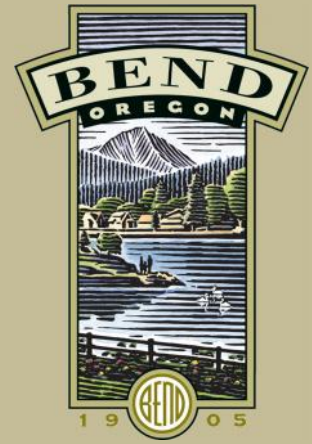


CITY OF
Bend
OREGON



Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2012

Photo provided by B. Slyter



www.bendoregon.gov

CITY OF BEND, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2012

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CITY OF BEND, OREGON

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INTRODUCTORY SECTION



December 21, 2012

Honorable Mayor Jeff Eager
Members of the City Council and
Citizens of the City of Bend, Oregon

The Comprehensive Annual Financial Report (CAFR) of the City of Bend, Oregon (the City) for the fiscal year ended June 30, 2012 is hereby submitted.

FINANCE
DEPARTMENT

710 NW WALL STREET
PO Box 1024
BEND, OR 97701
[541] 388-5505 TEL
[541] 385-6675 FAX
WWW.CI.BEND.OR.US

This report presents the City's financial position as of June 30, 2012 and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly present the financial position and results of operations of the various funds of the City.

The accuracy of the City's financial statements and the completeness and fairness of their presentation are the responsibility of City management. The City maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

JEFF EAGER
Mayor

JODIE BARRAM
Mayor Pro Tem

TOM GREENE
City Councilor

SALLY RUSSELL
City Councilor

JIM CLINTON
City Councilor

MARK CAPELL
City Councilor

SCOTT RAMSAY
City Councilor

ERIC KING
City Manager

SONIA ANDREWS
Finance Director

Talbot, Korvola & Warwick LLP, Certified Public Accountants, have issued an unqualified or "clean" opinion on the City's financial statements for the fiscal year ended June 30, 2012. The independent auditor's opinion is located at page 1 in the Financial Section of this report.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a 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 is located on page 3 immediately following the independent auditor's opinion.

City Profile

The City is located in Central Oregon, just east of the Cascade mountain range and encompasses an area of 32.5 square miles. Originally a small mill town in the early 20th century, Bend is now the largest city in Central Oregon with a population estimate of 76,925. Bend serves as the seat for Deschutes County and as the hub of economic activity in a three-county region including Deschutes, Jefferson and Crook counties. Bend is the principal city of the Bend Metropolitan Statistical Area (Bend MSA).

The City was founded in 1904 and incorporated in 1905. It is organized under a council/manager form of government and is served by a seven member Council. Councilors are elected to four-year terms and select a mayor and mayor pro-tem from among themselves, each for a term of two years. The Council sets policies and enacts ordinances. The City Council hires and directs a City Manager who is the City's Chief Executive Officer. The City Manager is responsible for the administration of the City and manages a staff of eight department heads with approximately 450 full-time equivalent employees.

The City provides a full range of municipal services which include police, fire protection and suppression, emergency medical services, a municipal court, community development and planning, building permit and inspection activities, economic development, water, water reclamation and stormwater operations, construction and maintenance of streets, sidewalks and other public facilities. The City also operates an airport, a cemetery and downtown parking. The City operated a transit system until September 1, 2010 when the City entered into an agreement transferring the management for transit operations to Central Oregon Intergovernmental Council. During 2012, the transfer of the transit system's ownership was completed.

In addition to the above general government activities, the City has a Bend Urban Renewal Agency (BURA). BURA is a legally separate entity first established in 1984 to address redevelopment of a 236 acre area of downtown Bend. In 2005, the Juniper Ridge Urban Renewal Plan was adopted for development of approximately 700 acres of land in northeast Bend. In 2008, the Murphy Crossing Urban Renewal Plan was adopted for transportation and public utility improvements in southeast Bend. The accompanying financial statements include the activities of BURA.

The City's budget document is prepared for a 24-month period beginning July 1 of odd-numbered years. The City's budget is prepared in accordance with provisions of the Oregon Local Budget Law (ORS Chapter 294), which provides standard procedures for the preparation, presentation, administration and appraisal of budgets. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced. A budget is prepared for each fund requiring appropriations. Expenditure budgets are appropriated by program or department. Budgeted expenditures at the appropriation level may not legally be overspent.

The budget is presented to the public through public hearings held by a budget committee consisting of an equal number of City Council members and citizens-at-large. After giving due consideration to the input received from the citizens, the City Council adopts a resolution that adopts the budget, authorizes the levying of taxes and sets appropriations. The budget serves as the foundation for the City's financial planning and control.

Local Economy and Outlook

Bend started as a logging town but is now a gateway for many outdoor recreational activities such as mountain biking, fishing, golfing, skiing and rock climbing. The employment base and economic base have expanded to include a variety of businesses serving tourism, government, healthcare, utilities, high technology and research and most recently microbreweries. Over the last 10 years, Bend experienced a large influx of new residents drawn by the lifestyle. Population grew significantly as a result of this influx, by 33% from 2003 to 2012 (57,750 in 2003 to 76,925 in 2012). Low interest rates and easy lending fostered explosive home construction in 2001-2005, causing the rate of home price appreciation in Bend to grow substantially during that period. In June 2006, Money Magazine named the Bend MSA the fifth most overpriced real estate market in the United States. By September 2006, the Bend metro area ranked second in the list of most overpriced housing markets, and in June 2007 it was named the most overpriced housing market in America.

The 2008-2009 housing downturn had a significant impact on Bend's housing and economic situation. Unemployment (seasonally adjusted) in the Bend MSA reached 15.5% in June 2009 and home foreclosure activity was the highest in the state. In May 2010, the Federal Housing and Finance Agency released a report in which Bend had the largest price drop in the country, 23% from first quarter of 2009 to the first quarter of 2010.

During fiscal year 2011-12, Bend's economy continued its slow recovery but remains fragile with unemployment at 11.1% as of June 2012. Tourism provided a boost with visitor numbers picking up as national sporting events selected Bend for various championship events. Small businesses across various industries, such as microbreweries, are cautiously starting to expand. However the distressed housing market will prevent the economy from improving more quickly. Longer term, in-migration will continue to drive the growth in Bend.

Long-Term Financial Planning

Like many other communities, the City has been confronted with serious budget shortfalls driven by the downturn in real estate development and recession. In response, the City Council took proactive steps to limit new funding requests, reduce expenditures which included staff reductions and implemented other personnel cost savings measures. Despite the reductions made, the City's five-year financial projections reveal structural deficits where revenues are insufficient to support the current level of programs and services being provided to our citizens. Long term funding solutions are still needed for public safety, street maintenance and other basic services. Funding basic services, while maintaining adequate General Fund reserves, remains a top priority for the City's management. The City updates its long term financial projections on an on-going basis and conducts annual financial strategy work sessions with City Council to identify both current and long term funding needs and challenges. The next financial strategy work session has been scheduled for January 2013 to discuss funding issues and ensure the long term financial stability of the City.

Major Initiatives

As a result of the explosive growth in population and real estate development from the mid 1990's to 2008, significant infrastructure improvements are needed to provide additional capacity. Water and sewer capital investments are also needed to meet federal and state mandates and address aging infrastructure. A number of significant initiatives, outlined below are underway in Bend to ensure the City's continued economic health and ability to provide services to its residents and businesses.

Surface Water Improvement Project - The City plans to replace 11 miles of aging pipeline that transport water from its surface water source to a new water treatment facility at the City's Outback site. The City is required to treat its surface water for Cryptosporidium in order to comply with federal regulatory requirements under the Safe Drinking Water Act (SDWA) and the Environmental Protection Agency's rules implementing the SDWA, known as the LT2 rule. The Surface Water Improvement Project is estimated to cost approximately \$70 million and will be funded by water rates. Currently design for the water pipeline is complete. The City has purchased the steel and the pipeline is being fabricated. However, construction is on hold due to a federal lawsuit filed that has resulted in a federal injunction against the project. The lawsuit claims the United States Forest Service failed to adequately study what effects the City's Surface Water Improvement Project would have on fish and wetlands in issuing a Special Use Permit for the City's project. Potential financial implications and the standing of the project are unknown at this point.

Secondary Treatment Expansion Project - The Secondary Treatment Expansion Project at the Water Reclamation Facility is at 95% design. The City expects to begin construction of this \$38.8 million project in the Spring of 2013 with completion in the Spring of 2016. This project will increase treatment plant capacity from the current 6 million gallons/day to 8.5 million gallons/day.

Sewer Collection System Improvements - These improvements include expansion of the complex network of underground infrastructure and above ground facilities that collect wastewater throughout the City and convey it to the Water Reclamation Facility for safe and efficient treatment. The City is in the process of updating its Collection System Master Plan (CSMP) to address both short term and long term sewer solutions. A Sewer Infrastructure Advisory Group (SIAG), made up of 18 citizens, has been created to work with City staff and consultants on sewer solutions. Existing sewer interceptor projects have been put on hold pending the outcome of the updated CSMP.

Transportation Infrastructure Improvements - On May 17, 2011 voters approved a \$30 million General Obligation Bond to fund various roundabouts and intersection improvements including improvements to Reed Market road. The bond measure will cost taxpayers an average of 22 cents per \$1,000 of assessed value. During fiscal year 2011-12 work began on the roundabouts at Empire & 18th, Simpson & Mt. Washington, and Powers & Brookwood.

Airport Development - In the fall of 2010, the City began an Airport Master Plan update to identify current and long term needs of the airport. The Master Plan is expected to be complete within 2 to 6 months. Preliminary recommendations include runway extension, construction of a helicopter landing area, traffic pattern modifications and other improvements. In fiscal year 2011-12, the City received \$3.4 million from the Federal Aviation Administration (FAA) for the construction of Taxiway A. Subsequent to year-end, the City received grant funding from the ConnectOregon IV program, in the amount of \$192,220, to fund the match for the FAA grant for Taxiway A. The construction on the Taxiway A project will be completed in fiscal year 2012-13.

Accessibility Program - In 2004 and 2007, the City entered into settlement agreements with the United States Department of Justice (DOJ) and Disability Rights Oregon (DRO) following a series of inspections initiated by a complaint filed against the City under Title II of the Americans with Disabilities Act of 1990 (ADA). The complaint alleged that the City has not taken steps to provide access to its programs and services. Specifically, City facilities, bus stops and curb ramps had various accessibility issues. As a result of the inspections, the DOJ and DRO identified areas needing improvement. To date, the City has completed structural modifications to city owned buildings including City Hall, public works facilities, fire and police stations, airport facilities and public parking lots. The City also completed access to fixed route bus stops currently administered by Central Oregon Intergovernmental Council (COIC). The City continues work to assess, prioritize and fix curb ramps throughout the City, conducting a self-evaluation of its programs, policies and procedures to address various areas of ADA compliance. As a result, the City has systematically increased the number of programs accessible to individuals with disabilities and continues to remove public right of way curb ramp and sidewalk barriers.

Public Safety Funding - In 2010, the City Council appointed nine citizens to form the Bend Public Safety Funding Committee and charged them to “study and recommend options to maintain current public safety services over the next five years”. In December 2010, the Committee presented recommendations to City Council which included a variety of cost reduction efforts, reducing personnel costs, prioritizing General Fund expenditures and raising new revenues. In September 2011, the City moved all employees to a high deductible health plan in an effort to reduce personnel costs. Efforts to streamline Police and Fire operations are being made. The City also hired a consulting firm to further study funding options for the Fire / Emergency Medical Services department.

Other Financial Information

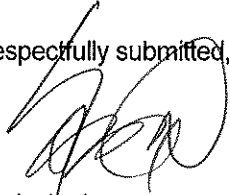
Independent Audit - State statutes require an annual audit by an independent certified public accountant. The accounting firm of Talbot, Korvola & Warwick LLP, selected by the City Council, performed the City's annual audit for the fiscal year ended June 30, 2012. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and revised OMB Circular A-133. The auditor's report on the financial statements and required supplementary information is included in the Financial Section of this report. The auditor's reports related specifically to the single audit are included in the Compliance Section.

Certificate of Achievement - The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bend for its comprehensive annual financial report for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award that is an important recognition of conformance with the highest standards for preparation of state and local government financial reports. The City has received this certificate from the GFOA for 19 consecutive years since June 30, 1993. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that conforms to program standards and satisfies both GAAP and applicable legal requirements. We believe that our current CAFR 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.

Distinguished Budget Presentation Award - The City also received the Distinguished Budget Presentation Award for its 2011-13 biennial budget from the GFOA. The award represents the City's commitment to meeting the highest principles of governmental budgeting. The budget is rated in four major categories: as a policy document, an operations guide, a financial plan and a communications device. Budget documents must be rated “proficient” in all four categories to receive the award.

Acknowledgments - We wish to thank everyone who contributed to the preparation of this report with special thanks to Brooks Slyter, Heidi Faller, and James Wood for their dedication and expertise in financial reporting. We would also like to express our appreciation to the City Council and the Budget Committee for their interest and support in planning and conducting the operations of the City in a responsible and professional manner.

Respectfully submitted,



Sonia Andrews
Chief Financial Officer



Eric King
City Manager

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bend
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



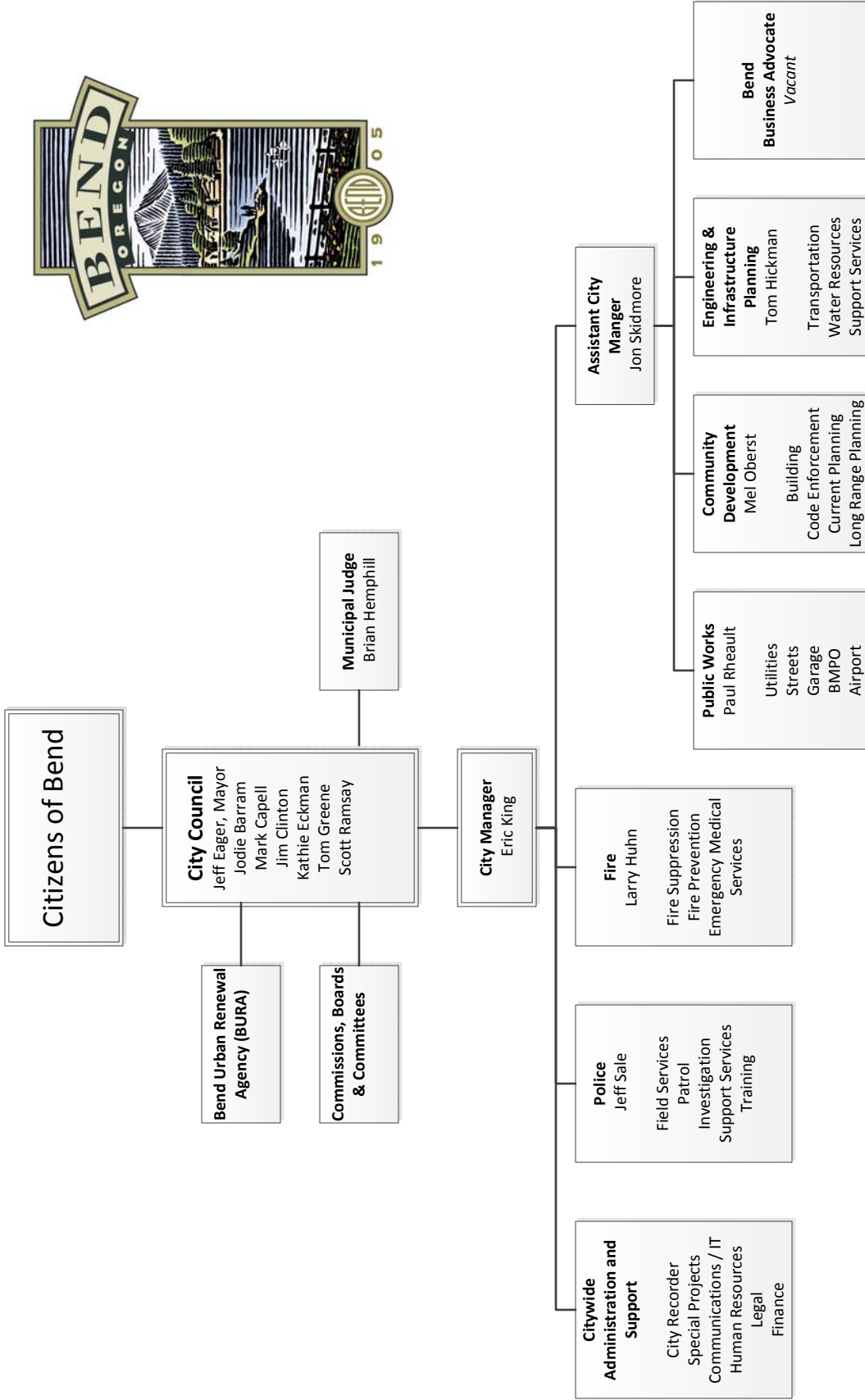
Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director

