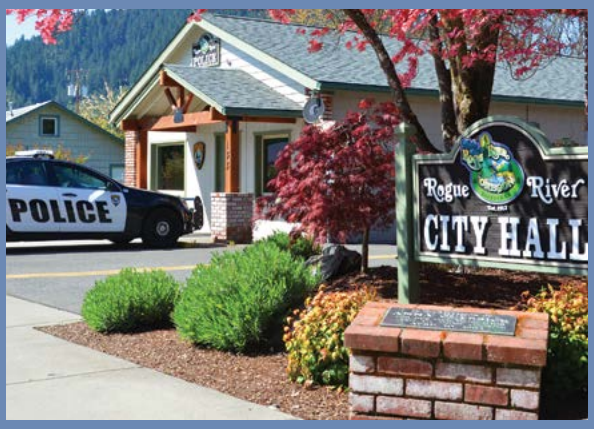
LEAGUE of Oregon CITIES

"Doing More with Less"

2014 State of the Cities

An LOC Report



State of the Cities

"Doing more with less."

That's how one city manager in Oregon describes the biggest challenge currently facing his city. This comment also sums up the state of most Oregon cities in 2014. With the economic recovery underway, cities are feeling more optimistic than in recent years, but significant challenges still remain.

On the positive side, Oregon's housing market is improving, though unevenly, throughout much of the state, and construction activity is picking up with many cities seeing an uptick in requests for building permits. Meanwhile, the Legislature passed reforms to the Public Employee Retirement System (PERS) that will flatten employer contribution rates and help slow, but not lower, escalating employee benefit costs.

But not all the news is positive. Nearly three out of five cities still expect property tax collections—the largest source of revenue for most cities—to fall short of current service level needs. In addition, the backlog of maintenance projects deferred during the recession is lengthy and expensive. Further, the uneven nature of the housing recovery has many small cities, those with less than 5,000 residents, still waiting to see a recovery in their local housing market.

The League's annual *State of the Cities* report looks at budgetary trends, service provision and policy decisions made by cities throughout Oregon. The report combines a detailed analysis of five years of audited annual financial data (FY2007-08 through FY2011-12) from 50 cities and survey data from 180 cities. The report also draws upon budget documents and media reports, as well as data from the Oregon Office of Economic Analysis, the Oregon Department of Revenue and PERS.[1]

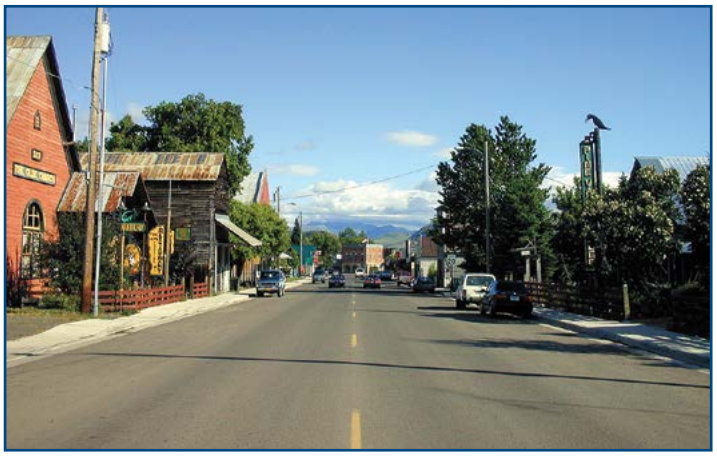
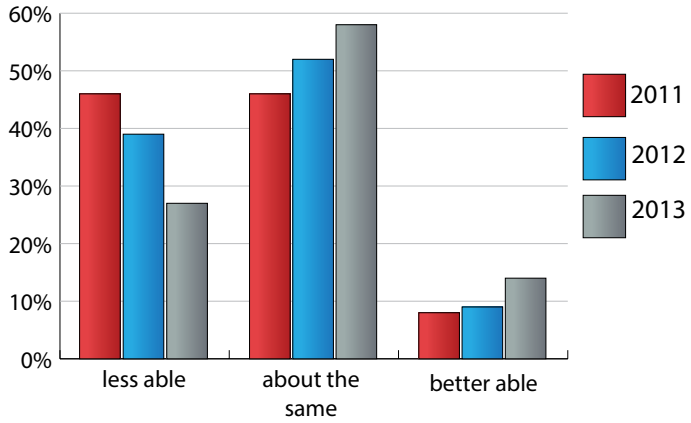


Figure 1: Overall, do you anticipate your city being better or less able to address its financial needs in the next fiscal year compared to this fiscal year?



The report attempts to show in aggregate how Oregon's diverse 242 cities are faring, and the outlook is mixed. Nearly one in five survey respondents report that their city is less able to meet its financial needs this fiscal year than last, and 57 percent report being in the same fiscal shape as last year. But nearly 25 percent of all cities report being in better financial shape this year, a notable improvement over last year's meager 13 percent.

Similarly, cities are slightly more optimistic about their financial future. Of survey respondents, the number of cities reporting an improved ability to meet financial needs during the next fiscal year, as well as those in about the same position, has increased from prior years (see Figure 1). Meanwhile, the percentage of cities anticipating being less able to address their financial needs has gone down.

This report will examine these trends and the reasons for muted optimism, looking closely at revenues, expenditures, reserves and budgetary decisions of cities. Further analysis is presented in several case studies of cities throughout the state.

Slow Revenue Growth for Most Cities

Of the 50 cities examined by the League, general fund revenue—derived primarily from property taxes, franchise fees and other charges—declined by 2.11 percent in the five years between FY2007-08 and FY2011-12, the most recent data available. However, general fund revenues grew for the first time in the final year examined, though only by 0.09 percent.[2]

Property tax collections have fluctuated dramatically for many cities. In FY2012-13, 59 cities, or nearly one in four,

