	0	0	13,682,884	17,009,910
Unassigned	0	0	0	0	0	0	0	0	4,498,324	5,792,870
Total General Fund	25,853,318	32,131,395	36,087,414	31,801,944	33,285,666	31,160,554	30,446,625	32,515,587	39,904,705	46,044,066
All other governmental funds:										
Reserved	18,205,847	11,113,328	9,209,577	4,875,099	4,442,288	4,149,246	3,998,804	3,331,083	0	0
Unreserved, reported in:										
Special revenue funds	14,365,855	14,769,533	29,039,622	24,012,646	29,513,286	30,761,057	25,938,461	27,990,706	0	0
Debt service funds	0	0	0	5,465,927	6,644,093	7,023,344	6,394,515	5,790,008	0	0
Capital projects funds	36,254,308	34,398,522	33,845,140	26,541,738	25,442,697	23,715,035	19,975,502	14,603,402	0	0
Nonspendable	0	0	0	0	0	0	0	0	3,197,689	2,636,383
Restricted	0	0	0	0	0	0	0	0	34,464,276	31,260,095
Committed	0	0	0	0	0	0	0	0	7,793,449	11,257,256
Assigned	0	0	0	0	0	0	0	0	10,766,087	11,618,763
Unassigned	0	0	0	0	0	0	0	0	(108,342)	0
Total all other governmental funds	68,826,010	60,281,383	72,094,339	60,895,410	66,042,364	65,648,682	56,307,282	51,715,199	56,113,159	56,772,497

Notes

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

Data source

City of Eugene Finance Division

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

Last ten fiscal years - unaudited

(amounts in dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	77,349,902	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
Licenses and permits	6,956,548	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
Intergovernmental	15,130,956	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
Rental income	295,958	244,483	206,887	310,577	310,413	278,748	314,334	377,621	355,002	383,266
Charges for services	17,860,482	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
Fines and forfeits	2,671,763	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
Special assessments	1,577,861	1,204,627	1,105,714	676,631	1,505,641	352,648	1,254,187	209,188	498,370	1,100,252
Repayment of revolving loans	3,046,585	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
Miscellaneous	7,645,539	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
Total revenues	132,535,594	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
Expenditures										
Central services	14,118,903	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
Fire and emergency medical services	14,890,006	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
Library, recreation, and cultural services	16,394,657	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
Planning and development	15,044,385	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
Police	29,872,394	30,924,127	32,690,864	35,169,815	38,261,119	41,962,140	42,862,037	41,877,715	39,781,729	42,544,795
Public works	12,829,412	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
Debt service:										
Principal	5,505,894	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
Interest	3,176,331	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
Arbitrage fee	6,803	2,310	3,310	11,150	19,281	8,132	1,813	6,900	15,070	0
Issuance costs	0	97,059	105,759	61	198,718	28,209	6,006	32,253	18,975	50,696
Capital outlay	29,731,236	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
Contribution of land held for resale	0	0	0	0	0	0	0	0	0	538,929
Intergovernmental	0	0	6,676,427	7,169,994	7,589,076	6,397,451	89,847	0	0	8,000,000
Total expenditures	141,570,021	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
Excess (deficiency) of revenues over expenditures	(9,034,427)	(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)

continued

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Other financing sources (uses)</u>										
Proceeds of debt issuance	0	8,683,963	8,395,000	0	1,036,427	0	5,200,000	4,345,000	500,000	17,765,000
Proceeds of note issuance	0	0	0	0	0	0	0	2,705,930	0	3,412,000
Proceeds of refunding bonds issuance	0	0	0	0	24,990,000	0	0	5,600,000	0	0
Premium on debt issuance	0	0	35,281	0	0	0	0	0	0	0
Premium on refunding bonds issuance	0	0	0	0	244,744	0	0	0	0	0
Refunded bonds redeemed	0	0	0	0	0	0	0	(5,593,800)	0	0
Payment to refunded bonds escrow agent	0	0	0	0	(25,033,071)	0	0	0	0	0
Transfers in	18,096,991	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
Transfers out	(22,820,972)	(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)
Gain on sale of assets	0	0	450,716	0	0	0	0	0	0	0
Total other financing sources (uses)	(4,723,981)	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
Net change in fund balances	(12,058,115)	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