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THE CITY OF BEND, OREGON

City Officials as of June 30, 2012

Mayor

Jeff Eager

Mayor Pro-Tem

Jodie Barram

Council Members

Mark Capell
Kathie Eckman
Scott Ramsay

Jim Clinton
Tom Greene

City Manager

Eric King

Assistant City Manager

Jon Skidmore

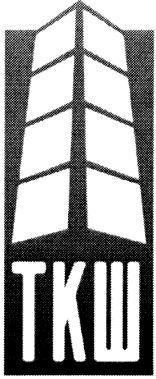
Finance Director

Sonia Andrews

Bend City Hall
710 NW Wall Street
Bend, OR 97701

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FINANCIAL SECTION



Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

December 21, 2012

Honorable Mayor and City Council
City of Bend
Bend, 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 the City of Bend, Oregon (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position and the 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 21, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Funding Progress, as listed in the Table of Contents, 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

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and City Council
City of Bend
December 21, 2012

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 accompanying budgetary comparison information for the General Fund and Major Special Revenue Funds, as listed in the Table of Contents as Required Supplementary Information, is not a part of the basic financial statements and is presented for purposes of additional analysis, as required by the Governmental Accounting Standards Board, who considers it to be an essential part of basic financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Such information is the responsibility of management and was derived from and relates 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 statements 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 as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information and Other Financial Schedules, as listed in the Table of Contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, Other Supplementary Information and Other Financial Schedules 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. This 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Other Supplementary Information and Other Financial Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 and Statistical Sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 

Angelique Whitlow, Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2012

This Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the City of Bend, Oregon (the City) for the fiscal year ended June 30, 2012. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The City's assets totaled \$926.2 million at fiscal year-end consisting of \$808.3 million in capital assets, \$76.8 million in unrestricted cash and investments, and \$41.1 million in receivables, prepaid expenses and other assets. Total assets increased by \$7.9 million due mainly to an increase in cash and investments of \$6.1 million, an increase in amounts due from other governments of \$2.3 million, and an increase in loans and notes receivable of \$1.2 million, offset by a decrease in investments in capital assets of \$0.9 million, and a decrease in prepaid expenses, other receivables and other assets of \$0.8 million.
- The City's liabilities totaled \$117.6 million at fiscal year-end consisting of \$92.1 million in long-term debt and \$25.5 million in accounts payable and other liabilities. Total liabilities decreased by \$0.9 million from the prior year due mainly to a decrease in long term debt of \$5.9 million and a decrease of \$0.5 million in deposits and unearned revenue, offset by an increase of other post-employment benefits payable of \$1.9 million and an increase in accounts and notes payable of \$1.8 million, and other liabilities of \$1.8 million.
- The assets of the City exceeded its liabilities by \$808.6 million at fiscal year-end. Net assets consisted of capital assets net of related debt of \$730.7 million, unrestricted net assets of \$63.6 million, and \$14.3 million of restricted net assets for debt service, capital projects, the building program, grant activity and tourism.
- Expenses for governmental activities totaled \$77.8 million in direct program and \$2.2 million in transfers. These activities were funded by \$14.6 million in charges for services, \$19.3 million in grants and contributions and \$38.3 million of general revenues from property and room taxes, franchise fees, investments and gains on sales of capital assets. This resulted in a decrease of net assets of \$7.8 million.
- Expenses for business-type activities totaled \$28.4 million. These activities were funded by \$34.8 million of charges for services, \$7.8 million in grants and contributions and \$2.4 million of general revenues from investment income and transfers. This resulted in an increase in net assets of \$16.6 million.
- The City's general revenues of \$38.6 million for the year consisted of \$25.7 million in property taxes, \$7.2 million in franchise fees, \$3.6 million of transient room taxes, \$0.6 million of investment income, and \$1.5 million of gains on sales of capital assets.
- Unassigned fund balance in the General Fund was \$10.7 million at June 30, 2012, an increase of \$1.4 million from June 30, 2011. The net increase resulted mainly from increased property taxes and revenue from the sale of fixed assets.

Management's Discussion and Analysis (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report (CAFR) is organized as follows:

- I. Introductory Section
- II. Financial Section
 - a. *Basic Financial Statements* – government-wide and fund financial statements, including notes to the basic financial statements.
 - b. *Required Supplementary Information* – budget and actual schedules for the General Fund and major Special Revenue Funds.
 - c. *Other Supplementary Information* – budget and actual schedules for other major funds and nonmajor funds and includes internal service fund financials.
 - d. *Other Financial Schedules* – schedules of property tax and long-term debt transactions.
- III. Statistical Section
- IV. Compliance Section

The Basic Financial Statements and supplementary information are presented using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Basic Financial Statements are comprised of three components:

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

The Basic Financial Statements present financial information about the City as a whole and about its activities. Following the Basic Financial Statements are Required Supplementary Information and Other Supplementary Information, which provide budgetary comparisons for each fund. Finally, completing the document is a series of other financial and statistical schedules, and the reports by the independent certified public accountants.

1. Government-wide Financial Statements

The government-wide financial statements are designed to present the financial picture of the City in a manner similar to a private-sector business, i.e. from the economic resources measurement focus using the accrual basis of accounting.

The Statement of Net Assets includes all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets may be an indicator of whether its financial health is improving or deteriorating.

The Statement of Activities reports all revenues when earned and expenses when incurred regardless of the timing of related cash flows. The focus of the Statement of Activities is to present the major program costs, matching major resources with each. To the extent a program's costs are not recovered by grants and direct charges, the costs are paid from taxes and other general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

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

Management's Discussion and Analysis (Continued)

Governmental activities of the City are categorized as follows:

- *General government* – includes centralized services such as garage, information technology, facility management, public works administration, public works laboratory, insurance, administration and financial services, legal and risk management, and other general functions not separately identified as a program.
- *Public safety* – includes police, fire and emergency medical services.
- *Public ways and facilities* – includes the City's street maintenance operations, street and local improvement construction and the City's engineering activities.
- *Permanent Maintenance* – includes the City's cemetery permanent maintenance collections.
- *Community and economic development* – includes the City's community development, building inspection, planning, community development block grant program, affordable housing, tourist promotion, and economic improvement district.
- *Urban renewal* – consists of the activities of the Bend Urban Renewal Agency.

Business-type activities include the following:

- Water
- Water Reclamation
- Airport
- Cemetery
- Downtown Parking
- Stormwater

2. Fund Financial Statements

Following the government-wide statements is a section containing fund financial statements. The fund financial statements include statements for governmental funds and proprietary funds. Funds are used to segregate resources for specific activities or objectives.

Governmental Funds. The governmental fund statements emphasize available financial resources rather than net assets. They are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The following reconciliations are provided to facilitate a comparison between governmental funds as reported in the fund financial statements and governmental activities as reported in the government-wide financial statements:

- A reconciliation of the fund balance reported in the governmental funds Balance Sheet to the net assets reported on the government-wide Statement of Net Assets, and
- A reconciliation of the change in fund balances reported in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances to the change in net assets reported in the government-wide Statement of Activities.

The City has 28 governmental funds. The governmental fund statements present four major funds separately: General Fund, Transportation Operations and Planning, Fire/Emergency Medical Services Fund, and the Community Development Block Grant Fund. The other 24 nonmajor funds are combined and presented in a single column as nonmajor governmental funds.

Proprietary Funds. Proprietary funds are used to account for activities supported by user charges and where the emphasis is on the sufficiency of revenues to cover expenses. There are two types of proprietary funds – enterprise funds and internal service funds.

Management's Discussion and Analysis (Continued)

The City uses enterprise funds to account for its water, water reclamation, airport, cemetery, downtown parking and stormwater operations. The water and water reclamation funds are presented separately as major funds in the proprietary fund financial statements while the airport, cemetery, downtown parking, and stormwater funds are combined and presented in a single column as nonmajor enterprise funds.

Internal service funds are generally used to accumulate and allocate internally the costs of the City's central services. The City has established an internal service fund with the following divisions – garage, information technology, facility management, engineering, public works administration, public works laboratory, insurance, administration and financial services, legal and risk management. Because the internal service fund activities predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with governmental activities in the government-wide financial statements.

Fiduciary Funds. The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

3. Notes to the Basic Financial Statements

The notes provide information that is essential for a full understanding of the data presented in the government-wide and fund financial statements (the basic financial statements). Information such as significant accounting policies and detail of certain assets and liabilities are included in the notes which should be read in conjunction with the basic financial statements.

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section discusses and analyzes significant changes from the prior year in the government-wide financials.

Analysis of Net Assets

The City's assets exceeded liabilities by \$808.6 million at June 30, 2012. The vast majority of the net assets (90%) are invested in capital assets (land, buildings, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The following is a condensed statement of net assets and an analysis of the change in the City's financial position from the previous year.

Net Assets as of June 30th						
(in millions)						
	Governmental Activities		Business-Type Activities		Total City Net Assets	
	2012	2011	2012	2011	2012	2011
Capital assets, net	\$ 512.7	\$ 525.9	\$ 295.6	\$ 283.4	\$ 808.3	\$ 809.3
Current and other assets	76.5	69.7	41.4	39.3	117.9	109.0
Total assets	<u>589.2</u>	<u>595.6</u>	<u>337.0</u>	<u>322.7</u>	<u>926.2</u>	<u>918.3</u>
Long-term debt	52.7	55.3	39.4	42.7	92.1	98.0
Other liabilities	18.2	14.2	7.3	6.3	25.5	20.5
Total liabilities	<u>70.9</u>	<u>69.5</u>	<u>46.7</u>	<u>49.0</u>	<u>117.6</u>	<u>118.5</u>
Net assets						
Invested in capital, net of related debt	474.5	484.8	256.2	240.7	730.7	725.5
Restricted	13.6	13.9	0.7	-	14.3	13.9
Unrestricted	30.2	27.4	33.4	33.0	63.6	60.4
Total net assets	<u>\$ 518.3</u>	<u>\$ 526.1</u>	<u>\$ 290.3</u>	<u>\$ 273.7</u>	<u>\$ 808.6</u>	<u>\$ 799.8</u>

As mentioned earlier, net assets may be an indicator of the City's financial position. At the end of the current year, the City's net asset balance increased by \$8.8 million from the prior year.

Restricted and unrestricted cash and investments increased \$6.1 million, due from other governments increased \$2.3 million, loans and notes receivable increased \$1.2 million, capital assets decreased \$0.9 million, and other assets decreased \$0.8 million.

Long-term debt decreased by \$5.9 million as discussed in further detail in the debt administration section. Deposits and unearned revenue decreased \$0.5 million, other post-employment benefits payable increased \$1.9 million, accounts and notes payable increased \$1.8 million, and other liabilities increased by \$1.8 million.

Management's Discussion and Analysis (Continued)

Analysis of Changes in Net Assets

Changes in Net Assets						
(in millions)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	FY11-12	FY10-11	FY11-12	FY10-11	FY11-12	FY10-11
Revenues						
Program revenues:						
Charges for services	\$ 14.6	\$ 18.2	\$ 34.8	\$ 32.0	49.4	50.2
Operating grants & contributions	12.2	15.7	-	*	0.1	12.2
Capital grants & contributions	7.1	6.7	7.8	2.7	14.9	9.4
General revenues:						
Taxes	29.3	29.4	-	-	29.3	29.4
Franchise fees	7.2	7.2	-	-	7.2	7.2
Gain on sale of capital assets	1.5	-	-	-	1.5	-
Investment earnings	0.3	0.4	0.2	0.3	0.6	0.7
Total revenues	72.2	77.6	42.8	35.1	115.0	112.7
Expenses						
Government Activities						
General government	21.2	18.5	-	-	21.2	18.5
Public safety	29.0	28.0	-	-	29.0	28.0
Public ways and facilities	17.3	16.0	-	-	17.3	16.0
Community & economic development	7.0	8.0	-	-	7.0	8.0
Urban renewal	1.6	0.2	-	-	1.6	0.2
Transit	-	1.8	-	-	-	1.8
Interest on long-term debt	1.8	2.0	-	-	1.8	2.0
Business-type Activities						
Water	-	-	11.7	12.8	11.7	12.8
Water Reclamation	-	-	12.5	12.0	12.5	12.0
Airport	-	-	1.0	1.0	1.0	1.0
Cemetery	-	-	0.1	0.1	0.1	0.1
Downtown parking	-	-	0.9	0.9	0.9	0.9
Stormwater	-	-	2.2	2.4	2.2	2.4
Total expenses	77.8	74.5	28.4	29.1	106.2	103.6
Revenues over expenses	(5.6)	3.1	14.4	6.0	8.8	9.1
Transfers	(2.2)	(2.0)	2.2	2.0	-	-
Change in net assets	(7.8)	1.1	16.6	8.0	8.8	9.1
Net assets, beginning	526.1	525.0	273.7	265.7	799.8	790.7
Net assets, ending	\$ 518.3	\$ 526.1	\$ 290.3	\$ 273.7	\$ 808.6	\$ 799.8

*Actual amount is too small to report

Management's Discussion and Analysis (Continued)

Government-wide Activities

Total revenues from governmental activities decreased by \$5.4 million from the prior year. Program revenues decreased by \$6.7 million. This decrease is due mainly to decreased charges for services of \$3.6 million including court fines, ambulance billings, building permits and affordable housing fees. Capital and operating grants and contributions decreased \$3.1 million due mainly to a decrease of \$2.8 million in community and economic development, and a decrease of \$2.0 million in transit grants, offset by an increase of \$1.7 million in public safety, general government, and public ways & facilities. Taxes and gains on sales of capital assets increased \$1.4 million.

Governmental expenses increased by \$3.3 million mainly due to increases in general government, public safety, and public ways and facilities, offset by a decrease in community and economic development.