1 For additional information on the survey and financial analysis, contact Chris Fick at *cfick@orcities.org*.

2 Figures are adjusted to account for population growth and inflation according to the CPI-U for Portland/Salem.

Figure 2: Single Family Housing Permits – Growth from August 2011 to August 2013

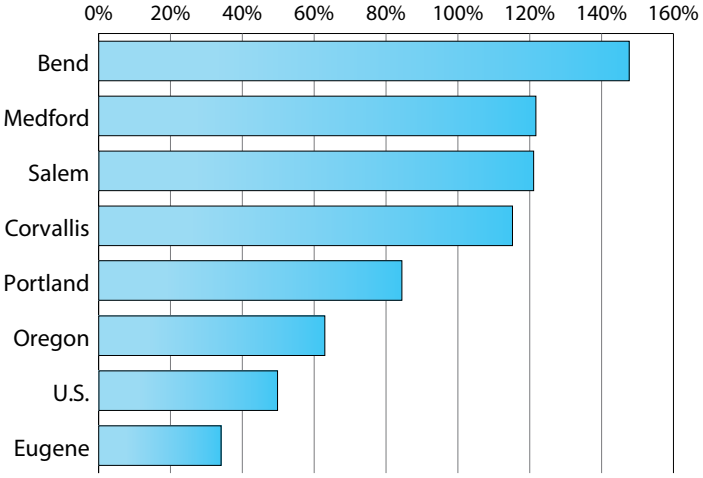
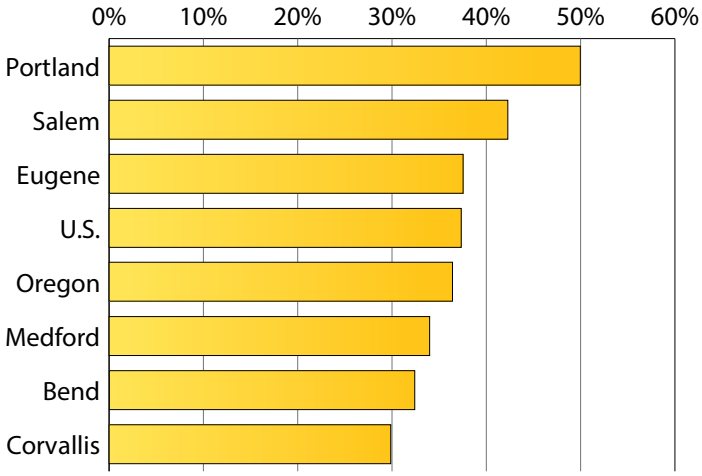


Figure 3: Single Family Housing Permits – August 2013 Production Relative to 2005



saw overall property tax revenues decrease, a figure up from 49 cities the year prior and an indication that many cities saw consecutive years of decreasing property tax revenue. Other cities, however, have seen property tax revenues rebound with the housing market. After having property tax revenues plummet by more than 30 percent in FY2011-12 alone, the city of Redmond expects property tax revenues to jump by more than 10 percent in FY2013-14.

Between FY2011-12 and FY2012-13, the most recent statewide data available, property tax collections for city permanent rates and voter-approved local option levies increased by 1.9 percent, far below the 3 percent annual growth allowed for existing property under Measure 50, but an improvement from the year prior when property tax revenues increased by less than 0.5 percent.

Housing Market Showing Slight Improvements

The general consensus among survey respondents across all regions of Oregon is that the local housing market is improving, with the Oregon Coast, Portland Metro and Willamette Valley particularly optimistic. However, many cities of less than 5,000 residents report that their local housing market has gotten worse or stayed stagnant.

Data compiled by the Oregon Office of Economic Analysis confirms that in many metropolitan areas the market is picking back up, with single family housing permits increasing significantly in areas throughout the state over the past two years (see Figure 2). However, those increases dwarf the activity that was taking place during prior periods of economic growth (see Figure 3), indicating that economic recovery is happening at a slow rate.

Tentative Optimism about the Future

As a result of the improving housing market, fewer survey respondents expect property tax revenues to outright decrease in the coming years (9 percent), which is half what it was in the 2013 report (18 percent) and less than one-third of what it was in 2012 (28 percent).

Similarly, more than one-half of respondents now feel that general fund revenues will keep pace with current service level needs, but that is also a reflection of the significant cuts that cities have made. In prior years, more than one-half of respondents thought revenues would fall short of current service level needs.

Property Tax System Limiting Growth

Statewide property tax limitations continued to worsen the financial condition of cities. Measure 5 limits schools and general governments (cities, counties and special districts) to taxing no more than $5 and $10 per $1,000 of a property's market value respectively. If taxes exceed those limits, the amounts collected are reduced until the limitations are met, a process known as "compression." City property tax collections lost to compression have increased by 335 percent from FY2008-09 to FY2012-13 (see Figure 4). In FY2012-13, 150 cities—62 percent of all cities—experienced some amount of compression.

Figure 4: City Revenue Lost to Compression

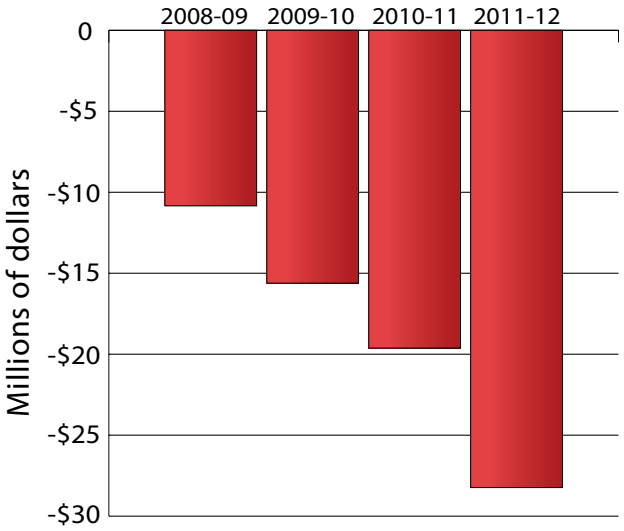
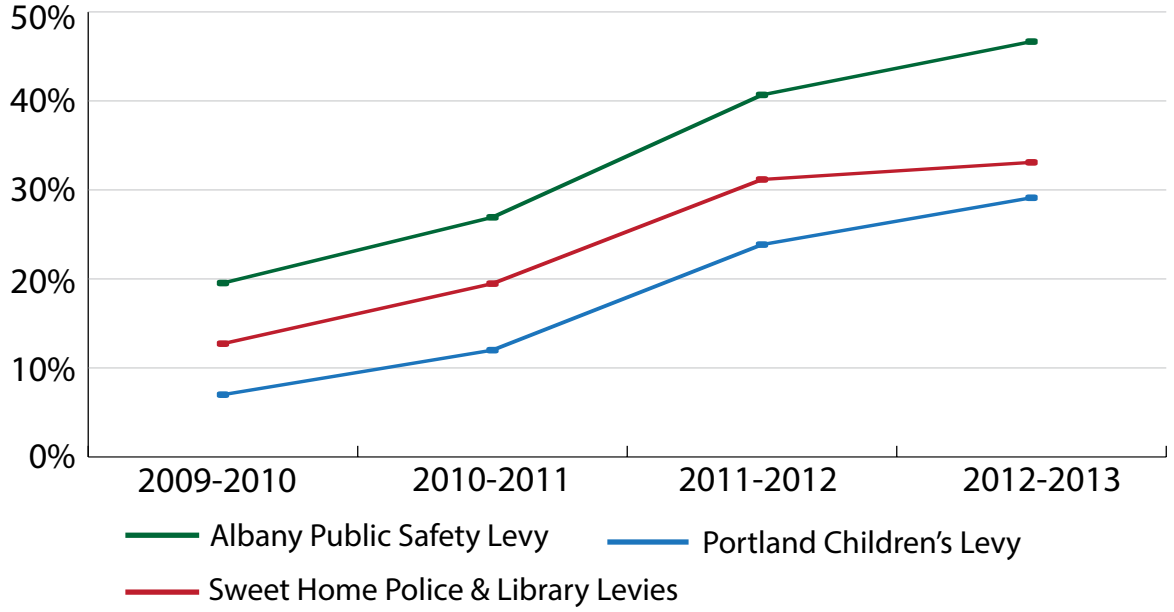