Debt service as a percentage of noncapital expenditures	7.76%	6.95%	5.96%	6.16%	5.51%	4.82%	5.94%	6.38%	6.34%	8.16%
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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>	
2002	7,663,441,519	10,236,714,932	447,925,317	460,024,148	8,111,366,836	10,696,739,080	8.18
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

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

City of Eugene, Oregon
Direct and Overlapping Property Tax Rates

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

Fiscal year	Tax Rates										
	City direct rates					Overlapping rates					Total overlapping rate
	Operating	Debt service	Total direct rate	County	Metropolitan wastewater management service district	School districts	Community college				
2002	7.69	0.49	8.18	1.44	0.05	7.20	0.86				17.73
2003	7.92	0.49	8.41	1.41	0.00	7.78	0.87				18.47
2004	8.80	0.42	9.22	1.40	0.00	7.37	0.87				18.86
2005	8.81	0.47	9.28	1.38	0.00	7.35	0.87				18.88
2006	8.72	0.45	9.17	1.38	0.00	7.76	0.87				19.18
2007	8.68	0.36	9.05	1.39	0.00	7.96	0.84				19.23
2008	7.60	0.55	8.15	1.38	0.00	7.70	0.82				18.05
2009	7.40	0.58	7.98	1.38	0.00	7.74	0.86				17.96
2010	7.38	1.18	8.56	1.38	0.00	7.76	0.84				18.54
2011	7.38	1.20	8.58	1.37	0.00	7.66	0.85				18.46

Notes

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

Data source

Lane County Department of Assessment and Taxation

Property Tax Levies and Collections

Last seven fiscal years - unaudited

(amounts in dollars)

<u>Fiscal year</u>	<u>Taxes levied for the fiscal year</u>	<u>Adjustments</u>	<u>Total adjusted levy</u>	<u>Collected within the fiscal year of the levy</u>		<u>Collections/ Adjustments in subsequent years</u>	<u>Total collections to date</u>		<u>Outstanding taxes</u>	
				<u>Amount</u>	<u>Percentage of adjusted levy</u>		<u>Amount</u>	<u>Percentage of adjusted levy</u>	<u>Amount</u>	<u>Percentage of adjusted levy</u>
2005	87,246,473	(2,819,416)	84,427,057	82,271,161	97.4%	2,094,602	84,365,763	99.9%	61,294	0.1%
2006	89,804,899	(2,674,682)	87,130,217	85,156,653	97.7%	1,905,937	87,062,590	99.9%	67,627	0.1%
2007	91,054,148	(2,647,774)	88,406,374	86,354,896	97.7%	1,957,442	88,312,338	99.9%	94,036	0.1%
2008	87,807,231	(3,047,791)	84,759,440	82,508,795	97.3%	2,061,215	84,570,010	99.8%	189,430	0.2%
2009	88,929,425	(2,525,855)	86,403,570	83,787,874	97.0%	1,918,382	85,706,256	99.2%	697,314	0.8%
2010	102,340,449	(3,052,244)	99,288,205	96,079,826	96.8%	1,704,576	97,784,402	98.5%	1,503,803	1.5%
2011	101,032,799	(3,198,238)	97,834,561	95,139,974	97.2%	0	95,139,974	97.2%	2,694,587	2.8%

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 seven years ago - unaudited*

(amounts in dollars)

<u>Taxpayer</u>	FY 2011		FY 2004	
	Total assessed value	Percentage of total assessed value	Total assessed value	Percentage of total assessed value
PeaceHealth	163,026,794	1.40%	26,828,190	0.31%
Hynix Semiconductor	122,377,695	1.05%	456,687,935	5.21%
Comcast Corporation	104,004,000	0.90%	-	-
Valley River Center LLC	102,444,362	0.88%	77,129,592	0.88%
Century Link (formerly QWEST)	58,182,100	0.50%	102,625,360	1.17%
Verizon Communications	54,499,500	0.47%	-	-
McKay Investment Company	49,521,935	0.43%	18,781,690	0.21%
Northwest Natural Gas Company	47,122,000	0.41%	33,742,000	0.38%
Molecular Probes, Inc.	37,410,693	0.32%	-	-
Chase Village LLC	33,394,599	0.29%	-	-
Guard Publishing Company	-	-	28,550,287	0.33%
Trus Joist, Inc.	-	-	23,352,650	0.27%
Metropolitan Life Insurance Company	-	-	18,186,951	0.21%
SHLP Financing LLC	-	-	28,476,456	0.32%
Subtotal	771,983,678	6.65%	814,361,111	9.29%
All other taxpayers	10,841,177,940	93.35%	7,958,736,604	90.71%
Total taxpayers	<u>11,613,161,618</u>	<u>100.00%</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 FY2011.
- In tax year 2009, Comcast appealed a significant increase in their taxable assessed value. Oregon Tax Court ruled in favor of Comcast in August 2011; the Oregon Department of Revenue has appealed to the Oregon Supreme Court. If the appeal is successful, Comcast would be entitled to a refund of a portion of the company's 2009 and 2010 taxes, and could be removed from the Top Ten Taxpayers List.