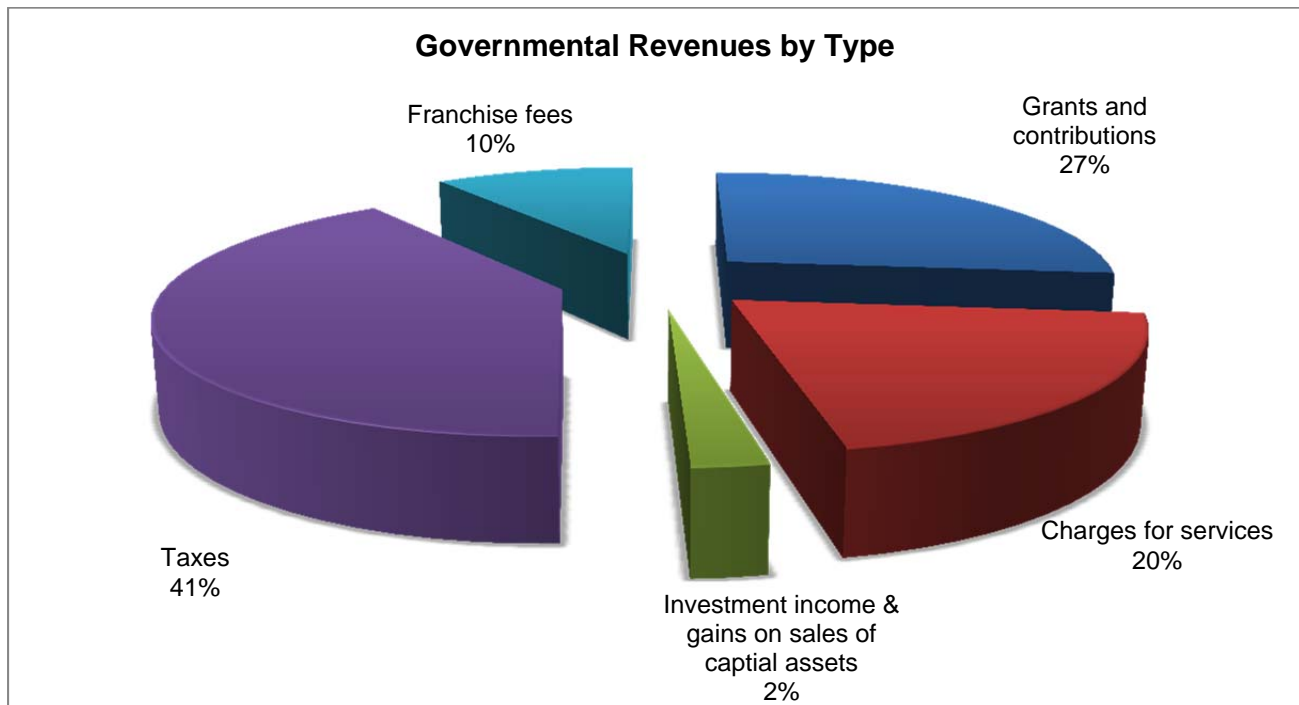
Total revenues from business-type activities increased by \$7.7 million from the prior year. Increases in charges for services of \$2.8 million are due to higher water reclamation rates (10.0%) and water rates (7.0%), and capital grants and contributions increased by \$5.1 million, offset by a decrease in investment earnings.

Business-type expenses decreased overall by \$0.7 million due to decreases in water, stormwater, and downtown parking program expenses and slight increases in water reclamation, airport and cemetery program expenses.

Overall, total net assets for the City increased by \$8.8 million due mainly to increased capital grants and contribution revenues.

Governmental Activities

As previously mentioned, governmental activities decreased the City's net assets by \$7.8 million, with revenues totaling \$72.2 million, expenses totaling \$77.8 million, and transfers to business-type activities totaling \$2.2 million. Revenues consisted of taxes of \$29.3 million, operating and capital grants and contributions of \$19.3 million, charges for services of \$14.6 million, franchise fees of \$7.2 million, and \$1.8 million of investment income and gains on sales of capital assets.

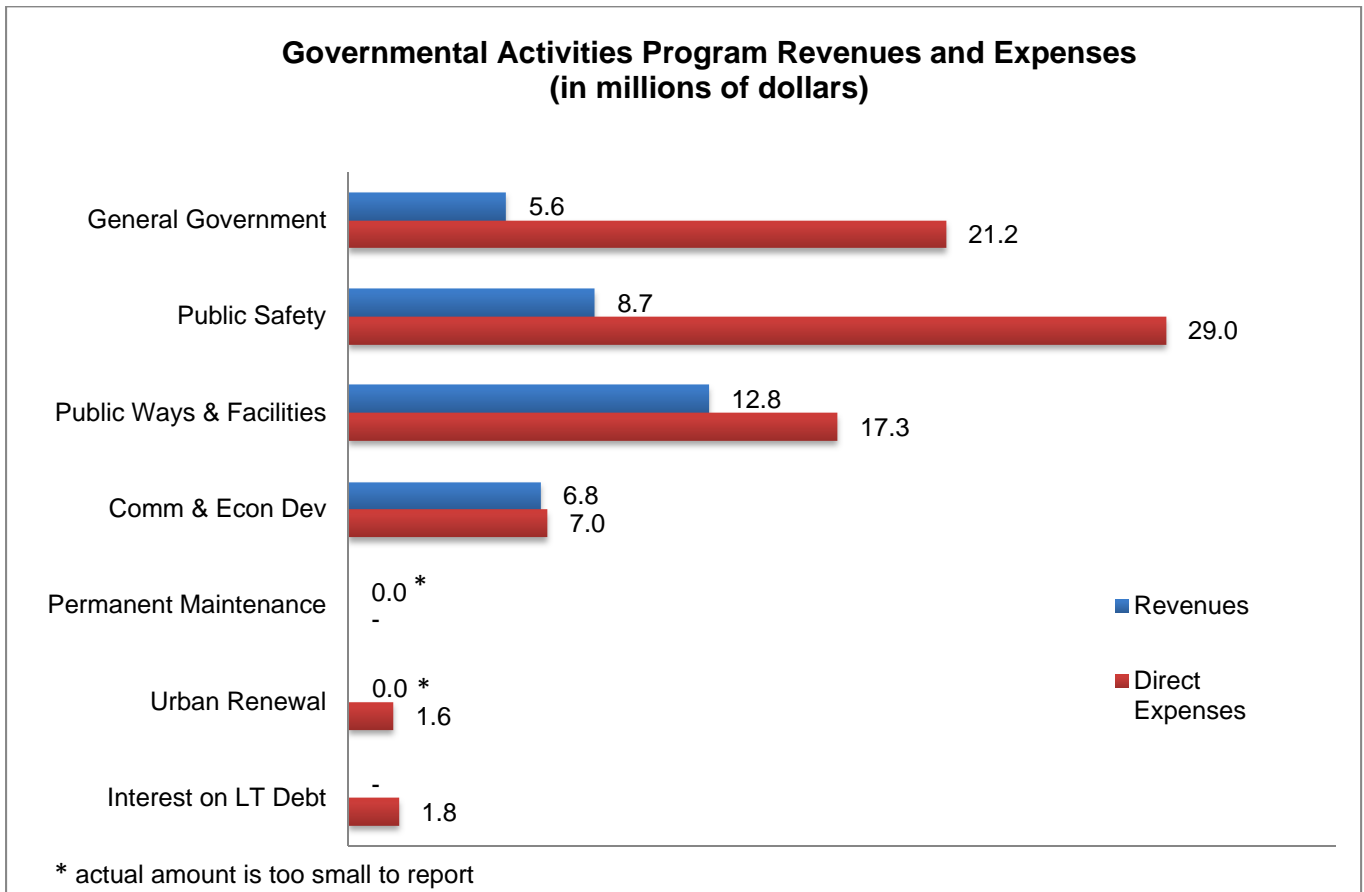


Management’s Discussion and Analysis (Continued)

Property taxes decreased by \$0.2 million (1.0%) from the prior year due to a decrease in property tax assessed values. Charges for services decreased by \$3.6 million (19.8%) from the prior year due to decreased activity in general government and community development revenues. Grants and contributions decreased by \$3.1 million (14.0%) from the prior year due to decreased grant revenues from the community and economic development and transit programs.

As discussed earlier, the City’s governmental activities are categorized into the following programs: public safety; public ways and facilities; community and economic development; permanent maintenance; urban renewal. General government activities are activities not categorized in any of the programs and include central services such as garage, information technology, facility management, public works administration, public works laboratory, insurance, administration and financial services, and legal and risk management.

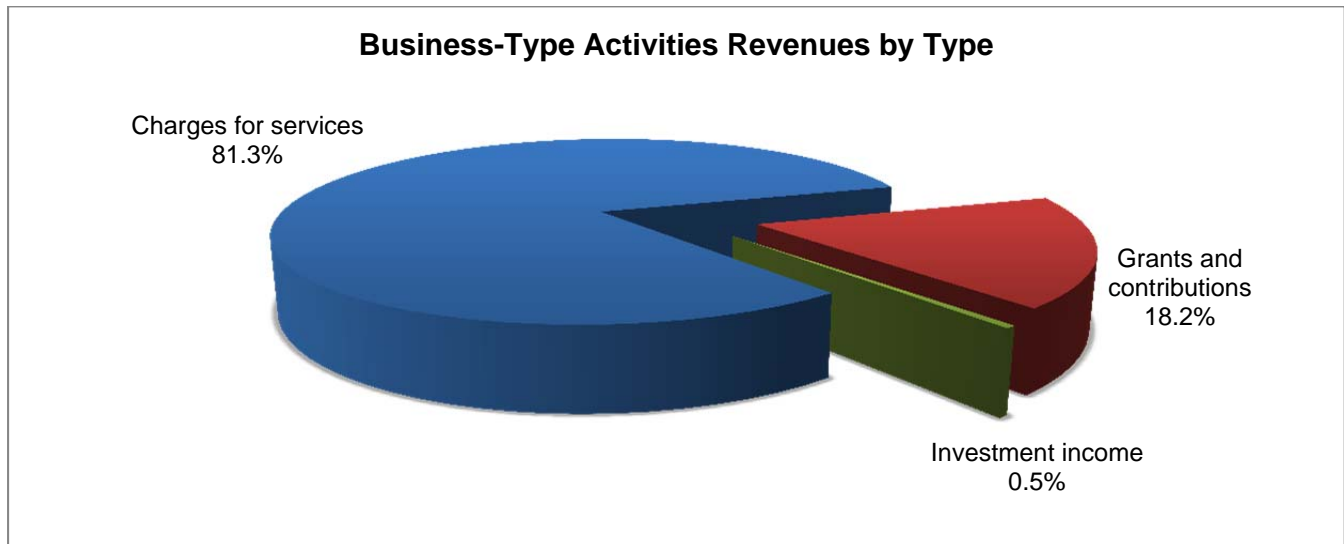
All governmental programs utilize general revenues to support their functions. Some programs such as public safety are dependent on general revenues to fund operations. The following chart compares the revenues and expenditures for each of the City’s programs and shows the extent of each program’s dependence on general revenues for support in the current year.



Management’s Discussion and Analysis (Continued)

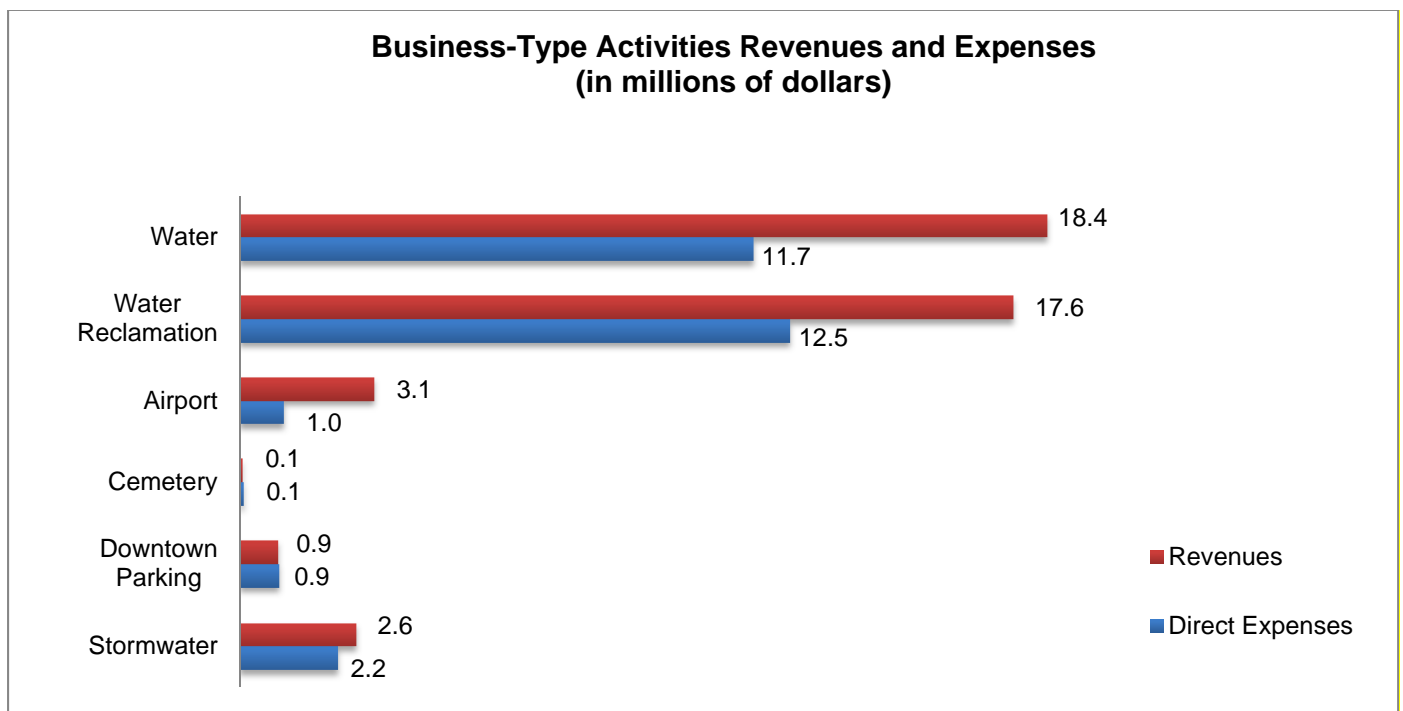
Business-Type Activities

Business-type revenues consisted of charges for services of \$34.8 million, grants and contributions of \$7.8 million and \$0.2 million of investment income.



Charges for services accounted for 81% of total business-type revenue in fiscal year 2011-12 compared to 91% in fiscal year 2010-11. This shift resulted from a combination of an increase in capital grants and contributions of \$5.1 million primarily due to \$2.8 million Americans Recovery and Reinvestment Act (ARRA) water loan being forgiven, a \$1.6 million water reclamation loan and increased developer contributions of water and water reclamation infrastructure.

Business-type activities are self-supporting and revenues are expected to cover expenses. The following chart shows the sufficiency of revenues generated to cover expenses for each type of business activity.



Management's Discussion and Analysis (Continued)

Revenues for water and water reclamation operations are significantly higher than the respective direct expenses because water and water reclamation rates have been increased to generate revenues for infrastructure spending over the next five years, and developer contributed assets are recognized as contribution revenue. Airport revenues were significantly higher than direct expenses in the current year due to continued grant revenue related to the construction of Taxiway A and the Airport Master Plan. Acquisitions of capital assets and principal payments on long-term debt are not reported as direct expenses, but are reported as additions to assets and reductions to liabilities respectively on the Statement of Net Assets. Cemetery and downtown parking revenues are essentially equivalent to the related direct expenses as there are minimal capital improvements and no debt service for these two operations. A stormwater fee was enacted in fiscal year 2007-08 to support the City's stormwater operations and allow the City to make needed improvements to the infrastructure.

FUND ANALYSIS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Permanent Funds.

