



City of Bend

Audit Results for the City's Audit Committee
Fiscal year ended June 30, 2022



Agenda

Engagement team

Nature of services provided

Significant audit areas

Auditor opinions/reports

Required auditor communication

Accounting update



Engagement team

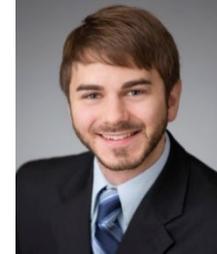
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Nature of Services Provided

1 Audit the City and BURA financial statements in accordance with GAAS and GAGAS

2 Technical assistance and review of each respective financial statement for compliance with GAAP as well as City's ACFR for GFOA Certificate of Excellence

3 Compliance testing/reporting under Oregon Minimum Audit Standards

4 Single Audit of City's federal grant programs under Uniform Guidance



Auditor's Report on the Financial Statements

Report of Independent Auditors

Honorable Mayor and City Council
City of Bend, Oregon
Bend, Oregon

Report on the Audit of the Financial Statements

Opinions

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 Bend, Oregon (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.



Required Communication to those Charged with Governance

Timing of the audit occurred as planned.

Financial statement drafting assistance was provided by Moss Adams.

No audit adjustments were necessary to issue an unmodified opinion.



Significant Audit Areas



Cash and investments

- Confirmed balances, tested investment valuations and Oregon legal compliance requirements. Balances were properly reported.

Revenue and receivables

- Reviewed agreements, tested cash receipts collected subsequent to FYE, and confirmed balances. Amounts are materially correct.

Capital assets

- Tested additions and disposals, and reasonableness of useful lives to depreciate assets. Capital assets are materially correct.

Leases

- Tested both lessee and lessor transactions, including discount rates and length of agreements. Statement 87 was properly implemented and noted appropriate balances and disclosures.

Significant Audit Areas

Long-term liabilities

- Confirmed debt balances, reviewed actuarial reports and assumption for pension and OPEB balances. Estimates were supported and key disclosures were understandable.

Financial close and reporting

- Completed GAAP disclosure checklist for required GAAP and GFOA reporting elements. City ACFR found to be in compliance.

Federal grants

- Tested SEFA and two major federal programs: Coronavirus State and Local Fiscal Recovery Funds (aka ARPA) and Clean Water State Revolving Fund Cluster. No findings to report.

Oregon Minimum Standards

- Tested applicable ORS requirement, and no compliance issues were reported.



Auditor Opinion on the Financial Statements

Auditor's opinion on the financial statements for the City and BURA

- Unmodified 'clean' opinions

Report on Compliance and Other Matters based on an audit of financial statements in accordance with Oregon Minimum Standards

- No control findings
- No compliance findings



Other Auditor Reports

GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

- No control findings
- No compliance findings

Report on Compliance with Requirements that could have a Direct and Material Effect on the Major Federal Programs and on Internal Control Over Compliance in accordance with the Uniform Guidance for Federal Awards (2 CFR Part 200)

- No control findings
- No compliance findings



Planned Scope & Timing of the Audit

Our Comments

We issued our reports on December 12, 2022, which is in line with our originally agreed to plan and the prior year issuance date. The audit was submitted to the State ahead of the December 31, 2022 filing due date.



Significant Accounting Policies & Unusual Transactions

Our Comments

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the Footnotes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. We believe management has selected and applied significant accounting policies appropriately and consistent with requirements and those of the prior year.

One significant new accounting standard implemented during the year was GASB Statement No. 87, *Leases*.



Lessee transactions (someone leases the City an asset)

Our Comments

We noted all leases in scope are reflected as right-to-use lease assets and lease liabilities on the statement of net position and are appropriately valued. Amortization expense for right-to-use lease assets and interest expense for lease liabilities are recorded correctly as to the account, amount, and period, and right-to-use lease assets and lease liabilities are remeasured for changes in lease terms or other key estimates, and changes are appropriately recorded. Government-wide, the City added right-to-use lease assets of \$41.7M and lease payables of \$42.3M as of June 30, 2022.



Lessor transactions (City leases an asset to someone)

Our Comments

We noted all leases in scope are reflected as lease receivables and deferred inflows of resources on the statement of net position and are appropriately valued. Interest income and the allocation of inflow of resources (lease revenue) for leases are recorded correctly as to the account, amount, and period, and lease receivables are remeasured for changes in lease terms or other key estimates, and changes are appropriately recorded. Government-wide, the City added lease receivables of \$21.0M and deferred inflows of resources relating to leases of \$20.7M as of June 30, 2022.



Management Judgments & Accounting Estimates

Our Comments

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the financial statements.

Significant management estimates impacting the financial statements include the following: Useful lives of capital assets, allowances for doubtful accounts, lease discount rate and extending lease terms, and estimated liabilities for claims and judgments, OPEB, and PERS.

We deemed the estimates to be based on reasonable inputs and assumptions and consistently applied. No significant changes in estimates were noted during our audit.



Key Financial Statement Disclosures

Our Comments

The most sensitive disclosures are:

- Note 1 – Summary of significant accounting policies
- Note 2 – Cash and investments
- Note 11 – Long-term debt
- Note 12 – Risk management
- Note 14 – Pension plan
- Note 15 – Other post-employment benefits (OPEB)



Difficulties Encountered in — Performing the Audit

Our Comments

No significant difficulties were encountered during our audit.



Significant Audit Adjustments & Unadjusted Differences Considered by Management To Be Immaterial

Our Comments

We have no corrected or uncorrected audit adjustments to report



Potential Effect on the Financial Statements of Significant Risks & Exposures & Uncertainties

Our Comments

The City is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statements.



COMMUNICATION WITH GOVERNING BODY

— Disagreements with Management

Our Comments

We are pleased to report that there were no disagreements with management.



Deficiencies in Internal Control

Our Comments

- Material weakness
 - None noted
- Significant deficiencies & non-compliance
 - None noted



Representations Requested of Management

Our Comments

We received the representation letter from management prior to issuing our reports.



Management's Consultation with Other Accountants

Our Comments

We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.



Other Communications

Our Comments

An IT memo was provided to the City on November 30, 2022, discussing our recommendations.

Other than that memo, the audit contract and the management representation letter, there have been no other significant audit communications.



Fraud & Noncompliance with Laws — and Regulations

Our Comments

We have not become aware of any GAGAS reportable instances of fraud or noncompliance with laws and regulations for the year ending June 30, 2022.



Accounting Update



New GASB Statements

No. 91, *Conduit Debt Obligations* – effective for FY June 30, 2023

No. 94, *Public-Private and PPP Arrangements* – effective for FY June 30, 2023

No. 96, *Subscription Based IT Arrangements* – effective for FY June 30, 2023

No. 99, *Omnibus 2022* – effective for FY June 30, 2023 and 2024 (depending on the requirement)

No. 100, *Accounting Changes and Error Corrections* – effective for FY June 30, 2024

No. 101, *Compensated Absences* – effective for FY June 30, 2025





**THANK
YOU**