Figure 5: Compression as a Percentage of Tax Extended



The statewide property tax caps also apply to voter-approved temporary levies, which under Oregon's tax system are compressed first, all the way down to $0, before permanent rate tax collections are affected. As a result of this hierarchy, several voter-approved city levies for children's, public safety and library services are seeing revenues reduced by more than one-third (see Figure 5).

Cities Working Hard to Keep Expenditures Low

Since the onset of the recession, cities have made significant cuts to important quality of life programs, deferred needed maintenance work, delayed necessary infrastructure projects, and reduced their workforces. According to League analysis, cities reduced general fund expenditures in three of the past five fiscal years, and over that time period allowed those expenditures to grow by only 0.66 percent.

However, with the economy picking back up, some cities are implementing cost-of-living adjustments and awarding step increases after years of not doing so. Cities are also adding staff to deal with the deluge in new activity. In Bend, for example, the city is adding eight new employees on top of the 15 it approved in June 2013 to handle the increase in construction activity and necessary permitting. During the recession, the city shed 110 jobs.

While 8 percent of survey respondents reported increasing the number of employees on staff, however, almost three times as many (22 percent) reported further reducing staff in FY2013-14.

And those aren't the only budgetary changes that cities are making. While 63 percent of survey respondents report maintaining operating spending in FY2013-14, cuts are being made to important programs, including quality-of-life programs such as social services, libraries, police and public events (see Figure 6 above).

Figure 6: Percentage of survey respondents (providing these functions) that reduced the number of staff, services, hours of operation or city financial support in the following areas in FY2012-13

Planning/permitting	35%
Social services	30%
Libraries	29%
Police services	25%
City hall	23%
Public events/arts/etc.	22%
Recreational facilities and/or activities	22%

Several cities that reduced the size of their police forces reported an uptick in crime, a trend reported in prior surveys as well. Wrote one city manager: "We reduced police positions, including the drug task force and school resource officer (SRO), and have seen increased drug activity. Our lack of an SRO has impacted our proactive efforts on juvenile crime. Reduced staffing in law enforcement has resulted in an increase in minor violations and vandalism."

Yet the financial condition of cities is nevertheless steadying. In this year's survey, only 14 percent of respondents reported reducing total operating spending, down from 37 percent the year prior. Nearly 24 percent of cities report increasing operating spending. (For more information on budget challenges, see "How Are Cities Coping?" on page 5.)

Funding Necessary Infrastructure a Challenge

Cities are also increasing spending on infrastructure after years of deferrals and delays. Of survey respondents, 64 percent report deferring needed maintenance over the last three years. More specifically:

- 56 percent of cities have deferred maintenance on roads, bridges, sidewalks or other transportation infrastructure;
- 38 percent have deferred maintenance on water, sewer or stormwater infrastructure; and
- 37 percent have deferred maintenance on their fleets, buildings and other internal municipal needs.

Even though 63 percent of survey respondents reported increasing spending on infrastructure, more spending will likely be necessary. A 2012 League survey of 80 cities—representing 67 percent of the incorporated population—estimated that more than $2 billion is needed for current city infrastructure projects. Current revenues—be they gas tax revenues, local, state or federal funds—are inadequate for the task at hand. Wrote one city manager: "The list and cost of deferred maintenance continues to grow." Wrote another: "Keeping up with infrastructure improvements and capital improvement needs represent the greatest fiscal challenges facing the city."

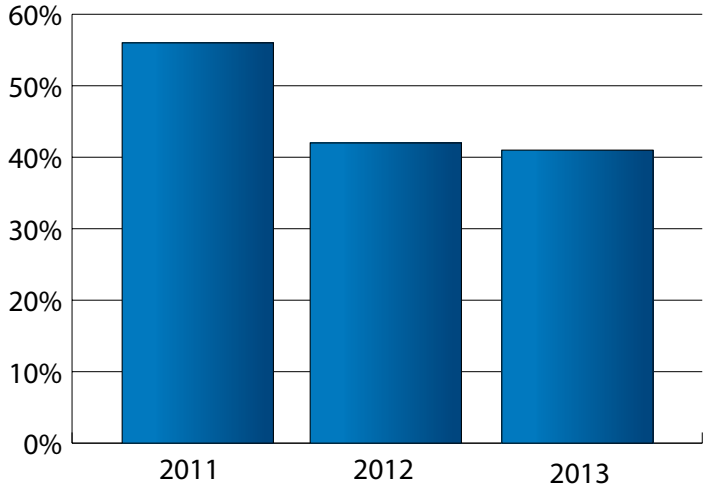
Finally, one of the major cost drivers for cities has been the increase in Public Employee Retirement System (PERS) rates, which jumped 73 percent from 2009-11 to 2013-15. There have been significant administrative and legislative changes made to the PERS in the last year. Administratively, the PERS Board reduced the assumed earnings rate from 8 percent to 7.75 percent, which will reduce long-term liabilities by decreasing annuity benefits, but will also result in a short-term increase in employer rates to make up for lower than anticipated investment earnings. On the legislative front, cost-of-living adjustments were reduced system-wide, first in the Legislature's regular session, and then again in a special session. All these changes, combined with above average market earnings, have resulted in a reduction in the unfunded actuarial liability (UAL)—the difference between what the retirement system owes and what it needs to pay those obligations—from $16.3 billion in 2011 to $11.1 billion in 2013. Employers can expect a system-wide average rate of approximately 18.65 percent of payroll. Had the Legislature not acted to adjust retirement benefits in the manner they did, employers could have expected a rate
between 22 and 25 percent. (Please note that the "system-wide average" is just that, and individual employer rates may vary widely throughout the system based on each employer's history.)