At the end of the current year, the City's governmental funds had combined ending fund balances of \$40.6 million which is an increase of \$4.1 million. This increase is due mainly to the issuance of long-term debt and proceeds from the sale of assets.

Of the combined ending fund balance of \$40.6 million, \$5.2 million was nonspendable; \$7.0 million was restricted by creditors, grantors or by law; \$12.5 million was committed to specific purposes through council resolution or ordinance; \$5.6 million was assigned by intent of the City to a specific purpose; and \$10.3 million, consisting of \$10.6 million in the General Fund, and (\$0.3) million in the Nonmajor Governmental Funds, was unassigned and available for spending by the City within the purposes specified for the City's funds.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, the unassigned fund balance of the General Fund was \$10.7 million, up \$1.4 million (15.3%) from the previous year. The unassigned fund balance represents 31.6% of total General Fund requirements.

The other major governmental funds are the Transportation Operations and Planning, Fire/Emergency Medical Services (EMS) Fund and the Community Development Block Grant (CDBG) Fund. The Transportation Operations and Planning Fund balance increased by \$1.8 million due primarily to the issuance of long term debt. The Fire/EMS fund balance increased by \$0.1 million due to increased intergovernmental revenues and charges for services. The CDBG fund balance decreased due to intergovernmental revenues from less activity in the neighborhood stabilization grant program.

Management's Discussion and Analysis (Continued)

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements where the focus is on the sufficiency of revenues to cover expenses.

Unrestricted net assets of the Water Fund and Water Reclamation Fund at the end of the year amounted to \$7.1 million and \$20.3 million, respectively. The growth/(reduction) in unrestricted net assets of the Water Fund and the Water Reclamation Fund was (\$4.2) million and \$4.4 million respectively, reflecting the implementation of rate increases and debt issuances to fund needed improvements in infrastructure. In the Water Fund, system development charges generated \$1.0 million of revenue and developer contributed infrastructure totaled \$0.8 million. In the Water Reclamation Fund, system development charges generated \$1.2 million of revenue and developer contributed infrastructure totaled \$0.9 million. Contributed infrastructure increased in both funds from the prior year due to increased development activity.

System development charges are received in the System Development Charges Fund (a governmental fund) and transferred to the Water and Water Reclamation Funds as qualifying expenses are incurred. Revenues from system development charges increased in both the Water and Water Reclamation Funds by 9.3% and 8.4% respectively in fiscal year 2011-12 over fiscal year 2010-11, but are still much lower than prior fiscal years.

Other factors concerning the finances of the proprietary funds can be found in the previous discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the biennium budget, General Fund revenues were increased by \$2.1 million for changes in property tax, transient room tax, and franchise fee estimates; and expenditures were increased by \$3.1 million for interfund loans, transfers to various operations and reserves, and other financing uses including fire, information technology, and the garage division.

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS

As of June 30, 2012 the City had invested \$808.3 million in capital assets, net of depreciation, as reflected in the following table. This represents a net decrease (additions, disposals and depreciation) of \$1.0 million. Governmental capital assets totaled \$512.7 million while business-type capital assets totaled \$295.6 million.

Capital Assets as of June 30th
(in millions, net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land including right-of-way	\$ 152.6	\$ 151.7	\$ 6.7	\$ 6.7	\$ 159.3	\$ 158.4
Land use rights	-	-	1.1	1.1	1.1	1.1
Artwork	0.7	0.7	-	-	0.7	0.7
Buildings and improvements	29.7	34.8	16.4	16.1	46.1	50.9
Infrastructure	318.0	321.6	231.8	224.7	549.8	546.3
Vehicles and equipment	4.9	6.9	2.1	1.2	7.0	8.1
Software	0.7	0.5	0.3	0.3	1.0	0.9
Construction in progress	6.1	9.6	37.2	33.3	43.3	42.9
	<u>\$ 512.7</u>	<u>\$ 525.9</u>	<u>\$ 295.6</u>	<u>\$ 283.4</u>	<u>\$ 808.3</u>	<u>\$ 809.3</u>

Major construction projects affecting capital assets for fiscal year 2011-12 are as follows:

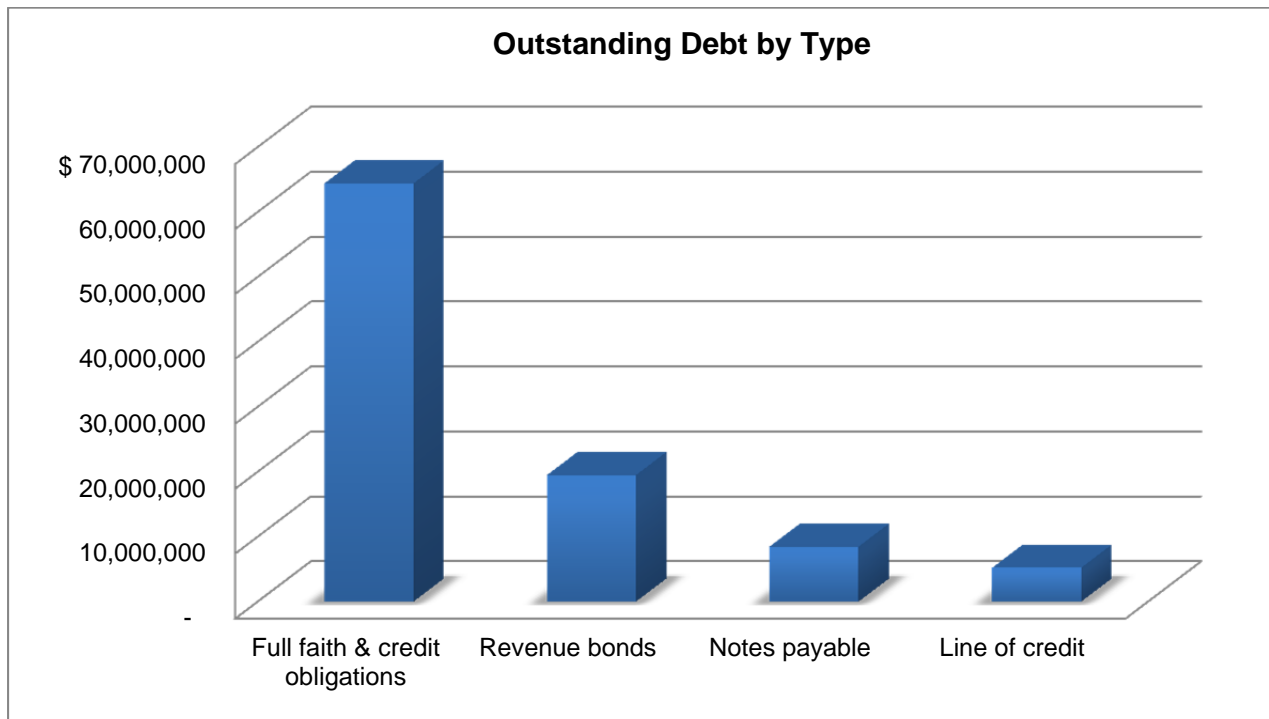
- Street Construction - Construction of various street improvements added \$5.5 million to capital assets. Major projects included street overlays of \$1.2 million, accessibility projects of \$0.8 million, GO Bond projects of \$2.2 million, and other street construction and safety projects of \$1.3 million. The City did not receive any street related developer constructed infrastructure during fiscal year 2011-12.
- Airport Improvements - The City spent \$2.1 million on the Airport Taxiway A Rehabilitation project that was funded primarily by federal grants.
- Water Improvements - Improvements to the City's water system added \$8.3 million to capital assets. Projects included the Surface Water Improvement project of \$7.8 million, and other minor projects of \$0.5 million. Developer constructed infrastructure contributed to the City totaled \$0.8 million in the current year.
- Water Reclamation Improvements - Improvements to the water reclamation system added \$3.6 million to capital assets. Major projects included the southeast interceptor of \$1.1 million, expansion of the treatment facility of \$2.0 million, and other water reclamation projects of \$0.5 million. Developer constructed infrastructure totaled \$0.9 million.

Please refer to Note 5 of the basic financial statements for further detailed information on capital assets.

Management's Discussion and Analysis (Continued)

DEBT ADMINISTRATION

Debt outstanding by type at year-end is as follows:



The City has \$65.4 million of full faith & credit obligations outstanding for airport improvements (\$0.9 million), land acquired (\$3.2 million), street improvements (\$16.9 million), fire and police stations (\$10.6 million), street and fire equipment (\$2.8 million), pension obligation (\$13.3 million) and water and sewer improvements (\$17.7 million). The airport improvement bonds are serviced by airport lease revenues and street improvement bonds are serviced by transportation system development charges. The fire and police station bonds are serviced by property taxes and other discretionary revenues and the equipment bonds are repaid from other tax revenues. The pension obligation bonds are serviced by property taxes and other revenues of the City. The water and sewer improvement bonds are serviced by charges for services. During fiscal year 2011-12 the City refunded \$5.2 million of the police facilities, series 2002 obligations to benefit from lower interest rates.

Revenue bonds outstanding total \$15.0 million and are for water reclamation infrastructure. These bonds are repaid from water reclamation service charges and system development charges. During fiscal year 2011-12 the City refunded \$3.2 million of the Sewer, series 2002 bonds to benefit from lower interest rates.

The City has \$5.6 million of notes payable issued for various water, water reclamation and airport capital improvement projects.

The City also owes \$5.2 million on a long-term line of credit related to Juniper Ridge that will be paid from land sales proceeds and tax increment revenues.

Management’s Discussion and Analysis (Continued)

Change in debt outstanding is as follows:

Outstanding Debt as of June 30th
(in millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Full faith & credit obligations	\$ 46.8	\$ 48.1	\$ 18.6	\$ 16.3	\$ 65.4	\$ 64.4
Revenue bonds	-	-	15.0	19.5	15.0	19.5
Tax increment bonds	-	1.7	-	-	-	1.7
Notes payable	-	-	5.6	6.8	5.6	6.8
Line of credit	5.2	5.2	-	-	5.2	5.2
	<u>52.0</u>	<u>55.0</u>	<u>39.2</u>	<u>42.6</u>	<u>91.2</u>	<u>97.6</u>
Unamortized premiums & discounts	0.7	0.3	0.2	0.1	0.9	0.4
Total Outstanding Debt	<u>\$ 52.7</u>	<u>\$ 55.3</u>	<u>\$ 39.4</u>	<u>\$ 42.7</u>	<u>\$ 92.1</u>	<u>\$ 98.0</u>

As of June 30, 2012, the City had \$92.1 million in long-term debt and unamortized premiums and discounts, a decrease of \$5.9 million from the prior year. The City has an unamortized balance of premiums and discounts on long-term debt issuances of \$0.9 million that are amortized over the life of the associated debt.

The significant changes in long-term debt include the issuance of \$1.4 million of full faith and credit bonds to fund street equipment purchases, the City also received a State of Oregon Clean Water State Revolving Fund Loan for \$1.6 million. These increases were offset by \$4.7 million in scheduled principal payments, early repayment of \$1.7 million of the 2004 tax increment bonds for urban renewal, and the forgiveness of the Oregon Business Development Department (OBDD) ARRA forgivable loan for \$2.8 million.

The City also refunded \$8.7 million of the Sewer, series 2002 revenue bonds and the Police, series 2002 Full Faith and Credit bonds.

Debt Limitation and Ratings

Oregon Revised Statutes provides a limit on non-self-supporting general obligation debt of 3% of the real market value of all taxable property within the City. Based on the fiscal year 2011-12 value, the City’s debt limitation is \$296.0 million. The City is well within its debt limitation with an amount of outstanding debt subject to this limitation of \$63.4 million.

The table below details the City’s most recent Moody’s Investors Service Global Scale ratings. These ratings reflect the recalibration process completed by Moody’s in 2010 and do not reflect a change in credit quality of the securities.

<u>Issue Type</u>	<u>Global Scale Rating</u>
Full Faith and Credit Obligations	Aa3
Sewer Revenue Bonds	Aa2
Water Revenue Bonds	Aa2
Urban Renewal Bonds	A2

Please refer to Note 13 of the basic financial statements for further detailed information on long-term debt.

Management's Discussion and Analysis (Continued)

ECONOMIC FACTORS

The population of the City of Bend as of July 1, 2012, was 76,925, which is 48% of Deschutes County's population of 157,733. Between July 1, 2002 and July 1, 2009, the non-annexation population increased by 56%. With the growth in population, the City experienced significant building activity in both residential and commercial developments that has dramatically fallen off with the national housing market crisis. The City of Bend has been slowly recovering from the impacts of the nationwide recession. The recession has lowered many of the City's revenue sources including system development charges, developer contributed infrastructure, and community development fees. The recession has also significantly slowed the growth rate in property taxes.

In response to the slow economic recovery during fiscal year 2011-12, the City has continued cost constraints at all levels of the organization in order to decrease nonessential expenditures thereby increasing revenues available for core priority programs such as public safety, transportation, and providing water and water reclamation services to its citizens.

The City is dependent on property taxes, charges for services, and grants and contributions to support its operations. Property taxes make up approximately 22% of the City's total revenue sources. In May 1997, Oregon voters approved Measure 50 which rolled back property assessed values to 90 percent of 1995-96 levels, established permanent tax rates, and limited assessed value growth for individual properties to 3% per year plus new construction. The current permanent tax rate for the City of Bend is \$2.8035 per \$1,000 of assessed value which is one of the lowest in Oregon. In the past, significant increases in the number of properties subject to property tax helped mitigate the effects of Measure 50 on property tax revenues. These significant increases ended and property tax revenues decreased 0.5% for fiscal year 2011-12. The gap between current real market values and taxable assessed values has narrowed considerably. New construction and the retirement of the urban renewal area added \$80.0 million in tax assessed values and only 50% of properties continue to grow as allowed by Measure 50, resulting in relatively flat property tax levels for the near term. The low permanent tax rate and minimal growth in the tax base will continue to present challenges in providing services at the current rate without additional sources of revenue.

Both the water and water reclamation rates were increased for fiscal year 2011-12 by 7.0% and 10.0%, respectively. These increases were necessary to finance construction of new and replacement infrastructure.

REQUEST FOR INFORMATION

The City's financial statements are designed to present users with a general overview of the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Sonia Andrews, City of Bend Finance Director, at 710 NW Wall Street, Bend, Oregon 97701. The telephone number for the City's Finance Department is 541-388-5508.