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

Notes

- a) This schedule was added with the implementation of GASB34, effective with FY2002.
- b) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- c) All debt is shown net of unamortized premiums and discounts.
- d) Percentage of real market value was calculated using property value information from Schedule I-5.
- e) Debt per capita was calculated using population data from Schedule I-14.

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>			
2002	35,865,000	17,665,000	75,491,461	0	129,021,461	1.21%	918
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

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-14.

Data source

City of Eugene Finance Division

Direct and Overlapping Governmental Activities Debt*As of June 30, 2011 - 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	100,056,442	100.0000%	100,056,442
Less: Funds available for principal payment			<u>(1,426,203)</u>
City of Eugene net direct debt			<u>98,630,239</u>
Junction City Water Control District	243,388	1.2100%	2,945
Lane Community College	99,892,098	44.7500%	44,701,714
Lane County	115,034,752	45.4300%	52,260,288
Lane Education Service District	7,780,000	45.5000%	3,539,900
School District 4J	155,265,000	77.5900%	120,470,114
School District 19	115,298,420	0.0000%	0
School District 52	20,800,000	79.0400%	16,440,320
Total overlapping debt			<u>237,415,281</u>
Total direct and overlapping debt			<u><u>336,045,520</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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Real market value	10,696,739,080	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
Legal debt margin:										
Debt limit (3% of real market value)	320,902,172	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
Debt applicable to limit:										
General Obligation Bonds	35,865,000	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
Less: Amount reserved for repayment of general obligation debt	(881,015)	(885,718)	(645,278)	(570,377)	(688,206)	(276,840)	(136,909)	458,350	(619,761)	(961,919)
Total debt applicable to limit	34,983,985	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
Legal debt margin	285,918,187	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
Total debt applicable to the limit as a percentage of debt limit	11%	13%	13%	11%	10%	7%	6%	6%	5%	5%

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>
2002	140,550	6.70%	325,900	8,491,421	25,966
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	11,594,589	33,522
2010	157,100	10.80%	347,690	11,655,264	33,522
2011	157,845	9.60%	348,550	11,698,035	33,562

Notes

- a) Personal income information is not available for the City.
- b) The 2009 and 2010 personal income for Lane County was not available and has been estimated by multiplying population by per capital income.
- c) The 2009 and 2010 per capita income was not available and has been estimated to be the same as 2008.
- 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 FY2011 unemployment rate is as of July, 2011 (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 Management Services

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

<u>Employer</u>	2011		2002	
	Employees	Percentage of total employment	Employees	Percentage of total employment
PeaceHealth Medical Group	4,212	2.59%	4,011	2.56%
University of Oregon	4,038	2.49%	3,747	2.39%
Eugene School District 4J	2,794	1.72%	2,044	1.30%
Lane County	2,000	1.23%	1,390	0.89%
State of Oregon	1,967	1.21%	868	0.55%
US Government	1,717	1.06%	-	0.00%
City of Eugene	1,380	0.85%	1,421	0.91%
Springfield School District	1,300	0.80%	-	0.00%
Lane Community College	1,118	0.69%	2,000	1.28%
Walmart	1,050	0.65%	-	-
Albertsons	-	-	800	-
Hynix Semiconductor	-	-	790	-
PSC Scanning	-	-	636	0.41%
Total	<u>21,576</u>	<u>13.29%</u>	<u>17,707</u>	<u>10.29%</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.
- Albertsons, Hynix and PSC Scanning were not among the top ten employer in FY2011.