Use of Reserves Down Slightly

During the recession, many cities were reluctantly drawing on reserves. But the challenging budgetary decisions cities have made and the economic recovery have reduced the need to use reserves.

While 41 percent of survey respondents reported that their city's ending fund balance declined last year, that figure is less than what was reported over two years prior (see Figure 7), and 43 percent of cities report ending fund balances increased this year, up from only 36 percent two years ago.

Figure 7: Cities Reporting that Ending Fund Balance Declined



Cities Slowly Recovering, but Challenges Remain

The so-called Great Recession will have a lingering effect on city finances for years to come. Many cities cut or reduced important quality-of-life services and may not be able to add them back soon, if ever. And the backlog of deferred maintenance and delayed infrastructure projects promises to be more expensive than if undertaken on time. Add to this depleted reserve balances and cities have large holes to fill and little to fall back on.

In sum, cities are emerging from the worst challenges of the Great Recession, but still facing many others.

For additional information, contact Chris Fick at *cfick@orcities.org* or Allegra Willhite at *awillhite@orcities.org*. ■

How Are Cities Coping?

PORTLAND

In FY2013-14, Oregon's largest city faced a considerable general fund shortfall due to: passage of the Multnomah County Library District, which decreased city property tax revenues by about $8 million beginning in FY2013-14; a U.S. Department of Justice settlement; and several other factors. As a result, the city needed to reduce ongoing general fund discretionary costs by $21.5 million in FY2013-14. To do so, the city eliminated 142 full-time equivalent positions (FTE). The cuts included 55 FTE positions in the police bureau, including a reduction of 17 patrol officers; four regular companies within Portland Fire and Rescue, totaling 52 FTEs; and five FTEs in the parks and recreation bureau. The city enacted a voluntary retirement incentive program that helped open up positions that could be eliminated, resulting in fewer than 25 layoffs.

KLAMATH FALLS

The city faces a long-term budget shortfall due to rising expenditures, particularly PERS costs, which are expected to increase by around 20 percent. Property tax revenues have also slowed down significantly. In response, the city's FY2013-14 budget reduced the police department by two officers and shifts code enforcement staff to the department as well. The city also merged the finance and human resources departments to eliminate one managerial position.

ST. HELENS

While there have been clear signs of economic improvement in St. Helens, the city's recovery lags behind the welcome rise in activity. Building permit issuance is at near pre-recession levels and property tax values appear to have stabilized, though holding at recessed values. In order to face fiscal realities of the recession, the city's labor force has been reduced by a staggering 33 percent since 2008 in order to align revenues with expenditures without exhausting the city's reserves. These financial cuts have impacted services across the community, and valuable support to programs such as the food bank, senior center and public transportation have been suspended in lieu of preserving public safety and other essential services.

LAKE OSWEGO

Growth in property tax revenues is gradually falling behind Lake Oswego's rising employee benefit costs, in part because of ballooning retirement and health insurance expenses. The city is also facing significant infrastructure needs and has increased water and sewer rates significantly to fund projects that are primarily aimed at replacing aging pipes and facilities. This year's budget cut seven positions, eliminating much of the economic development program, as well as three long-range planners, a public communications staff member and two parks and recreation employees.

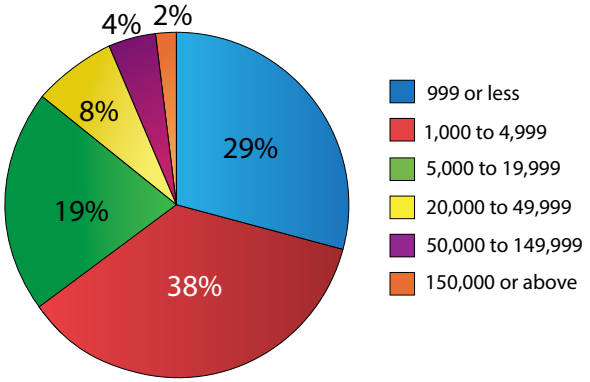
State of the Cities

Report Information

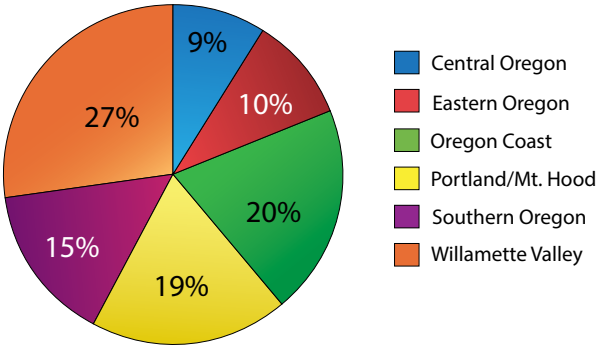
Survey Information

Of the state's 242 cities, 180 completed the League's annual survey—a 74 percent response rate. The survey consisted of 21 questions. Information about the respondents is below. A copy of the full survey and a list of respondents, as well as a copy of the full results, is available upon request.