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BASIC FINANCIAL STATEMENTS

City of Bend, Oregon
Statement of Net Assets
June 30, 2012

	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Pooled cash and investments	\$ 45,368,480	\$ 31,406,127	\$ 76,774,608
Receivables, net	5,475,836	4,975,416	10,451,252
Internal balances	76,602	(76,602)	-
Due from other governments	1,698,191	2,715,561	4,413,753
Restricted cash and investments	2,606,975	945,077	3,552,052
Other assets	89,147	118,109	207,256
Prepaid pension obligation	8,687,299	-	8,687,299
Assessments receivable	67,092	208,550	275,642
Loans and notes receivable	6,975,420	21,087	6,996,507
Assets held for resale	4,572,823	-	4,572,823
Bond issue costs, net	926,411	1,018,264	1,944,674
Non-depreciable capital assets	159,395,583	44,988,209	204,383,792
Depreciable capital assets, net	353,310,185	250,631,114	603,941,299
Total Assets	589,250,045	336,950,913	926,200,958
Liabilities			
Accounts payable	1,903,110	4,309,127	6,212,237
Note payable	1,160,000	-	1,160,000
Accrued liabilities	6,718,605	1,128,006	7,846,611
Due to developers	445,250	-	445,250
Deposits	546,090	268,963	815,053
Unearned revenue	71,639	-	71,639
Long-term debt, net			
Other post-employment benefits payable	7,409,397	1,544,444	8,953,841
Portion due or payable within one year	8,268,450	2,471,500	10,739,949
Portion due or payable after one year	44,418,478	36,917,427	81,335,905
Total Liabilities	70,941,018	46,639,467	117,580,485
Net Assets			
Invested in capital assets, net of related debt	474,505,493	256,230,397	730,735,890
Restricted for:			
Debt service	3,775,892	676,114	4,452,006
Capital projects	8,516,428	-	8,516,428
Building program	1,217,275	-	1,217,275
Tourism	91,850	-	91,850
Grant activity	35,061	-	35,061
Unrestricted	30,167,026	33,404,935	63,571,961
Total Net Assets	\$ 518,309,027	\$ 290,311,446	\$ 808,620,473

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

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City of Bend, Oregon
Statement of Activities
For the fiscal year ended June 30, 2012

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Direct Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/ Programs							
Governmental Activities:							
General government	\$ 21,164,153	\$ 5,403,943	\$ 188,311	\$ -	\$ (15,571,899)	\$ -	\$ (15,571,899)
Public safety	28,951,643	3,614,985	5,061,299	39,257	(20,236,101)	-	(20,236,101)
Public ways and facilities	17,317,611	1,735,789	4,242,661	6,778,264	(4,560,898)	-	(4,560,898)
Community and economic development	7,031,224	3,852,571	2,682,430	256,996	(239,228)	-	(239,228)
Permanent maintenance	-	4,143	-	-	4,143	-	4,143
Urban renewal	1,567,436	17,933	-	-	(1,549,503)	-	(1,549,503)
Interest on long-term debt	1,771,710	-	-	-	(1,771,710)	-	(1,771,710)
Total Governmental Activities	77,803,777	14,629,363	12,174,701	7,074,517	(43,925,196)	-	(43,925,196)
Business-Type Activities:							
Water	11,700,893	14,808,899	4,215	3,621,749	-	6,733,969	6,733,969
Water reclamation	12,527,693	15,972,638	4,366	1,587,366	-	5,036,677	5,036,677
Airport	1,009,646	832,852	198	2,218,417	-	2,041,822	2,041,822
Cemetery	85,104	58,384	41	-	-	(26,680)	(26,680)
Downtown parking	874,926	569,418	90	289,112	-	(16,306)	(16,306)
Stormwater	2,216,333	2,519,290	1,045	98,533	-	402,535	402,535
Total Business-Type Activities	28,414,596	34,761,480	9,955	7,815,177	-	14,172,016	14,172,016
Total Activities	\$ 106,218,373	\$ 49,390,843	\$ 12,184,656	\$ 14,889,694	(43,925,196)	14,172,016	(29,753,180)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					22,225,639	-	22,225,639
Property taxes, levied for debt service					3,525,330	-	3,525,330
Transient room taxes					3,574,720	-	3,574,720
Franchise fees					7,204,234	-	7,204,234
Unrestricted investment income					337,961	225,336	563,297
Gain on sale of capital assets					1,455,559	-	1,455,559
Transfers					(2,215,862)	2,215,862	-
Total General Revenues and Transfers					36,107,581	2,441,198	38,548,779
Change in Net Assets					(7,817,615)	16,613,214	8,795,599
Net Assets, July 1, 2011					526,126,642	273,698,232	799,824,874
Net Assets, June 30, 2012					\$ 518,309,027	\$ 290,311,446	\$ 808,620,473

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

City of Bend, Oregon
Balance Sheet
 Governmental Funds
 June 30, 2012

	<u>General</u>	<u>Transportation Operations and Planning Fund</u>	<u>Fire / Emergency Medical Services</u>	<u>Community Development Block Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Pooled cash and investments	\$ 13,046,767	\$ 3,223,453	\$ 2,520,817	\$ 23,549	\$ 16,336,498	\$ 35,151,085
Restricted cash and investments	104,697	28,790	-	-	2,469,974	2,603,461
Receivables:						
Property taxes	1,632,401	-	-	-	128,958	1,761,359
Accounts, net	2,492,885	44,775	564,946	-	303,626	3,406,231
Assessments, net	-	-	-	-	67,092	67,092
Loans and notes, net	709,631	-	-	3,828,017	2,437,772	6,975,420
Interest	292,505	-	-	-	-	292,505
Due from other funds	80,000	70,104	-	-	45,978	196,082
Due from other governments	479,407	992,489	21,573	104,165	81,613	1,679,247
Advances to other funds	21,602	-	-	-	-	21,602
Assets held for resale	4,572,823	-	-	-	-	4,572,823
Total Assets	\$ 23,432,719	\$ 4,359,611	\$ 3,107,335	\$ 3,955,731	\$ 21,871,511	\$ 56,726,908
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 219,746	\$ 334,197	\$ 122,606	\$ 15,656	\$ 832,703	\$ 1,524,908
Salaries and benefits payable	185,831	38,238	158,932	2,456	50,601	436,058
Retainage payable	-	-	-	-	1,476	1,476
Due to developers	-	-	-	-	445,250	445,250
Other accrued liabilities	2,767,250	-	-	-	901	2,768,151
Deposits	104,697	28,790	-	-	409,089	542,576
Deferred revenues	3,408,224	4,046	301,183	3,842,376	2,722,922	10,278,749
Due to other funds	-	-	-	95,104	59,978	155,082
Total Liabilities	6,685,747	405,271	582,721	3,955,592	4,522,920	16,152,250
Fund Balances (Deficits):						
Nonspendable:						
In form	4,594,425	-	-	-	-	4,594,425
Required to remain intact	-	-	-	-	590,840	590,840
Restricted:						
Externally imposed	-	1,187,297	-	139	4,167,847	5,355,283
Imposed by law	-	-	-	-	1,547,536	1,547,536
Committed	1,483,441	-	2,524,615	-	8,507,157	12,515,212
Assigned	-	2,767,043	-	-	2,874,962	5,642,006
Unassigned	10,669,106	-	-	-	(339,751)	10,329,356
Total Fund Balances (Deficits)	16,746,972	3,954,340	2,524,615	139	17,348,591	40,574,658
Total Liabilities and Fund Balance	\$ 23,432,719	\$ 4,359,611	\$ 3,107,335	\$ 3,955,731	\$ 21,871,511	\$ 56,726,908

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

City of Bend, Oregon
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
 June 30, 2012

Total Fund Balances (Deficits) \$ 40,574,658

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds. 489,970,424

Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:

Interest receivable	10,347
Prepaid pension obligation	8,687,299
Bond issuance costs	714,076

Liabilities, including accrued liabilities and bonds payable, that are not due and payable in the current period and therefore, are not reported in the funds:

Deferred property taxes	1,399,494
Deferred assessments and loan	5,014,736
Other deferred revenues	3,792,881
Interest payable	(170,309)
Notes payable	(1,160,000)
Accrued compensated absences	(2,042,453)
Other post-employment benefits	(5,837,989)
Accrued health insurance benefits	(70,563)
Long-term debt	(41,188,433)

Internal service funds are used by management to charge costs of certain activities such as garage services, information technology support, engineering services and administration and financial services to individual funds. The net assets of the internal service fund are reported with governmental activities.

18,614,859

Total Net Assets \$ 518,309,027

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

City of Bend, Oregon

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

Governmental Funds

For the fiscal year ended June 30, 2012

	Transportation Operations and Planning <u>General</u>	Fund	Fire / Emergency Medical <u>Services</u>	Community Development Block Grant <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues						
Taxes	\$ 24,945,766	\$ -	\$ -	\$ -	\$ 4,738,418	\$ 29,684,183
Franchise fees	5,707,637	480,079	-	-	1,000,018	7,187,733
Intergovernmental	2,126,175	5,062,145	2,672,799	813,846	1,769,446	12,444,411
Assessments	-	-	-	-	145,022	145,022
Licenses and permits	308,847	51,383	-	-	2,630,373	2,990,603
Charges for services	111,526	973,661	2,176,883	-	2,873,972	6,136,042
System development charges	-	-	-	-	4,132,587	4,132,587
Contributions	-	-	-	-	261,435	261,435
Fines and forfeitures	1,108,133	-	-	-	-	1,108,133
Loan repayments	10,000	-	-	72,707	1,047,864	1,130,571
Permanent maintenance fees	-	-	-	-	4,143	4,143
Investment income	103,712	13,003	10,227	(474)	142,365	268,832
Miscellaneous	20,051	24,261	9,259	-	29,156	82,727
Total Revenues	34,441,847	6,604,532	4,869,167	886,078	18,774,797	65,576,421
Expenditures						
Current operating:						
General government	2,186,250	-	-	-	21,600	2,207,850
Public safety	17,265,723	-	14,002,208	-	38,948	31,306,878
Public ways and facilities	-	6,379,633	-	-	1,334,253	7,713,886
Community and economic development	-	-	-	956,242	7,082,796	8,039,038
Urban renewal	-	-	-	-	870,626	870,626
Debt service:						
Principal	-	-	312,800	-	5,059,600	5,372,400
Interest	-	-	74,601	-	1,680,651	1,755,252
Capital outlay	52,724	1,614,101	27,622	-	4,383,844	6,078,292
Total Expenditures	19,504,697	7,993,734	14,417,231	956,242	20,472,319	63,344,222
Excess (deficiency) of revenues over expenditures	14,937,150	(1,389,202)	(9,548,064)	(70,164)	(1,697,521)	2,232,199
Other Financing Sources (Uses)						
Proceeds from sale of assets	694,057	-	-	-	121,846	815,903
Insurance proceeds	-	-	24,551	-	-	24,551
Issuance of short-term debt	-	-	-	-	3,000,000	3,000,000
Issuance of long-term debt	-	1,425,000	-	-	-	1,425,000
Premium on issuance of long-term debt	-	102,883	-	-	-	102,883
Interfund loan repayments	852	-	-	-	-	852
Transfers in	192,247	1,612,033	9,650,500	60,300	3,524,684	15,039,765
Transfers out	(14,231,184)	-	(11,420)	-	(4,348,406)	(18,591,009)
Total Other Financing Sources (Uses)	(13,344,027)	3,139,917	9,663,631	60,300	2,298,125	1,817,946
Net change in fund balances	1,593,123	1,750,714	115,568	(9,864)	600,603	4,050,144
Fund Balances (Deficits), July 1, 2011	15,153,850	2,203,626	2,409,047	10,003	16,747,988	36,524,514
Fund Balances (Deficits), June 30, 2012	\$ 16,746,972	\$ 3,954,340	\$ 2,524,615	\$ 139	\$ 17,348,591	\$ 40,574,658

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

City of Bend, Oregon

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the fiscal year ended June 30, 2012

Net Change in Fund Balances \$ 4,050,144

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation was greater than capital outlay.

Capital asset additions	6,098,317	
Depreciation	<u>(11,876,146)</u>	(5,777,828)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(296,999)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bonds issued		(4,527,883)
Long-term debt principal repayments		5,372,400

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest payable	(16,458)
Amortization of bond issuance costs	(43,563)
Amortization of bond premium and discounts	27,598
Amortization of prepaid pension obligations	(545,103)
Accrued compensated absences	(38,766)
Accrued other postemployment benefit obligations	(1,270,548)
Accrued health insurance benefits	(70,563)
Contributed capital assets	(1,046,832)

Internal service funds are used by management to charge costs of certain activities such as garage services, information technology, engineering, administration and financial services to individual funds.

The net revenues and expenses of the internal service fund are reported with governmental activities. (3,633,214)

Change in Net Assets \$ (7,817,615)

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

City of Bend, Oregon
Statement of Net Assets

Proprietary Funds

June 30, 2012

	Business-Type Activities				Governmental
	Enterprise Funds			Total	Activities
	Water	Water Reclamation	Nonmajor Enterprise Funds		Internal Service Fund
Assets					
Current assets:					
Pooled cash and investments	\$ 8,226,448	\$ 17,270,275	\$ 5,909,405	\$ 31,406,127	\$ 10,217,395
Receivables:					
Accounts, net	2,340,599	2,158,938	407,860	4,907,397	5,394
Interest	50	67,970	-	68,020	-
Due from other funds	-	-	-	-	14,000
Due from other governments	-	1,662,419	1,053,142	2,715,561	18,944
Other assets	101,042	-	-	101,042	42,024
Prepays and deposits	17,067	-	-	17,067	47,123
Bond issue costs, net	30,345	83,447	11,170	124,961	17,795
Total Current Assets	10,715,550	21,243,049	7,381,577	39,340,175	10,362,675
Noncurrent assets:					
Restricted cash and investments	237,182	676,114	31,781	945,077	3,514
Assessments receivable, net	-	208,550	-	208,550	-
Loans and notes receivable, net	425	20,662	-	21,087	-
Bond issue costs, net	32,789	839,248	21,266	893,303	194,540
Capital assets, net	100,434,315	133,031,227	62,153,781	295,619,323	22,735,344
Total Noncurrent Assets	100,704,710	134,775,801	62,206,827	297,687,339	22,933,398
Total Assets	111,420,261	156,018,850	69,588,404	337,027,515	33,296,073
Liabilities					
Current liabilities:					
Accounts payable	2,544,930	815,205	948,993	4,309,127	378,202
Salaries and benefits payable	43,364	50,731	14,049	108,144	117,950
Retainage payable	100,932	-	94,103	195,034	-
Other accrued liabilities:					
Compensated absences	191,622	148,250	31,509	371,381	509,902
Interest	112,625	216,153	31,211	359,989	37,603
Insurance claims	5,352	8,406	1,972	15,731	564,140
Other	2,810	60,693	14,224	77,727	-
Deposits - restricted	237,182	-	31,781	268,963	3,514
Due to other funds	-	-	55,000	55,000	-
Advances from other funds	-	-	6,600	6,600	-
Current portion of long-term debt, net	856,695	1,359,662	255,143	2,471,500	941,071
Total Current Liabilities	4,095,511	2,659,101	1,484,584	8,239,196	2,552,382
Noncurrent liabilities:					
Advances from other funds	-	-	15,002	15,002	-
Other post-retirement benefits payable	643,273	694,455	206,716	1,544,444	1,571,408
Long-term debt, net	5,728,346	29,388,781	1,800,300	36,917,427	10,557,423
Total Noncurrent Liabilities	6,371,618	30,083,236	2,022,018	38,476,873	12,128,831
Total Liabilities	10,467,129	32,742,337	3,506,602	46,716,069	14,681,213
Net Assets					
Invested in capital assets, net of related debt	93,849,275	102,282,784	60,098,338	256,230,397	11,236,850
Restricted for:					
Debt service	-	676,114	-	676,114	-
Unrestricted	7,103,856	20,317,615	5,983,464	33,404,935	7,378,010
Total Net Assets	\$ 100,953,131	\$ 123,276,513	\$ 66,081,802	\$ 290,311,446	\$ 18,614,859

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

City of Bend, Oregon

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the fiscal year ended June 30, 2012