Data source

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

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>	
2002	225	187	151	101	295	407	1,366
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

Notes

- a) This schedule was added with the implementation of GASB34, effective with FY2002.
- b) 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Central services:</u>										
Number of claims managed	340	316	323	278	265	333	259	250	258	296
Number of purchase orders issued	24,021	24,648	24,338	23,007	21,372	20,975	21,983	17,434	15,513	15,936
Job applications processed	7,199	6,460	5,898	8,987	7,088	4,598	6,848	7,464	6,257	7,778
Building square footage maintained	1,794,295	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
Municipal Court cases processed	27,061	33,188	33,989	30,972	32,699	28,810	28,071	26,963	26,273	23,623
<u>Fire and emergency medical services:</u>										
Emergency responses	18,958	17,669	18,054	18,728	19,441	20,509	21,723	21,233	20,130	21,539
Fire inspections	1,514	3,453	2,502	2,208	1,800	812	973	839	943	1,576
<u>Library, recreation, and cultural services:</u>										
Number of library patron visits	610,941	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
Volume of library collection borrowed	1,467,618	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
Hult Center attendees	189,380	164,197	156,973	166,332	175,851	190,648	217,322	185,873	174,275	187,388
Recreation services	624,846	641,504	627,537	605,834	657,689	665,222	655,883	675,598	795,407	773,162
<u>Planning and development:</u>										
Construction permits issued	10,941	10,455	10,525	11,587	12,347	10,980	10,471	8,634	9,653	9,812
Land use applications reviewed	393	317	386	361	446	423	404	240	168	139
Parking permits issued	27,658	25,646	24,717	26,053	26,058	21,618	20,067	23,660	21,000	19,985
Parking citations issued	77,674	79,269	79,410	72,216	75,801	71,883	68,153	59,009	62,605	56,379
<u>Police:</u>										
Calls for service	117,117	119,637	113,367	110,103	116,596	106,972	104,552	107,836	102,426	103,219
Eugene crime index	6,727	6,629	6,519	6,370	7,078	6,039	5,581	6,864	6,009	4,857
U.S. median city crime index	5,733	5,691	5,466	5,422	4,911	2,785	2,698	2,640	2,520	2,419
<u>Public works:</u>										
Number of municipal airport passengers	651,762	605,091	644,215	719,298	711,822	724,662	773,213	659,641	724,855	789,620
Gallons of wastewater treated (in billions)	14.5	13.8	13.5	11.4	14.1	13.9	13.9	10.8	13.1	14.7

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.

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>2002</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>Fire and emergency medical services:</u>										
Ambulances	8	9	9	10	10	11	11	10	10	10
Fire stations	10	10	10	11	11	11	11	11	11	11
Fire apparatus	25	26	24	23	24	23	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	57	60	51	51	63	63	65	42	42	43
<u>Public works:</u>										
Jogging and hiking trails (miles)	16	23	27	27	29	29	29	28	28	28
On/off street biking trails (miles)	115	119	122	122	126	130	132	153	157	157
Park acreage	2,400	2,400	2,902	2,902	2,902	3,150	3,670	3,671	3,671	3,987
Streets maintained (miles)	501	503	510	511	516	526	538	533	533	533
Alleys (miles)	43	43	43	43	42	42	42	42	42	42
Sidewalks (miles)	606	616	621	622	633	654	673	700	738	772
Drainage Lines (miles)	529	506	525	518	527	567	567	567	601	601
Sanitary sewers (miles)	754	754	770	774	781	797	807	813	815	815

Data source

Individual City Departments

AUDIT COMMENTS AND GOVERNMENT
AUDITING STANDARDS SECTIONS

AUDIT COMMENTS

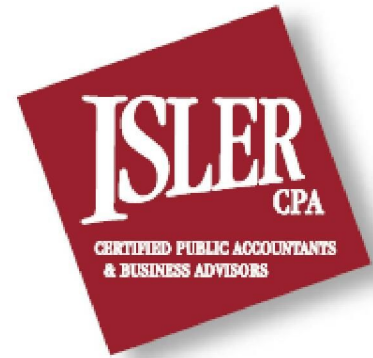
AUDIT COMMENTS

(Comments and Disclosures Required by State Regulators)

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

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INDEPENDENT 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, 2011, and have issued our report thereon dated December 15, 2011. 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:

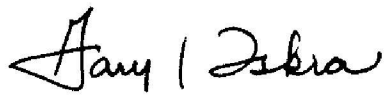
1. Overexpenditures of appropriations are described in Note 3 to the financial statements, *Stewardship, Compliance, and Accountability*.