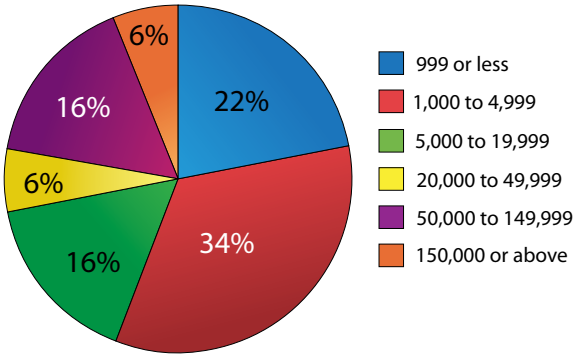
Survey Respondents by Population



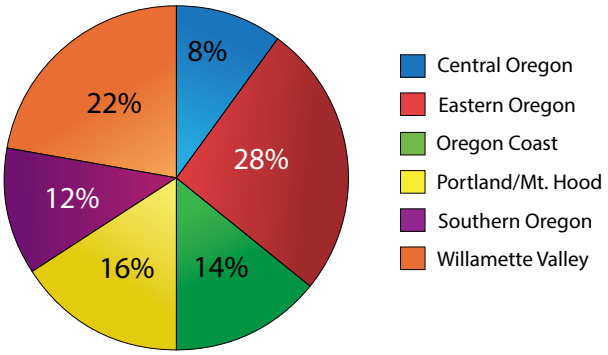
Survey Respondents by Region



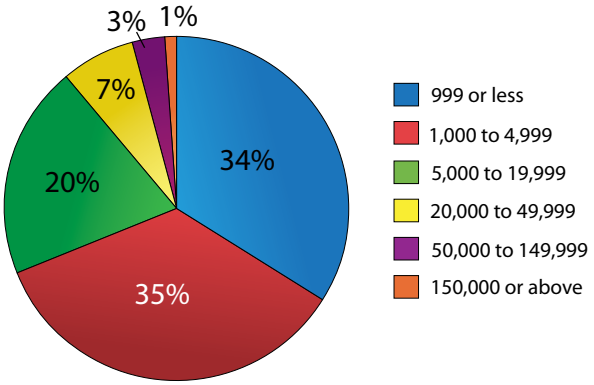
Audit Sample by Population



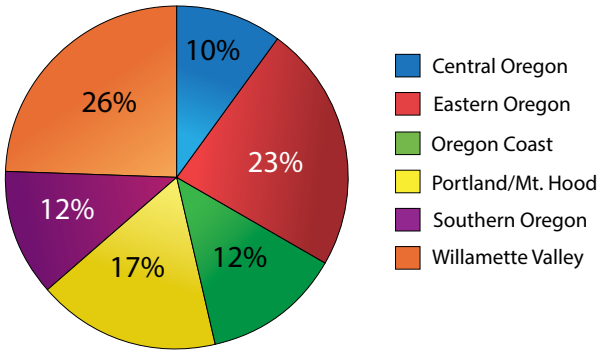
Audit Sample by Region



Oregon by Population



Oregon by Region



Financial Analysis Information

The League examined seven years worth of Comprehensive Annual Financial Reports (CAFR) for 50 cities (21 percent of all cities) in Oregon. The CAFRs were obtained from the Secretary of State's website. A full list of the cities analyzed, as well as the data and methodology, are available upon request. The cities analyzed are home to over 1.7 million, or 64 percent, of all Oregonians, and include a range of population sizes and geographic locations throughout the state.

LEAGUE of Oregon CITIES

State of the Cities

Methodology

State of the Cities 2014 Methodology Section

Table of Contents

Acknowledgements……p.2

Summary of Methods……p.3

Survey Questions……p.4

Survey Respondents……p.9

Sample Cities……..p.10

CAFR Report Data Gathering Methods……p.12

Acknowledgements

The State of the Cities report was made possible by the participation of 180 member cities (full list available on page 8). The League of Oregon Cities would like to extend a special thank you to intern Biff Jones for thorough data collection and careful documentation of the data collection process.

Summary of Methods

Introduction

This document provides a detailed explanation of the procedures used to gather data for the 2014 State of the Cities (SOC) report. Data came from two sources: 1) a survey of Oregon's 242 cities and 2) an in-depth analysis of annual financial data from Comprehensive Annual Financial Reports (CAFRs).

Annual Financial Survey

Of the state's 242 cities, 180 completed the League's annual survey – a 74 percent response rate. The survey consisted of 21 questions related to city finances and included a special section on land use (see next section). A complete list of respondents is available on page 9. Detailed survey results are available by contacting the League at (503)-588-6550.

CAFR Analysis

Comprehensive Annual Financial Reports, also known as audits, are available on the Oregon Secretary of State's website (http://egov.sos.state.or.us/muni/public.do). For the 2014 SOC report, data were gathered for a sample of 50 cities for fiscal years 2005-2006 to 2011-2012.[1] While not statistically representative, this sample provides insight into the fiscal realities of Oregon cities. The 50 cities were sampled using a modified stratified sampling method. The sample was selected from a list of all incorporated Oregon cities stratified by population and region. Adjustments were made to include the 10 largest cities. The final sample accounts for 64 percent of the total city population in Oregon and 21 percent of the total cities in Oregon. The cities represent a range of population sizes and geographic locations throughout the state. For a complete list of the cities in the sample and their population size and region, see Appendix C.

Although there are specific requirements for the types of financial statements cities must provide as a part of their audit reports, there is no consistency as to how cities categorize information. For this project, every attempt was made to consistently categorize the information provided, but some decisions were necessarily made at the researcher's discretion.[2] A step-by-step guide to the methodology used to determine various revenues and expenditure amounts is available in Appendix D. Complete notes on individual cities are also available; contact the League for details.

After the data was gathered, all numbers were adjusted using the Consumer Price Index - All Urban Consumers: Portland-Salem, OR-WA. The numbers were adjusted to 2010 dollars.

---

[1] Data for FY2011-12 were the most recent available; audit reports for the FY2012-113 year are not available until early 2014.

[2] Urban renewal revenues and expenditures were taken out of total city revenues when completing analysis.

2013 City Finance Survey

Basic Information:

City:
Your Name:
Job Title:
Email Address:
Phone Number:

What is the population of your city?

- ❍ 999 or less
- ❍ 1,000 to 2,499
- ❍ 2,500 to 4,999
- ❍ 5,000 to 19,999
- ❍ 20,000 to 49,999
- ❍ 50,000 to 149,999
- ❍ 150,000 or above

Where is your city located?

- ❍ Central Oregon
- ❍ Eastern Oregon
- ❍ Oregon Coast
- ❍ Portland metropolitan region
- ❍ Southern Oregon
- ❍ Willamette Valley

1. Overall, would you say that your city is better or less able to meet its financial needs in FY2013-2014 than last fiscal year?

- ❍ Better able
- ❍ Less able
- ❍ About the same

2. Overall, do you anticipate your city being better or less able to address its financial needs in the next fiscal year (FY2014-2015) compared to this fiscal year?