	Business-Type Activities				Governmental
	Enterprise Funds			Total	Activities
	Water	Water Reclamation	Nonmajor Enterprise Funds		Internal Service Fund
<u>Operating Revenues</u>					
Intergovernmental	\$ 4,215	\$ 4,366	\$ 5,625	\$ 14,206	\$ 12,878
Charges for services	14,689,083	15,956,037	3,978,479	34,623,598	16,417,430
Loan repayments	-	19,655	-	19,655	-
Miscellaneous	116,265	13,024	1,465	130,755	232,133
Total Operating Revenues	14,809,563	15,993,083	3,985,569	34,788,215	16,662,441
<u>Operating Expenses</u>					
Salaries and benefits	3,510,677	3,826,659	1,101,955	8,439,290	8,904,236
Materials and supplies	2,653,530	1,890,184	613,249	5,156,962	4,020,177
Internal services	3,075,030	2,978,444	912,559	6,966,033	1,629,042
Insurance premiums and claims	-	-	-	-	1,395,590
Depreciation	2,302,331	3,085,108	1,466,845	6,854,284	1,131,254
Total Operating Expenses	11,541,567	11,780,394	4,094,608	27,416,569	17,080,298
Operating income (loss)	3,267,996	4,212,689	(109,039)	7,371,645	(417,857)
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	73,157	113,317	38,861	225,336	64,189
Interest expense	(123,948)	(677,750)	(82,349)	(884,048)	(379,426)
Insurance proceeds	3,575	3,576	-	7,151	-
Amortization of bond issue costs	(28,870)	(62,469)	(338)	(91,677)	8,276
Interfund loan repayment	-	-	(852)	(852)	-
Gain (loss) on disposal of assets	(6,507)	(7,079)	(7,863)	(21,449)	(99,303)
Total Nonoperating Revenues (Expenses)	(82,593)	(630,406)	(52,541)	(765,539)	(406,263)
Income (loss) before contributions and transfers	3,185,403	3,582,283	(161,580)	6,606,106	(824,120)
<u>Contributions and Transfers</u>					
Capital grants and contributions	815,224	1,567,711	2,601,811	4,984,746	344,535
Forgiveness of debt	2,806,500	-	-	2,806,500	-
Transfers in	994,998	1,207,760	13,105	2,215,862	1,583,945
Transfers out	-	-	-	-	(4,737,574)
Total Contributions and Transfers	4,616,722	2,775,470	2,614,916	10,007,108	(2,809,094)
Change in net assets	7,802,125	6,357,753	2,453,336	16,613,214	(3,633,214)
Net Assets (Deficits), July 1, 2011	93,151,007	116,918,760	63,628,466	273,698,232	22,248,073
Net Assets, June 30, 2012	\$ 100,953,131	\$ 123,276,513	\$ 66,081,802	\$ 290,311,446	\$ 18,614,859

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

City of Bend, Oregon
Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2012

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Water	Water Reclamation	Nonmajor Enterprise Funds	Total	Internal Service Fund
Cash Flows from Operating Activities					
Cash received from customers	\$ 14,179,674	\$ 15,550,924	\$ 3,895,139	\$ 33,625,738	\$ 637,130
Cash received from interfund services provided	173,299	16,551	15,309	205,160	16,080,283
Cash paid to employees for services	(3,392,750)	(3,683,124)	(1,106,872)	(8,182,747)	(8,579,333)
Cash paid to suppliers for goods and services	(2,858,348)	(1,923,467)	(656,287)	(5,438,102)	(5,253,101)
Cash paid for interfund services used	(3,075,030)	(2,978,444)	(912,559)	(6,966,033)	(1,629,042)
Net Cash From Operating Activities	5,026,846	6,982,440	1,234,730	13,244,016	1,255,937
Cash Flows from Noncapital Financing Activities					
Interfund loan repayments	-	-	(7,650)	(7,650)	-
Transfers from other funds	994,998	1,207,760	13,105	2,215,862	1,583,945
Transfers to other funds	-	-	-	-	(441,515)
Net Cash From Noncapital Financing Activities	994,998	1,207,760	5,455	2,208,212	1,142,431
Cash Flows from Capital and Related Financing Activities					
Advances from other funds for capital activities	-	-	55,000	55,000	-
Insurance proceeds	3,575	3,576	-	7,151	-
Issuance of debt	138,878	3,507,770	-	3,646,648	5,133,054
Payment of bond issue costs	-	(54,296)	-	(54,296)	(79,611)
Principal payments on capital debt	(700,000)	(1,230,000)	(234,374)	(2,164,374)	(630,000)
Interest payments on capital debt	(36,500)	(673,836)	(84,509)	(794,845)	(384,293)
Escrow payments	-	(3,451,397)	-	(3,451,397)	(5,048,542)
Capital grants and contributions	-	-	2,023,258	2,023,258	-
Parking improvement fees	-	-	106,700	106,700	-
Acquisition and construction of capital assets	(8,873,067)	(4,692,853)	(2,234,289)	(15,800,209)	(303,073)
Net Cash From Capital and Related Financing Activities	(9,467,114)	(6,591,036)	(368,214)	(16,426,363)	(1,312,465)
Cash Flows from Investing Activities					
Investment income	73,157	113,317	38,861	225,336	64,189
Net Cash From Investing Activities	73,157	113,317	38,861	225,336	64,189
Net change in pooled cash and investments	(3,372,112)	1,712,481	910,832	(748,800)	1,150,091
Pooled Cash and Investments, July 1, 2011	11,835,741	16,233,908	5,030,353	33,100,003	9,070,818
Pooled Cash and Investments, June 30, 2012	\$ 8,463,629	\$ 17,946,389	\$ 5,941,186	\$ 32,351,203	\$ 10,220,909
	1.15			1.15	
Reconciliation to Statement of Net Assets					
Pooled cash and investments	\$ 8,226,448	\$ 17,270,275	\$ 5,909,405	\$ 31,406,127	\$ 10,217,395
Restricted cash and investments	237,182	676,114	31,781	945,077	3,514
Pooled Cash and Investments, June 30, 2012	\$ 8,463,630	\$ 17,946,389	\$ 5,941,186	\$ 32,351,204	\$ 10,220,909

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

City of Bend, Oregon
Statement of Cash Flows (Continued)

Proprietary Funds
 For the fiscal year ended June 30, 2012

	Business-Type Activities			Total	Governmental
	Enterprise Funds				Activities
	Water	Water Reclamation	Nonmajor Enterprise Funds		Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities					
Operating income (loss)	\$ 3,267,996	\$ 4,212,689	\$ (109,039)	\$ 7,371,645	\$ (417,857)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	2,302,331	3,085,108	1,466,845	6,854,284	1,131,254
Change in:					
Accounts receivable	(439,629)	(511,399)	(47,034)	(998,062)	65,458
Loans, notes and assessments receivable	-	85,792	-	85,792	-
Due from other funds	-	-	-	-	(14,000)
Inventories	(75,579)	-	-	(75,579)	(2,974)
Prepays and deposits	(1,276)	-	-	(1,276)	55,462
Accounts payable	(125,924)	(1,752)	(37,107)	(164,783)	(32,235)
Salaries and benefits payable	(8,510)	(2,918)	(8,984)	(20,413)	(11,049)
Other post-employment benefits	116,918	151,779	4,991	273,688	333,829
Compensated absences payable	4,167	(5,326)	(2,897)	(4,057)	2,124
Insurance claims payable	5,352	8,406	1,972	15,731	142,413
Other accrued liabilities	(2,039)	(39,938)	(5,932)	(47,908)	-
Prepays and deposits payable	(16,960)	-	(28,086)	(45,047)	3,514
Net Cash From Operating Activities	\$ 5,026,846	\$ 6,982,440	\$ 1,234,730	\$ 13,244,016	\$ 1,255,937

Noncash Capital and Related Financing Activities

The City received donated Water, Water Reclamation, and Nonmajor Enterprise Funds infrastructure totaling \$815,224, \$874,053, \$94,282, respectively, in the current year.

Acquisition of capital assets financed through accounts payable for the current year totaled \$2,329,472 in the Water Fund, \$587,051 in the Water Reclamation Fund, \$904,292 in the Nonmajor Enterprise Funds, and \$62,876 in the Internal Service Fund.

The net book value of capital assets contributed to other funds in the current year totaled \$4,296,060 in the Internal Service Fund.

The net book value of capital assets contributed from other funds in the current year totaled \$669,581 in the Water Reclamation Fund, \$32,716 in the Nonmajor Enterprise Funds, and \$344,535 in the Internal Service Fund.

Forgiveness of debt in the Water Fund totaled \$2,806,500.

The \$1,662,419 Clean Water Loan in the Water Reclamation Fund is received on a reimbursement basis. As of year end, \$1,329,649 was not received.

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

City of Bend, Oregon
Statement of Fiduciary Assets and Liabilities
 Fiduciary Fund
 June 30, 2012

Agency Fund

Assets

Cash and investments	\$	169,272
Accounts receivable, net		87
Total Assets		169,358

Liabilities

Amounts held for others		169,358
Total Liabilities		169,358

Net Assets	\$	-
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The accompanying notes are an integral part of the basic financial statements.

CITY OF BEND, OREGON

Notes to Basic Financial Statements

Fiscal Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Bend, Oregon (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as, for the proprietary funds, the Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. No FASB guidance issued after November 30, 1989 has been applied unless specifically adopted by Governmental Accounting Standards Board pronouncements.

The Financial Reporting Entity

As required by GAAP, the financial reporting entity consists of the primary government, as well as its component unit, which is a legally separate organization for which the elected officials of the primary government are financially accountable or a legally separate organization that raises and holds economic resources for the direct benefit of the primary government. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, 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 Bend, Oregon (the primary government) and its component unit, the Bend Urban Renewal Agency. The component unit discussed in the next paragraph is blended and reported as if it is part of the City.

Blended Component Unit - The Bend Urban Renewal Agency (the Agency), is a legally separate public body corporate and politic, created by ordinance of the City. The Agency's board consists exclusively of members of the City Council. The City can impose its will on the Agency through its ability to modify and approve the Agency's budget and govern the overall policies of the Agency. The services of the Agency are exclusively for the benefit of the City, and the assets, liabilities, revenues and expenses related to the Agency are reported in the government-wide financial statements. The Agency has a June 30 year-end and unless otherwise noted in this report, the accounting policies of this component unit are consistent with those described for the primary government.

The Agency receives funds through tax increment financing pursuant to Oregon Revised Statutes (ORS) 457.420 through 457.450. Separate financial statements for the Agency can be obtained from the finance department of the City of Bend, 710 NW Wall Street, Bend, OR 97701.

Organization

The City of Bend, Oregon is a municipal corporation governed by an elected council of seven members. The City (located in Deschutes County) was organized in 1904 and incorporated in 1905 under Article XI of the State of Oregon Constitution. On May 16, 1995, City voters approved the City of Bend Charter of 1995, replacing the previously approved City Charter of 1960. The Bend Charter of 1995 modernizes language utilized and reflects changes in conditions, provides for councilors to be elected to terms of four years rather than two or four years and establishes terms of two years for the mayor and mayor pro-tem. The City operates under a council/manager form of government and provides the following services as authorized by its charter: police, fire, ambulance, municipal court, community development, planning, street construction and maintenance, transportation facilities and airport, cemetery, public works, water, water reclamation and stormwater utilities.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all activities of the primary government and its blended component unit. Governmental activities, which are supported by taxes, franchise fees, intergovernmental revenues and charges for services, are reported separately from business-type activities, which rely on fees charged to external parties for services. The City's Agency fund has been excluded from the government-wide financial statements.

The Statement of Activities presents the direct expenses of a given function/program or business-type activity and the related program revenues categorized into charges for services, operating grants and contributions and capital grants and contributions. 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, investment income and other items not included among program revenues are reported as general revenues.

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. The City also receives revenue from nonexchange transactions, in which the City receives value without giving equal value in exchange; including property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized when all eligibility requirements have been satisfied. 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 between the governmental and proprietary funds.

All financial statements are presented in whole dollars. Actual amounts may vary due to rounding.

Fund Financial Statements

The City uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate funds. Fund financial statements are provided for governmental, proprietary and fiduciary funds.

Governmental funds are used to account for most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the servicing of general long-term debt (debt service funds), the acquisition or construction of capital assets (capital projects funds), the legally restricted funds that only earnings, not principal, may be used for programs (permanent funds).

The governmental fund financial statements are accounted for using a current financial resources measurement focus whereby only current assets and liabilities generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balance presents increases and decreases in those current fund balances. Governmental funds use the modified accrual basis of accounting where revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

"Measurable" means the amount can be determined and "available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The City considers property taxes available and susceptible to accrual if they are collected within sixty days after year-end.

Intergovernmental revenues are recognized when all eligibility requirements are met. Eligibility requirements for intergovernmental revenues received on a reimbursement basis (i.e. where monies must be expended on specific projects or for a specific purpose before any amounts are paid to the City) are determined to be met when the underlying expenditures are recorded. Eligibility requirements for intergovernmental revenues which are unrestricted as to purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements are considered to be met at the time of receipt or when susceptible to accrual.

Special assessments and loan repayments are recognized as revenues when received.

Licenses and permits, charges for services and miscellaneous revenues are recognized as revenues when received because they are generally not measurable until actually received.

The following are the City's major governmental funds:

General Fund – The General Fund accounts for the City's police and municipal court operations and general services not accounted for within another fund. The principal sources of revenue include property taxes, franchise fees, intergovernmental revenue, transient room taxes and fines. Primary expenditures are for police, municipal court operations and transfers to other funds needing General Fund support.

Transportation Operations and Planning Fund – This fund accounts for the City's transportation operations, including street repair, maintenance and lighting, as well as transportation engineering. Resources consist primarily of state highway fund apportionment and support from the general fund.

Fire / Emergency Medical Services (EMS) Fund – This fund accounts for the City's fire protection and emergency medical services. Revenues include General Fund support, fire protection contracts, charges for emergency medical services and Firemed memberships.

Community Development Block Grant Fund – This fund accounts for the City's Community Development Block Grants. The principal sources of revenue include grant receipts, as well as loan repayments from prior grant recipients. Primary expenditures are for the distribution of grants for qualified projects and/or loans to qualified recipients.

In addition the City also reports the following fund types:

Special Revenue Funds – These funds account for revenue sources that are restricted or committed to finance particular functions or activities.

Debt Service Funds – These funds account for resources that are restricted, committed or assigned to the payment of principal and interest on urban renewal bonds, special assessment bonds and general obligation bonds.

Capital Project Funds – These funds account for revenue sources that are restricted, committed or assigned to capital projects.

Permanent Funds – These funds account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments of the City (internal service fund). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the funds' on-going operations. The principal operating revenues are charges to customers. Operating expenses include cost of sales, personnel costs, administration expenses and depreciation.

All proprietary funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The accrual basis of accounting is utilized by proprietary fund types where revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The following are the City's major enterprise funds:

Water Fund – This fund accounts for the maintenance, operation and construction of the City's water intake, purification and delivery systems. Principal sources of revenue are user fees and system development charges.

Water Reclamation Fund – This fund accounts for the maintenance, operation and construction of the City's wastewater collection and treatment system. The principal sources of revenue are user fees and system development charges.

Additionally, the City reports the following fund types:

Internal Service Fund – The Internal Service Fund accounts for those activities and services furnished internally to other departments within the City on a cost reimbursement basis. Charges are made to the various departments to support these activities. The City has one internal service fund comprised of the following divisions: Garage, Information Technology, Facility Management, Engineering, Public Works Administration, Public Works Laboratory, Insurance, Administration and Financial Services, and Legal and Risk Management. The Engineering, Public Works Laboratory and Administration and Financial Services divisions charge external customers fees for services. The aggregate of all these divisions is reflected as the Internal Service Fund in the fund financial statements.