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

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

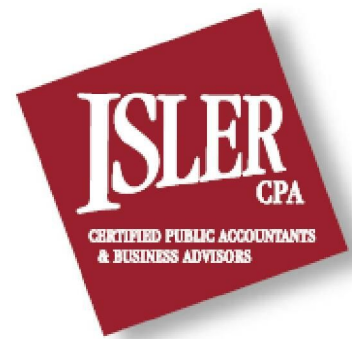
Eugene, Oregon
December 15, 2011

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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 15, 2011. 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

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.

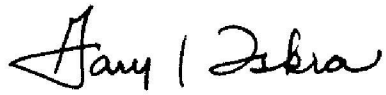
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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".

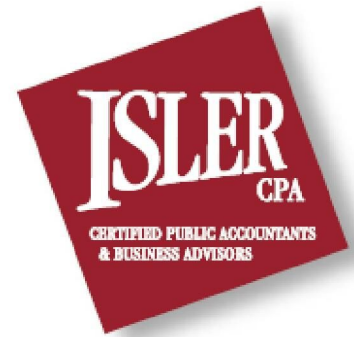
By Gary Iskra, CPA, a member of the firm

Eugene, Oregon
December 15, 2011

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, 2011. The City's major federal programs for the year ended June 30, 2011. 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, 2011.

Internal Control Over Compliance

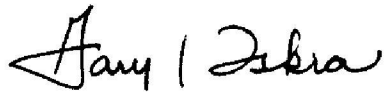
The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over 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 15, 2011

CITY OF EUGENE, OREGON
Schedule of Findings and Questioned Costs
June 30, 2011

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
 - Public Safety Interoperable Communications Grant Program, CFDA #11.555
 - 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
 - (ARRA) Homelessness Prevention and Rapid Re-Housing, CFDA #14.257
 - JAG Program Cluster:
 - Edward Byrne Memorial Justice Assistance Grant Program, CFDA #16.738
 - (ARRA) Edward Byrne Memorial Justice Assistance Grant (JAG) Program, CFDA #16.804
 - (ARRA) Energy Efficiency and Conservation Block Grant Program (EECBG), CFDA #81.128
 - Highway Planning and Construction, CFDA #20.205
8. The threshold for distinguishing between Type A and B programs was \$407,197.
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, 2011

(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 Agriculture</u>			
Grants passed through State of Oregon:			
(ARRA) Recovery Act of 2009: Wildland Fire Management	10.688	GRNT0570	\$ 31,301
(ARRA) Recovery Act of 2009: Wildland Fire Management	10.688	GRNT0569	29,364
Total U.S. Department of Agriculture			60,665
<u>U.S. Department of Commerce</u>			
Direct program:			
(ARRA) Habitat Conservation	11.463	NA09NMF4630300	587,247
Grants passed through State of Oregon:			
Public Safety Interoperable Communications Grant Program	11.555	07-407	357,988
Total U.S. Department of Commerce			945,235
<u>U.S. Department of Housing and Urban Development</u>			
Direct program:			
HOME Investment Partnerships Program	14.239	M-08-DC-41-0200	2,005,967
Community Development Block Grants/BEDI	14.246	B-05-BD-41-0029	734,769
(ARRA) Homelessness Prevention and Rapid Re-Housing	14.257	S-09-MY-41-0002	376,482
Grants passed through State of Oregon:			
Sustainable Communities Regional Planning Grant Program	14.703	n/a	1,973
CDBG - Entitlement Grants Cluster:			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218	B-08-MC-41-0001	1,127,556
(ARRA) Community Development Block Grant Recovery (CDBG-R) Funds	14.253	B-09-MY-41-0001	337,980
Grants passed through State of Oregon:			
(ARRA) Community Development Block Grants/Entitlement Grants	14.218	01089-NSP	174,072
Total CDBG - Entitlement Grants Cluster			1,639,608
Total U.S. Department of Housing and Urban Development			4,758,799
<u>U.S. Department of the Interior</u>			
Direct program:			
Bureau of Land Management Assistance Agreement	15.DAK	L08AC13286-0005	43,490
Bureau of Land Management Assistance Agreement	15.DAK	L10AC16159-0000	18,515
Fish, Wildlife and Plant Conservation Resource Management	15.231	2008-0056-003	62,414
Fish, Wildlife and Plant Conservation Resource Management	15.231	L10AC20366	54,831
Total U.S. Department of the Interior			179,250
<u>U.S. Department of Justice</u>			
Direct program:			
Bulletproof Vest Partnership Program	16.607	n/a	20,171
Grants passed through Lane County, Oregon:			
Congressionally Recommended Awards	16.753	2011-03222	1,209
JAG Program Cluster:			
Grants passed through Lane County, Oregon:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1076	50,313
(ARRA) Recovery Act - Edward Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-1402	155,526
Total JAG Program Cluster			205,839
Total U.S. Department of Justice			227,219