- ❍ Better able
- ❍ Less able
- ❍ About the same

3. Please indicate which actions your city has taken for the 2013-14 fiscal year:

	Increase in 2013-14	Maintain	Decrease in 2013-14	Not Applicable
Fees/charges/licenses	❍	❍	❍	❍
Overall service levels	❍	❍	❍	❍
Number of city FTEs	❍	❍	❍	❍
Actual infrastructure spending	❍	❍	❍	❍
Public safety spending	❍	❍	❍	❍
Total operating spending	❍	❍	❍	❍
Employee wages	❍	❍	❍	❍
Use of furloughs	❍	❍	❍	❍
Employee contribution to health insurance	❍	❍	❍	❍
Hiring freezes	❍	❍	❍	❍

4. In FY2012-13, how did your city's ending general fund balance change as compared to FY2011-12?

❍ Increase
❍ Decrease
❍ No change

5. Did your city institute any new sources of revenue that will take effect in FY2013-14?

❍ No
❍ Yes

If yes, please describe.

6. Do you expect future property tax revenues to:

❍ Exceed current service level needs
❍ Keep pace with current service level needs
❍ Fall short of current service level needs
❍ Not applicable

7. Do you expect future property tax revenues to:

❍ Increase
❍ Decrease
❍ Stay roughly the same
❍ Not applicable

8. Compared to five years ago, do property taxes now constitute a larger share of your city's general fund revenues?

- ❍ Yes, property tax revenues are making up a larger percentage of the general fund
- ❍ No, property tax revenues are making up a smaller percentage of the general fund
- ❍ There's been no significant change
- ❍ Not sure or don't know

9. Do you anticipate your current total general fund revenue sources will:

- ❍ Exceed current service level needs
- ❍ Keep pace with current service level needs
- ❍ Fall short of current service level needs

10. Has your city seen an increase, decrease, or no change in citizen demand for services in the last fiscal year?

- ❍ Increase
- ❍ Decrease
- ❍ No change

11. Do you expect future citizen demand for services to:

- ❍ Increase
- ❍ Stay the same
- ❍ Decrease
- ❍ Align with revenues

12. Over the last several years cities have taken a wide range of budget-balancing actions. If any of your city’s actions have had unintended consequences, please describe briefly (e.g. my city reduced patrol hours and now we have seen an increase in graffiti incidents).

13. Has your city reduced the number of staff, services, hours of operations, or city financial support for any of the following areas in the last fiscal year?

	Yes	No	Not applicable
City Hall:	❍	❍	❍
Libraries:	❍	❍	❍
Senior services:	❍	❍	❍
Planning/Permitting:	❍	❍	❍
Public events/arts/etc.	❍	❍	❍
Police services:	❍	❍	❍
Fire services:	❍	❍	❍
Social services:	❍	❍	❍
Transit/Transportation services:	❍	❍	❍
Recreational facilities and/or activities:	❍	❍	❍
Parks/Green spaces/Natural areas:	❍	❍	❍

Please feel free to provide us with additional information on the cuts your city has made to the areas above.

14. Has your city deferred maintenance on any of the following in the last three years (check all that apply)?

- ❑ Water, sewer or stormwater infrastructure
- ❑ Roads, bridges, sidewalks and other transportation infrastructure
- ❑ Other (fleets, buildings, etc.)
- ❑ No, my city has not deferred maintenance in the last three years
- ❑ Not applicable (my city does not provide these services)

15. Has your city seen an increase in building permits issued over the last few months compared to a similar time period in 2012?

- ❍ Yes
- ❍ No, we've seen no significant change in the number of permits issued
- ❍ No, we've issued fewer permits recently than the same time period last year
- ❍ Not applicable

16. Has the housing market in your community improved over the last year?

- ❍ Yes, it has improved significantly
- ❍ Somewhat, it is starting to show signs of improvement
- ❍ The housing market has gotten slightly worse over the last year
- ❍ No, the housing market has gotten significantly worse over the last year
- ❍ Not sure or don't know

17. Has your city seen an increase in business licenses issued over the last few months compared to the same time period in 2012?

- ❍ Yes
- ❍ No, we've seen no significant change in the number of permits issued
- ❍ No, we've issued fewer permits this year than the same time period last year
- ❍ We do not issue business licenses

18. What are some of the most significant fiscal and operational challenges facing your city?

19. Please provide any additional comments below:

SPECIAL SECTION: LAND USE POLICY

The following two questions will help us gather information on important upcoming land use issues:

20. Does your city have a special district operating within the city's urban growth boundary or incorporated boundaries?

- ❍ Yes
- ❍ No (If no, please skip to question 21.)

20a. Do you have an urban services agreement with any special districts providing the following services within your city or urban growth boundary (check all that apply)?

Note: Urban service agreements refer to agreements formed pursuant to ORS 195.020 to address how services will be provided in urban areas (both within urban growth boundaries and cities) and how services can be transitioned from special districts to cities, where appropriate. ORS 195 provides a specific structure and delineates a number of areas that must be considered and included within the agreement. These are separate agreements than intergovernmental agreements permitted under ORS 190.

	Not Applicable (special district does not provide this service)	Have Urban Service Agreement	Don't have Urban Services Agreement	Not Sure or Don't Know
Water	❑	❑	❑	❑
Sewer	❑	❑	❑	❑
Fire	❑	❑	❑	❑
Parks and Recreation	❑	❑	❑	❑
Other Service	❑	❑	❑	❑

20b. Why do you not have an urban services agreement (check all that apply)?

- ❑ Special district will not negotiate
- ❑ Can't agree on terms
- ❑ Didn't know it was required
- ❑ Not sure or don't know
- ❑ Waiting for county to convene the group
- ❑ Too expensive to pursue the agreement
- ❑ Have an intergovernmental agreement under ORS 190 instead
- ❑ Special district and city agree it is unnecessary
- ❑ Other
- ❑ Not applicable

If you selected "Other" in the question above, please explain in the text box below:

21. In the last 10 years, have you used any of the following to finance infrastructure for water, sewer, stormwater or streets (check all that apply)?