Fiduciary Fund

Assets held in a trustee capacity for others and not used to support the City's own programs qualify as fiduciary. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City has the following fiduciary fund:

Agency Fund – The agency fund accounts primarily for the assets and liabilities of various monies received on behalf of the Bend Metro Parks and Recreation District. Agency activity is custodial in nature and does not involve the measurement of results of operations.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

The City maintains a common cash and investment pool for all City funds. Investments in the State Treasurer's Local Government Investment Pool (LGIP) are considered short-term and highly liquid where the remaining maturity at the time of purchase is one year or less and are stated at fair value. Fair value of the investment in the LGIP is the same as the value of the pool shares. The LGIP is governed by the Oregon Short Term Fund Board and audited by the Secretary of State, Audits Division.

All investments are stated at fair value. Fair value is determined as the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties. Earnings on pooled cash and investments are credited to each fund monthly based on the average daily balance of each participating fund. Pooled cash and investments have the general characteristics of a demand deposit account in that any participating fund may deposit additional cash at any time and may also withdraw cash at any time without prior notice or penalty.

Restricted Cash and Investments

Restricted cash and investments are those whose use is restricted to specific purposes by state statute, bond indenture or otherwise. At June 30, 2012, the City had \$3,552,052 of cash and investments restricted for debt service, construction, the building program, and deposits.

Receivables

Property taxes are assessed on a July 1 - June 30 fiscal year basis. The taxes are levied July 1 and property owners have the option of paying the full amount by November 15 or prior to February 15 and receiving a discount or paying in three installments, November 15, February 15 and May 15. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The County Treasurer is the tax collection agent for all taxing entities within the County. Tax revenue is considered received when in the hands of the County as the intermediary collection agency. In the governmental funds, tax revenue is recognized when collected and available to the City. Taxes receivable at June 30, less tax collections received within sixty days subsequent to year end, are recorded as deferred revenue. Management has determined that an allowance for uncollectible accounts is not required for property taxes.

Other receivables consist primarily of water, sewer, and stormwater utility receivables; but, also include ambulance, court, community development, and airport receivables. Ambulance and court receivables at June 30, less collections received within sixty days subsequent to year end, are recorded as deferred revenue. In the proprietary funds, receivables include services provided but not received. The enterprise funds' receivables include billings for residential and commercial customers utilizing the City's water, sewer, and storm water services and are reported net of an allowance for uncollectible amounts based on past performance of uncollectible accounts.

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Prepaid Pension Obligation

In May 2004, the City issued limited tax pension obligation bonds to make a supplemental lump-sum payment to the Oregon Public Employees Retirement System (PERS). The intent was to prepay a portion of the City's share of the PERS unfunded actuarial liability. Amortization of this supplemental lump-sum payment is recognized as pension expense over the life of the bonds using the straight-line method.

Assets Held for Resale

Assets held for resale are recorded at cost and classified as current asset if expected to be sold within the next fiscal year, and noncurrent if expected to be sold after the next fiscal year.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are stated at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the fair market value of such assets at the date of donation. Capital assets include land, right-of-ways, buildings, improvements, infrastructure, vehicles and equipment costing over \$5,000 with an estimated life of one year or more. Maintenance and repairs that do not add to the value of the assets or extend the assets' lives are charged to expense as incurred and are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the related capital assets, except for land, right-of-ways, land use rights and works of art which are considered inexhaustible in nature and are not depreciated. The estimated useful lives of the various categories of assets are as follows:

Buildings and improvements	20 to 75 years
Infrastructure	60 to 75 years
Vehicles and equipment	3 to 12 years

Upon disposal of capital assets, the accounts are relieved of the related historical costs and accumulated depreciation, and if appropriate, resulting gains or losses are recognized.

Capitalized Interest

Capital assets of the proprietary funds constructed with tax-exempt borrowing include capitalized interest as part of the costs of the assets. All interest costs of the borrowing less any interest earned on investments acquired with the proceeds of the borrowing are capitalized from the date of the borrowing until the assets are ready for their intended use. For fiscal year ended June 30, 2012 there was \$58,203 of interest capitalized in the Water Fund, and \$275,339 of interest capitalized in the Water Reclamation Fund. Total capitalized interest for the year ended June 30, 2012 was \$333,542.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability reported for unpaid accumulated sick leave since the City by policy does not pay out sick leave banks when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of termination or retirement.

Other Post Employment Benefits Obligation

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for the Post Employment Benefits Other Than Pensions (OPEB)*, the City's net OPEB obligation is actuarially determined and is recognized as a long-term liability in the government-wide financial statements and in the proprietary funds statements. The annual required contribution is recognized on the accrual basis.

Long-term Debt and Bond Issuance Costs

Long-term debt is reported as a liability in the Statement of Net Assets and proprietary fund financial statements. The related bond discounts, premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method. In the governmental fund financial statements, the bond discounts, premiums and issuance costs are recognized when incurred and not deferred. The face amount of the debt issued and premiums received are reported as other financing sources while discounts are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the governmental fund financial statements.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balances

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 legally or contractually required to be maintained intact, or are in a nonspendable form such as inventories, prepaid amounts, 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 a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

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 biennial budget. The City's Finance Director or designee 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.

Finally, GASB Statement No.54 requires a spending policy, as it relates to ending fund balance. The following hierarchy applies to the order in which funds are spent in all governmental funds:

1. Restricted Fund Balance
2. Committed Fund Balance
3. Assigned Fund Balance
4. Unassigned Fund Balance

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

The City established a stabilization reserve in fiscal year 2009-10 to provide temporary support to minimize the impacts to citizens of severe economic downturns or major unforeseen events and to enhance the City's credit rating. Additions to the stabilization reserves may include investment earnings and excess revenues and/or additional allocations from the General Fund. The stabilization funds may be spent for City Council approved temporary support for critical basic services and operations meeting the General Fund Stabilization Fund Policy. The stabilization balance as of June 30, 2012 is \$1,426,515.

Note 2 - Cash and Investments

The City maintains a common cash and investment pool for all City funds. The types of investments in which the City may invest are restricted by State of Oregon statutes and a Council adopted investment policy. Authorized investments include general obligations of the United States Government and its agencies, obligations of the States of Oregon, California, Idaho and Washington that have a rating of AA (or equivalent) or better, A-1 rated commercial paper and banker's acceptances, AA (or equivalent) rated corporate bonds, time deposits, repurchase agreements and the State of Oregon Local Government Investment Pool.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 2 - Cash and Investments (Continued)

At June 30, 2012, the City's cash and investments are comprised of the following:

Cash on hand	\$ 6,150
Deposits with financial institutions	7,058,115
Investments:	
State of Oregon Local Government Investment Pool	32,344,872
Corporate notes	17,659,604
U.S. agency obligations	16,186,032
Obligations of the States of Oregon, California, Idaho and Washington	7,241,158
Total pooled cash and investments	<u>\$ 80,495,931</u>

Cash and investments are reflected on the basic financial statements as follows:

	Governmental Activities	Business-Type Activities	Agency Fund	Total
Pooled cash and investments	\$ 45,368,480	\$ 31,406,127	\$ 169,272	\$ 76,943,879
Restricted cash and investments	2,606,975	945,077	-	3,552,052
	<u>\$ 47,975,455</u>	<u>\$ 32,351,204</u>	<u>\$ 169,272</u>	<u>\$ 80,495,931</u>

Deposits with Financial Institutions

The City's cash deposits with financial institutions are in a public funds checking account that is fully insured by the Federal Depository Insurance Corporation (FDIC). The City's cash balance held in the public funds checking account on June 30, 2012 was \$7,671,909.

Interest Rate Risk

As a means to limit exposure to fair value loss arising from interest rates, the City's investment policy requires that at least half of the City's investments mature in less than one year. Investment maturity limitations and actual maturities for the City's investments are as follows:

<u>Maturity</u>	<u>Minimum Investment</u>	<u>Actual at June 30, 2012</u>
Less than 30 days	10%	49%
Less than 12 months	50%	63%
Less than 18 months	65%	86%
Less than 7 years	100%	100%

Credit Risk

The City's investment policy limits investments in commercial paper and corporate bonds to specific bond ratings as determined by nationally recognized rating agencies. Commercial paper must be rated at least A-1 by Standard & Poor's, or P-1 by Moody's, or F-1 by Fitch at the time of purchase by each service which rates the commercial paper. Corporate bonds must be rated at least AA by Standard & Poor's, or Aa by Moody's, or AA by Fitch. In addition, ownership of commercial paper and corporate bonds is limited to a combined total of 35% of the portfolio with no more than 5% of the portfolio held in any one issuer. At June 30, 2012, the City was in compliance with the above policy requirements with commercial paper and corporate bonds totaling just under 24% of the portfolio. Investments in obligations of the States of Oregon, California, Idaho and Washington must be rated AA (or an equivalent rating) or better and ownership of such obligations is limited to 25% of the portfolio with no more than 10% held in any one issuer.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 2 - Cash and Investments (Continued)

The State of Oregon Local Government Pool and money market account are unrated. Investments held at June 30, 2012 are categorized by rating as follows:

<u>Investor Service Rating</u>	U.S. Agency <u>Obligations</u>	State / Local <u>Obligations</u>	Corporate <u>Notes</u>
Prime (AAA, Aaa, AAA)*	\$ 16,186,032	\$ -	\$ 711,868
High Grade (AA, Aa, AA)*	-	6,194,948	16,947,736
High Grade (SP-1, MIG 1, F-1)*	-	1,046,210	-
	<u>\$ 16,186,032</u>	<u>\$ 7,241,158</u>	<u>\$ 17,659,604</u>

*Respectively, the rating agencies are as followed: Standard & Poor's, Moody's, Fitch.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City be conducted on a delivery-versus-payment basis. Securities are to be held by a third party custodian in a segregated account. For each transaction, the broker or securities dealer issues a confirmation ticket to the City listing the specific instrument, issue, rating, coupon, maturity, CUSIP number, purchase or sale price, yield, transaction date, and other pertinent information. At June 30, 2012, the City does not have investments exposed to custodial credit risk.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 3 - Assessments, Loans and Notes Receivable

Assessments receivable consist of amounts levied against benefited property owners for the cost of public improvements and attach as an enforceable lien on the property until paid. All the City's assessment loans are made over a period of 10 years and bear interest ranging from 5.00% to 7.50%. Promissory notes consist of business development loans/grants made over a period of 2 years with no interest, System Development Charge (SDC) deferrals and loans over a period of 9 months to 10 years and bear interest ranging from 5% to 12%, building permit and energy efficiency upgrade deferrals due upon the sale/transfer of the property with no interest, and Community Development and Affordable Housing loans with variable terms.

Assessments, loans and notes receivable consisted of the following at June 30, 2012:

	Governmental Activities	Business-type Activities
<u>Assessments Receivable</u>		
Assessments receivable for downtown economic improvements	\$ 67,092	\$ -
Assessments receivable for local improvements, 10 year terms with 5% to 7.25% interest	-	239,547
Allowance for uncollectible assessments	-	(30,997)
Total Assessments Receivable	67,092	208,550
 <u>Loans and Notes Receivable</u>		
Promissory notes receivable for business development forgivable loans/grants, various terms with 0% interest	69,975	-
Promissory notes receivable for system development charges and improvement fees, 1 to 10 year terms with 6% to 7.5% interest	249,449	25,507
Promissory notes receivable for system development charge deferrals due the earlier of 9 months or the issuance of the certificate of occupancy, interest accrues at 12% if payment is late	368,197	-
Promissory notes receivable for building permits and energy efficiency upgrade deferrals due upon property sale/transfer, 0% interest	178,045	-
Community development block grant loans to qualified individuals or organizations, various terms with 0% to 2% interest	3,828,017	-
Affordable Housing Loans to qualified organizations	1,612,081	-
Low interest deferred loans to downtown businesses for urban renewal	30,000	-
Promissory note receivable for sale of transit facilities to Central Oregon Intergovernmental Council (C.O.I.C.), 20 year term, 0% interest	639,656	-
Allowance for uncollectible loans and notes receivable	-	(4,420)
Total Loans and Notes Receivable	6,975,420	21,087
 Total Assessments, Loans and Notes Receivables	\$ 7,042,512	\$ 229,637

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 4 - Assets Held for Resale

The City has made improvements to land held for resale in the Juniper Ridge Urban Renewal Area.

	Balance					Balance
Governmental activities	June 30, 2011	Increases	Decreases	Adjustments	June 30, 2012	
Assets held for resale	\$ 4,611,047	\$ 6,549	\$ -	\$ (44,773)	\$ 4,572,823	

Note 5 - Capital Assets

Governmental capital asset activity for the year ended June 30, 2012 was as follows:

Governmental activities	Balance June 30, 2011	Increases	Decreases	Transfers/ Adjustments	Balance June 30, 2012
Capital assets not depreciated:					
Land including right-of-way	\$ 151,681,781	\$ 1,008,115	\$ (121,846)	\$ -	\$ 152,568,050
Artwork	719,215	-	-	-	719,215
Construction in progress	9,645,255	5,611,040	(9,138,349)	(9,628)	6,108,318
Total capital assets not being depreciated	162,046,251	6,619,155	(9,260,195)	(9,628)	159,395,583
Capital assets being depreciated:					
Buildings and improvements	40,916,304	848,915	(4,700,190)	(702,297)	36,362,732
Infrastructure	477,315,162	7,593,815	(480,922)	-	484,428,055
Vehicles and equipment	19,269,540	645,299	(2,373,120)	92,503	17,634,222
Software	2,078,614	175,744	(43,966)	-	2,210,392
Total capital assets being depreciated	539,579,620	9,263,773	(7,598,198)	(609,794)	540,635,401
Less accumulated depreciation for:					
Buildings and improvements	6,116,732	843,162	(309,524)	-	6,650,370
Infrastructure	155,724,132	10,666,031	(8,742)	-	166,381,421
Vehicles and equipment	12,360,770	1,487,090	(1,185,867)	92,503	12,754,496
Software	1,558,513	11,117	(30,701)	-	1,538,929
Total accumulated depreciation	175,760,147	13,007,400	(1,534,834)	92,503	187,325,216
Total capital assets being depreciated, net	363,819,473	(3,743,627)	(6,063,364)	(702,297)	353,310,185
Governmental activities capital assets, net	\$ 525,865,724	\$ 2,875,528	\$ (15,323,559)	\$ (711,925)	\$ 512,705,768

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Governmental activities

General government	\$ 1,131,254
Public safety	780,844
Public ways and facilities	10,939,799
Community and economic development	15,821
Urban Renewal	548
Transit	139,133
Governmental activities depreciation expense	<u>\$ 13,007,400</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 5 - Capital Assets (Continued)

Business-type capital asset activity for the year ended June 30, 2012 was as follows:

<u>Business-type activities</u>	Balance June 30, 2011	Increases	Decreases	Transfers/ Adjustments	Balance June 30, 2012
Capital assets not depreciated:					
Land including right-of-way	\$ 6,718,582	\$ -	\$ -	\$ -	\$ 6,718,582
Land use rights	1,069,183	-	-	-	1,069,183
Construction in progress	33,279,130	14,731,151	(10,825,079)	15,242	37,200,444
Total capital assets not being depreciated	41,066,895	14,731,151	(10,825,079)	15,242	44,988,209
Capital assets being depreciated:					
Buildings and improvements	24,029,652	364,093	-	701,148	25,094,893
Vehicles and equipment	10,833,548	1,875,676	(292,745)	(92,503)	12,323,976
Software	722,624	-	-	-	722,624
Water infrastructure	98,276,629	7,846,989	-	-	106,123,618
Water reclamation infrastructure	144,300,106	1,041,734	-	-	145,341,839
Stormwater infrastructure	35,539,692	94,282	-	-	35,633,974
Other infrastructure	13,232,366	3,261,540	-	-	16,493,906
Total capital assets being depreciated	326,934,617	14,484,314	(292,745)	608,646	341,734,831
Less accumulated depreciation for:					
Buildings and improvements	7,931,084	781,472	-	-	8,712,556
Vehicles and equipment	9,621,869	894,209	(239,452)	(92,503)	10,184,124
Software	390,776	5,043	-	-	395,819
Water infrastructure	21,448,116	2,033,943	-	-	23,482,059
Water reclamation infrastructure	32,904,232	2,115,199	(17,750)	-	35,001,681
Stormwater infrastructure	11,340,461	674,486	-	-	12,014,947
Other infrastructure	962,601	349,932	-	-	1,312,533
Total accumulated depreciation	84,599,139	6,854,284	(257,202)	(92,503)	91,103,718
Total capital assets being depreciated, net	242,335,478	7,630,030	(35,543)	701,148	250,631,114
Business-type activities capital assets, net	\$ 283,402,373	\$ 22,361,181	\$ (10,860,622)	\$ 716,390	\$ 295,619,323

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to business-type activities as follows:

Business-type activities

Airport	\$ 410,482
Water	2,302,331
Water reclamation	3,085,108
Parking	322,288
Stormwater	720,392
Other business activities	13,683
Business-type activities depreciation expense	<u>\$ 6,854,284</u>

Note 6 - Lease Obligations

The City leases fire stations from the Deschutes County Rural Fire Protection District No. 2 under operating lease agreements expiring in June 2050 with options to renew for five successive terms of ten years each. Lease payments are due semi-annually on December 1 and June 1 each year. Rental expense for the fiscal year ended June 30, 2012 totaled \$220,080. Minimum future lease payments not including annual consumer price index adjustments are \$220,080 each fiscal year from 2012 through 2050.