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2011

(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	529,364
Airport Improvement Program	20.106	3-41-0018-045	602,936
Airport Improvement Program	20.106	3-41-0018-046	873,134
Payments for Small Community Air Service Development	20.930	OST-2010-0124	6,829
Grants passed through Oregon Association Chiefs of Police:			
State and Community Highway Safety	20.600	2009-03214	23,936
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2008-2009	14,490
Highway Planning and Construction Cluster:			
Direct program:			
Highway Planning and Construction	20.205	n/a	40,375
Grants passed through State of Oregon:			
Highway Planning and Construction	20.205	25302	920,250
Highway Planning and Construction	20.205	23359	1,075,378
Highway Planning and Construction	20.205	23422	4,798
Highway Planning and Construction	20.205	25302	310,000
Highway Planning and Construction	20.205	24651	50,027
Highway Planning and Construction	20.205	26778	22,300
Highway Planning and Construction	20.205	26858	73,972
Highway Planning and Construction	20.205	26725	312,100
Highway Planning and Construction	20.205	26415	680,811
Grants passed through Lane Council of Governments:			
Highway Planning and Construction	20.205	2010-00217	32,771
Highway Planning and Construction	20.205	2011-00207	40,000
Total Highway Planning and Construction Cluster			3,562,782
Total U.S. Department of Transportation			5,613,471
<u>U.S. Environmental Protection Agency</u>			
Direct program:			
Climate Showcase Communities Grant Program	66.041	AF-83452601-0	20,332
Regional Wetland Program Development Grants	66.461	EPA-R10-WPDG2010	661
Total U.S. Environmental Protection Agency			20,993
<u>U.S. Department of Energy</u>			
Direct program:			
(ARRA) Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0001863	1,252,915
Total U.S. Department of Energy			1,252,915
<u>U.S. Department of Education</u>			
Grants passed through Eugene School District 4J:			
Fund for the Improvement of Education	84.215	Q215F090921	102,595
Twenty-First Century Community Learning Centers	84.287	6733	35,000
Twenty-First Century Community Learning Centers	84.287	16923	74,980
Total U.S. Department of Education			212,575

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2011

(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 Homeland Security</u>			
Grants passed through State of Oregon:			
Emergency Management Performance Grants	97.042	n/a	144,147
Citizen Corps	97.053	09-108	2,229
Citizen Corps	97.053	10-103	5,072
State Homeland Security Program (SHSP)	97.073	07-216	32,075
State Homeland Security Program (SHSP)	97.073	08-220	109,797
State Homeland Security Program (SHSP)	97.073	09-228	3,879
State Homeland Security Program (SHSP)	97.073	09-108	4,919
Total U.S. Department of Homeland Security			302,118
Total Federal Financial Assistance			\$ 13,573,240

CITY OF EUGENE, OREGON

Notes to Schedule of Expenditures of Federal Awards

June 30, 2011

(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

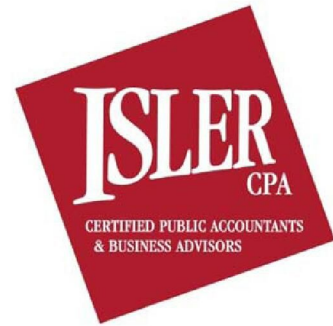
The reporting entity is fully described in Note 1(A) to the City of Eugene, Oregon's Basic Financial Statements. Additionally, the Schedule includes all federal programs administered by the City of Eugene, Oregon for the year ended June 30, 2011.

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 27, 2011

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, 2011, and have issued our report thereon dated December 15, 2011. 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 24, 2011, 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 modified cash basis of accounting. 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 Note (1) 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 footnote 1. J. 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 15, 2011.

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.

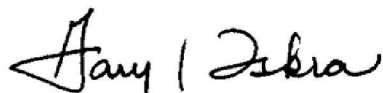
Other Audit Findings or Issues

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