- ❑ Local Improvement Districts
- ❑ Urban Renewal
- ❑ SDCs
- ❑ Reimbursement District
- ❑ No, have not used any of the above to finance infrastructure for water, sewer, stormwater, or streets
- ❑ Not sure or don't know

21a. Please select the reason why you have not used any of the financing options listed in the previous question (check all that apply):

- ❑ Too many restrictions
- ❑ Don't know how
- ❑ Too time-consuming
- ❑ Too expensive
- ❑ Cannot get public approval/developer approval
- ❑ Used another source of financing (please explain in text box below)
- ❑ Other reasons (please explain in text box below)
- ❑ No infrastructure was built or extended in the last 10 years
- ❑ Not applicable

If you selected "Other reasons" above, please explain the other reasons in the text box below:

Survey Respondents

Adair Village
Adams
Albany
Amity
Arlington
Ashland
Athena
Aumsville
Aurora
Baker City
Banks
Bay City
Beaverton
Boardman
Brookings
Brownsville
Burns
Butte Falls
Canby
Cannon Beach
Canyonville
Carlton
Cascade Locks
Cave Junction
Central Point
Chiloquin
Clatskanie
Coburg
Columbia City
Condon
Coos Bay
Coquille
Cornelius
Corvallis
Cottage Grove
Cove
Culver
Dallas
Damascus
Dayton
Dayville
Depoe Bay
Detroit
Drain
Dufur
Dundee
Eagle Point
Enterprise
Estacada
Eugene
Fairview
Falls City
Florence
Forest Grove
Fossil
Gervais
Gladstone
Glendale
Gold Beach
Gold Hill
Gresham
Halfway
Halsey
Happy Valley
Harrisburg
Helix
Heppner
Hillsboro
Hines
Hubbard
Huntington
Idanha
Independence
Irrigon
Island City
Jacksonville
Jefferson
John Day
King City
Klamath Falls
La Grande
La Pine
Lafayette
Lake Oswego
Lakeside
Lakeview
Lebanon
Lexington
Lincoln City
Lonerock
Long Creek
Lyons
Madras
Malin
Manzanita
Maupin
McMinnville
Medford
Merrill
Metolius
Mill City
Millersburg
Milwaukie
Mitchell
Molalla
Monmouth
Monroe
Monument
Moro
Mt. Angel
Mt. Vernon
Myrtle Creek
Myrtle Point
Nehalem
Newberg
North Plains
North Powder
Nyssa
Oakland
Oakridge
Ontario
Oregon City
Paisley
Pendleton
Phoenix
Portland
Powers
Prairie City
Prineville
Rainier
Redmond
Richland
Riddle
Rivergrove
Rockaway Beach
Rogue River
Roseburg
Salem
Sandy
Scappoose
Scio
Scotts Mills
Shady Cove
Shaniko
Sheridan
Sherwood
Siletz
Silverton
Sisters
Sodaville
Spray
Springfield
St. Helens
Stanfield
Stayton
Sweet Home
Tangent
The Dalles
Tigard
Toledo
Tualatin
Turner
Ukiah
Umatilla
Union
Unity
Vale
Veneta
Vernonia
Waldport
Wallowa
Waterloo
West Linn
Westfir
Weston
Wilsonville
Winston
Wood Village
Yamhill
Yoncalla

Sample Cities

City	Population	County	Location
Richland	155	Baker	Eastern
Jordan Valley	180	Malheur	Eastern
Ukiah	185	Umatilla	Eastern
Rufus	250	Sherman	Central
Adams	350	Umatilla	Eastern
Scotts Mills	355	Marion	Valley
Manzanita	600	Tillamook	Coastal
Weston	670	Umatilla	Eastern
Condon	685	Gilliam	Central
Powers	690	Coos	Coastal
Halsey	910	Linn	Valley
Coburg	1,040	Lane	Valley
Joseph	1,085	Wallowa	Eastern
Cave Junction	1,145	Jefferson	Central
Lyons	1,160	Linn	Valley
Riddle	1,185	Douglas	Southern Oregon
Culver	1,365	Jefferson	Central
Depoe Bay	1,400	Lincoln	Coastal
John Day	1,750	Grant	Eastern
Vale	1,875	Malheur	eastern
Union	2,130	Union	Eastern
Lakeview	2,295	Lake	eastern
Estacada	2,730	Clackamas	Portland/Mt. Hood
Burns	2,805	Harney	Eastern
Myrtle Creek	3,440	Douglas	Southern Oregon
Coquille	3,865	Coos	Coastal
Veneta	4,565	Lane	Valley
Philomath	4,590	Benton	Valley
Seaside	6,070	Clatsop	Coastal
Brookings	6,350	Curry	Coastal
Astoria	9,475	Clatsop	Coastal
Sandy	9,655	Clackamas	Portland/Mt. Hood
Canby	15,830	Clackamas	Portland/Mt. Hood
Pendleton	16,605	Umatilla	Eastern
Hermiston	16,795	Umatilla	Eastern
Wilsonville	19,525	Washington	Portland/Mt. Hood
Ashland	20,095	Jackson	Southern Oregon
Klamath Falls	20,925	Klamath	Southern Oregon
Roseburg	21,660	Douglas	Southern Oregon
Albany	50,325	Linn	Valley
Corvallis	54,460	Benton	Valley
Springfield	59,425	Lane	Valley
Medford	74,980	Jackson	Southern Oregon
Bend	76,740	Deschutes	Central
Beaverton	89,925	Washington	Portland/Mt. Hood
Hillsboro	91,970	Washington	Portland/Mt. Hood
Gresham	105,595	Multnomah	Portland/Mt. Hood
Salem	155,100	Marion	Valley
Eugene	156,295	Lane	Valley
Portland	583,775	Multnomah	Portland/Mt. Hood

CAFR Report Data Gathering Methods

I. Statement of Purpose

This section highlights the data categories collected for the State of the Cities report that have multiple sources. It also outlines the methods that were used to generate data systematically and acts as a guide to any user who may want to replicate the results found by the League. A clear understanding of these methods will help analysts become cognizant of key data complexities and empower them to draw more accurate conclusions.

II. Source

Information was gathered from Comprehensive Annual Financial Reports (CAFR). The two primary sources of information were: (1) the city-wide statement of net assets (hereafter referred to as st.n.a.) and (2) the statement of revenues, expenditures, and changes in fund balances for all governmental funds (hereafter referred to as st.r.e.c.f.b.). It is possible that all of the relevant data can be derived from these two statements alone; however, many data categories require significant reliance on supplementary documentation. For example, the st.r.e.c.f.b. always reports tax revenues, but rarely identifies what amount is derived from property taxes. Section III outlines the methods used for working through this and other difficult data gathering issues.

III. Data Categories with Irregular Sources & Related Data Gathering Methods

Data categories not discussed in this section are almost always reported clearly and explicitly by the two primary financial statements (st.n.a. and st.r.e.c.f.b.) and require no special explanation.

The five data categories that sometimes require reference to supplemental documentation or need particular explanations are:

- Governmental Fund property tax revenues
- Property tax revenues reserved for urban renewal
- Other urban renewal revenue (non-property tax)
- Total urban renewal revenue
- Total urban renewal expenditures

Explanations are written as a how-to guide so that any person can follow the instructions and replicate the same results found by the League.

Governmental Fund property tax revenues

Step 1. If property tax revenues are directly reported by the statement of revenues, expenditures, and changes in fund balances (hereafter st.r.e.c.f.b.), use the directly reported figure and disregard the remaining steps.

Step 2. Identify all of the specific governmental funds that are eligible for property tax revenues. This can usually

be done by observing which funds receive "tax" revenues as reported by the st.r.e.c.f.b. Next, examine all relevant governmental fund st.r.e.c.f.b. to determine if property taxes are explicitly reported at that level. If so, sum all of the explicitly stated property tax figures and disregard the remaining steps.
CAUTION to step 2: It is very important to verify that all property tax revenues are accounted for. If the General Fund, for example, reports tax revenue but does not report property tax revenue explicitly, then step 2 is probably not an accurate source for property tax data.

Step 3. If property tax receipts are directly reported by the statement of activities AND a property tax specific reconciliation number is available on the "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Governmental Activities on the Statement of Activities," THEN reconcile the statement of activities property tax figure and disregard the remaining steps.
NOTE to step 3: Most reconciliation statements report changes that need to be made to the "net change in fund balances" (usually at the top of the page) to arrive at the governmental activities' change in net assets (usually at the bottom of the page). If this is the case, subtract the property tax reconciliation figure from the statement of activities property tax figure to arrive at the estimated st.r.e.c.f.b. p.t. figure. If the reconciliation statement is reversed (with governmental activities' change in net assets at the top and the net change in fund balances at the bottom), the reconciliation figure should be added to, not subtracted from, the statement of activities figure.
CAUTION to step 3: As a general rule, the statement of activities will report a property tax figure greater than the statement of revenues, expenditures, and changes in fund balances. This is because the statement of activities assigns value to property taxes when levied, regardless of their current value, whereas the statement of revenues, expenditures, and changes in fund balances only assigns value to revenues that provide "current financial resources."

Step 4. Check to see if the financial statements include a "schedule of property tax transactions" or something like it. If so, sum all current fiscal year tax collections, including payments for property taxes levied in prior years.
NOTE to step 4: The result to this step will probably not conform algebraically to the figures in the st.r.e.c.f.b. due to accounting and timing idiosyncrasies. Therefore, property tax data derived from this step is fundamentally different from the data derived from the previous steps and these differences should be clearly noted in the database and in any analysis that is done.

Step 5. Use your best judgment to glean any alternative property tax information that may be available in the financial statements, but clearly note where the data comes from using page numbers and specific footnotes.
NOTE to step 5: Data retrieved in this manner is fundamentally different from data derived from previous steps, but might be useful at the city-level if the city consistently reports property tax revenues from year to year. Analysis of this data could reveal meaningful insights into that particular city.

Property tax revenues reserved for urban renewal

The irregularities that arise for this data category are closely aligned to those that complicate the “Governmental Fund property tax revenues” data category. Therefore, the method outlined here is very similar to the one outlined for Governmental Fund property tax revenues above. However, these steps refer primarily to the Urban Renewal Agency’s own financial statements rather than the city-wide CAFR.

Step 1. If property tax revenues are directly reported by the urban renewal st.r.e.c.f.b. (hereafter UR st.r.e.c.f.b.), use the directly reported figure and disregard the remaining steps.

Step 2. Identify all of the specific governmental funds that are eligible for property tax revenues. This can usually be done by observing which funds receive "tax" revenues as reported by the UR st.r.e.c.f.b. Next, examine all relevant st.r.e.c.f.b. to determine if property taxes are explicitly reported at that level. If so, sum all of the explicitly stated property tax figures and disregard the remaining steps.
CAUTION to step 2: It is very important to verify that all property tax revenues are accounted for. If the General Fund, for example, reports tax revenue but does not report property tax revenue explicitly, then step 2 is probably not an accurate source for property tax data.

Step 3. If property tax receipts are directly reported by the urban renewal st.a. AND a property tax specific reconciliation number is available on the urban renewal "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Governmental Activities on the Statement of Activities," THEN reconcile the statement of activities property tax figure and disregard the remaining steps.
NOTE to step 3: Most reconciliation statements report changes that need to be made to the "net change in fund balances" (usually at the top of the page) to arrive at the governmental activities' change in net assets (usually at the bottom of the page). If this is the case, subtract the property tax reconciliation figure from the statement of activities property tax figure to arrive at the estimated st.r.e.c.f.b. p.t. figure. If the reconciliation statement is reversed (with governmental activities' change in net assets at the top and the net change in fund balances at the bottom), the reconciliation figure should be added to, not subtracted from, the statement of activities figure.
CAUTION to step 3: As a general rule, the statement of activities will report a property tax figure greater than the statement of revenues, expenditures, and changes in fund balances. This is because the statement of activities assigns value to property taxes when levied, regardless of their current value, whereas the statement of revenues, expenditures, and changes in fund balances only assigns value to revenues that provide "current financial resources."

Step 4. Check to see if the urban renewal financial statements include a "schedule of property tax transactions" or something like it. If so, sum all current fiscal year tax collections, including payments for property taxes levied in prior years. Urban renewal property tax revenues may also be explicitly reported by a “schedule of property tax transactions” in the city-wide CAFR.
NOTE to step 4: The result to this step will probably not conform algebraically to the figures in the st.r.e.c.f.b. due to accounting and timing idiosyncrasies. Therefore, property tax data derived from this step is fundamentally different from the data derived from the previous steps and these differences should be clearly noted in the database.

Step 5. Use your best judgment to glean any alternative property tax information that may be available in the financial statements, but clearly note where the data comes from using page numbers and specific footnotes.
NOTE to step 5: Data retrieved in this manner is fundamentally different from data derived from previous steps, but might be useful at the city-level if the city consistently reports property tax revenues from year to year. Analysis of this data could reveal meaningful insights into that particular city.

Other urban renewal revenue (non-property tax)

Sum all individual revenue streams that are reported on the st.r.e.c.f.b. and then subtract the UR property tax estimate that was generated by the steps above.

Total urban renewal revenue

Figure from the UR st.r.e.c.f.b. In order to ensure that the component UR revenue parts sum up to 100 percent of all revenues reported on the UR st.r.e.c.f.b., double check to verify that it has been entered accurately.

Total urban renewal expenditures

Figure from the UR st.r.e.c.f.b. Enter the number and then double check to verify that it has been entered accurately.