The City leased office space under an operating lease agreement that expired in March 2012. Lease payments were due monthly on the first day of the month. Rental expense for the fiscal year ended June 30, 2012 totaled \$190,959.

Note 7 - Lease Receivables

The City is the lessor of numerous ground and hangar leases associated with the municipal airport. Most of these leases carry 20 year terms with current leases expiring through 2032. In general, the leases call for monthly rent payments based on square footage as defined in each lease agreement. Total lease revenue included in the Airport Fund for the fiscal year ended June 30, 2012 is \$720,645. Cost of leased assets totaled \$1,947,061 at June 30, 2012 with a carrying amount of \$1,255,127 and current year depreciation of \$41,134.

Note 8 - Due To / From Other Funds

The City provided interim financing for the following funds due to delayed grant funding reimbursements and delayed transient room taxes.

<u>Amount</u>	<u>Description</u>
\$ 25,000	Due to the General Fund from the Community Development Block Grant Fund
55,000	Due to the General Fund from Nonmajor Enterprise Funds
70,104	Due to Transportation Operations & Planning Fund from the Community Development Block Grant Fund for ADA improvements
45,978	Due to Nonmajor Governmental Funds (EECBG Grant Fund) from other Nonmajor Governmental Funds (Planning, Building, Transportation Construction Funds)
14,000	Due to the Internal Service Fund from Nonmajor Governmental Funds

These advances are non-interest bearing and are repaid in the following fiscal year.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 9 - Advances

On June 16, 2010 the city council authorized a \$35,000 advance from the General Fund to the Downtown Parking Fund to provide the necessary financing of capital expenditures. The loan matures on June 30, 2015 with an interest rate of 3%. Revenues from building rental and other operating revenues will be utilized to repay the loan. For the fiscal year ended June 30, 2012, the remaining outstanding balance is \$21,602.

Note 10 – Short-Term Note Payable

On June 27, 2012 the City obtained a bank loan in the amount of \$3,000,000 to provide interim financing for capital street improvements before permanent debt financing was issued in September 2012. The amount outstanding as of June 30, 2012 was \$1,160,000. The note carried interest at a variable bank rate and was repaid on September 20, 2012.

	Balance at <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>June 30, 2012</u>
Bank loan	\$ -	\$ 3,000,000	\$ (1,840,000)	\$ 1,160,000

Note 11 - Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations. During fiscal year 2011-12, the City made the following interfund transfers between its governmental activities and business-type activities:

Amount	Description
\$ 10,000	From the General Fund to the Nonmajor Enterprise Funds for general operations
994,998	From the Nonmajor Governmental Funds to the Water Fund to transfer system development charges for eligible expenses
1,207,760	From the Nonmajor Governmental Funds to the Water Reclamation Fund to transfer system development charges for eligible expenses
3,105	From the Nonmajor Governmental Funds to the Nonmajor Enterprise Funds for general operations

Note 12 - Compensated Absences

Change in compensated absences during the fiscal year ended June 30, 2012 was as follows and are included in accrued liabilities on the Statement of Net Assets:

	Balance at <u>June 30, 2011</u>	<u>Earned</u>	<u>Used</u>	Balance at <u>June 30, 2012</u>	Due within <u>one year</u>
Governmental activities	\$ 2,514,432	\$ (2,079,947)	\$ 2,117,870	\$ 2,552,355	\$ 2,424,738
Business-type activities	375,438	(395,057)	391,000	371,381	352,812
	<u>\$ 2,889,870</u>	<u>\$ (2,475,004)</u>	<u>\$ 2,508,870</u>	<u>\$ 2,923,736</u>	<u>\$ 2,777,550</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 13 - Long-Term Debt

In the following paragraphs and charts, long-term debt information is presented separately with respect to governmental and business-type activities. The following tables present current year changes in those obligations and the current portions due for each issue.

<u>Governmental activities:</u>	Original Issue	Interest Rate	Maturity
Full faith & credit obligations			
Police facility & street equipment, series 2002	\$ 7,130,000	4.00% to 5.00%	12/01/26
Transportation, street & fire equipment, series 2003	13,050,800	2.00% to 4.50%	12/01/22
Pension obligation bonds, series 2004	13,725,000	2.13% to 6.095%	06/01/28
Police expansion and ambulance, series 2006	4,950,000	3.75% to 6.00%	12/01/31
Cooley road, police expansion, and fire equipment, series 2008	4,425,000	3.00% to 4.25%	12/01/27
Fire stations, series 2010, refinance series 1999	3,225,000	3.23%	06/01/24
Transportation system, series 2010, refinance series 2000	4,103,000	2.84%	06/01/21
Accessibility, series 2010	3,265,000	2.62%	06/30/24
City hall land, series 2010, refinance series 2005	3,600,000	3.65%	06/01/15
Street equipment, series 2012	1,425,000	1.66%	12/01/26
Police facility, series 2012, refinance series 2002	4,670,000	2.60%	12/01/26
Tax increment bonds			
Downtown Urban Renewal, series 2004	6,900,000	4.25%	12/01/13
Line of credit	6,000,000	variable	06/19/13

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 13 - Long-Term Debt (Continued)

<u>Governmental activities:</u>	Balance at June 30, 2011	Additions	Reductions/ Adjustments	Balance at June 30, 2012	Due within one year
Full faith & credit obligations					
Police facility & street equipment, series 2002	\$ 5,150,000	\$ -	\$ (5,150,000)	\$ -	\$ -
Transportation, street & fire equipment series 2003	8,013,800	-	(602,400)	7,411,400	626,400
Pension obligation bonds, series 2004	13,460,000	-	(175,000)	13,285,000	230,000
Police expansion and ambulance, series 2006	4,250,000	-	(250,000)	4,000,000	265,000
Cooley road, police expansion, and fire equipment, series 2008	4,135,000	-	(210,000)	3,925,000	215,000
Fire stations, series 2010, refinance series 1999	2,880,000	-	(180,000)	2,700,000	185,000
Transportation system, series 2010, refinance series 2000	3,713,000	-	(325,000)	3,388,000	335,000
Accessibility, series 2010	2,995,000	-	(190,000)	2,805,000	195,000
City hall land, series 2010, refinance series 2005	3,500,000	-	(300,000)	3,200,000	500,000
Street equipment, series 2012	-	1,425,000	-	1,425,000	155,000
Police facility series 2012, refinance series 2002	-	4,670,000	-	4,670,000	300,000
Tax increment bonds					
Downtown Urban Renewal, series 2004	1,710,000	-	(1,710,000)	-	-
Line of credit	5,208,850	-	-	5,208,850	5,208,850
Long-term debt obligations	55,015,650	6,095,000	(9,092,400)	52,018,250	8,215,250
Premiums and discounts	274,952	567,011	(173,285)	668,678	53,200
Total governmental activities	<u>\$ 55,290,602</u>	<u>\$ 6,662,011</u>	<u>\$ (9,265,685)</u>	<u>\$ 52,686,928</u>	<u>\$ 8,268,450</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 13 - Long-Term Debt (Continued)

<u>Business-type activities:</u>	Original Issue	Interest Rate	Maturity
Full faith & credit obligations			
Airport, series 2003, refinance series 1993	\$ 279,200	2.00% to 3.70%	12/01/13
Stormwater equipment, series 2008	275,000	3.00%	12/01/12
Airport, series 2010, refinance series 1999	1,057,000	2.60%	06/01/19
Water RZEDB, series 2010	2,300,000	3.05%	11/01/30
Water, series 2010, refinance series 2000	2,175,000	1.56%	11/01/13
Sewer RZEDB, series 2010	10,730,000	3.05%	11/01/30
Sewer, series 2012, refinance series 2002	3,185,000	2.04%	12/01/26
Revenue bonds			
Sewer, series 2002	5,500,000	1.77% to 5.04%	11/01/22
Sewer, series 2005	7,585,000	3.00% to 4.00%	11/01/20
Sewer, series 2008	10,000,000	3.50% to 4.50%	10/31/28
Notes payable			
Pacific Aviation Composites	655,000	5.01%	12/01/17
Airport Eastside Improvement	867,335	4.00% to 4.375%	12/01/31
Safe Drinking Water Revolving Loan Fund Loan	2,806,500	3.00%	12/01/31
ARRA Forgivable Loan	2,806,500	3.00%	forgiven
Clean Water State Revolving Fund Loan	5,482,336	3.32%	10/01/33

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 13 - Long-Term Debt (Continued)

<u>Business-type activities:</u>	Balance at June 30, 2011	Additions	Reductions/ Adjustments	Balance at June 30, 2012	Due within one year
Full faith & credit obligations					
Airport, series 2003, refinance series 1993	\$ 86,200	\$ -	\$ (27,600)	\$ 58,600	\$ 28,600
Stormwater equipment, series 2008	115,000	-	(55,000)	60,000	60,000
Airport, series 2010, refinance series 1999	897,000	-	(85,000)	812,000	90,000
Water RZEDB, series 2010	2,300,000	-	-	2,300,000	-
Water, series 2010, refinance series 2000	2,175,000	-	(700,000)	1,475,000	750,000
Sewer RZEDB, series 2010	10,730,000	-	-	10,730,000	-
Sewer, series 2012, refinance series 2002	-	3,185,000	-	3,185,000	70,000
Revenue bonds					
Sewer, series 2002	3,800,000	-	(3,545,000)	255,000	255,000
Sewer, series 2005	6,370,000	-	(625,000)	5,745,000	645,000
Sewer, series 2008	9,320,000	-	(360,000)	8,960,000	375,000
Notes payable					
Pacific Aviation Composite	387,241	-	(42,657)	344,584	48,000
Airport Eastside Improvement	778,272	-	(24,117)	754,155	24,282
Safe Drinking Water Revolving Loan Fund Loan	2,806,500	-	-	2,806,500	103,154
ARRA Forgivable Loan	2,806,500	-	(2,806,500)	-	-
Clean Water State Revolving Fund Loan	-	1,662,419	-	1,662,419	N/A
Long-term debt obligations	42,571,713	4,847,419	(8,270,874)	39,148,258	2,449,036
Premiums and discounts	92,052	377,938	(229,322)	240,668	22,463
Total business-type activities	<u>\$ 42,663,765</u>	<u>\$ 5,225,357</u>	<u>\$ (8,500,196)</u>	<u>\$ 39,388,926</u>	<u>\$ 2,471,500</u>

<u>Total long-term debt obligations:</u>	Governmental Activities	Business-type Activities	Total	Due within one year
Full faith & credit	\$ 46,809,400	\$ 18,620,600	\$ 65,430,000	\$ 4,005,000
Revenue bonds	-	14,960,000	14,960,000	1,275,000
Notes payable	-	5,567,658	5,567,658	175,436
Line of credit	5,208,850	-	5,208,850	5,208,850
Long-term debt obligations	52,018,250	39,148,258	91,166,508	10,664,286
Premiums and discounts	668,678	240,668	909,346	75,663
Total long-term debt obligations	<u>\$ 52,686,928</u>	<u>\$ 39,388,926</u>	<u>\$ 92,075,854</u>	<u>\$ 10,739,949</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 13 - Long-Term Debt (Continued)

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

Year ending June 30	Governmental activities		Business-type activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 8,215,250	\$ 2,275,928	\$ 2,449,036	\$ 1,610,280	\$ 10,664,286	\$ 3,886,208
2014	3,180,000	1,961,072	2,961,327	1,375,869	6,141,327	3,336,941
2015	4,600,000	1,815,479	2,295,198	1,302,908	6,895,198	3,118,387
2016	2,720,000	1,647,692	2,369,195	1,229,580	5,089,195	2,877,272
2017	2,870,000	1,540,984	2,433,326	1,148,686	5,303,326	2,689,670
2018-2022	15,503,000	5,824,881	10,834,203	4,441,120	26,337,203	10,266,001
2023-2027	12,785,000	2,384,862	8,139,684	2,487,420	20,924,684	4,872,282
2028-2032	2,145,000	161,172	6,003,870	608,709	8,148,870	769,881
	<u>\$ 52,018,250</u>	<u>\$ 17,612,071</u>	<u>\$ 37,485,839</u>	<u>\$ 14,204,571</u>	<u>\$ 89,504,089</u>	<u>\$ 31,816,642</u>

Debt Service requirements for the water reclamation Clean Water Loan of \$1,662,419 is not included in the schedule above. The debt service schedule for that obligation will be determined when the project is complete.

The balance of unamortized premiums and discounts on long-term debt issuances is \$909,346, which is amortized over the life of the associated debt.

All bond reserve requirements were met at the time of issuance and the City is in compliance with any ongoing reserve requirements. The City is in compliance with the bond covenants regarding debt service coverage.

Full Faith & Credit Obligations

In prior years, the City issued full faith & credit obligations to provide financing for the construction of police and fire facilities, airport, stormwater, and street infrastructure and equipment, and to partially fund unfunded pension costs attributable to the unfunded actuarial liability in the Public Employees' Retirement System plan in which the City participates. These bonds are backed by the full faith and credit of the City with stated interest rates on specific maturities ranging from 1.56% to 6.095% and maturities through fiscal year 2032. Subsequent to year end, the remaining balance owing on the storm water equipment, series 2008 loan was paid in full.

New Debt Issuances and Current Refunding. On April 19, 2012 the City issued \$1,425,000 in full faith & credit obligations with an interest rate of 1.66% and maturity in fiscal year 2027. The proceeds of the obligations are being used to finance the purchase of street maintenance equipment.

On April 19, 2012, the City issued \$3,185,000 in bonds with an interest rate of 2.04% to refinance the 2002 series Sewer Revenue Bonds with an interest rate of 4.48%. The refunding was undertaken to reduce the total future debt service payments by \$486,092. The transaction also resulted in an economic gain of \$444,629.

On April 19, 2012, the City also issued \$4,670,000 in bonds with an interest rate of 2.60% to refinance the 2002 series Police Facility Full Faith & Credit Obligations with an interest rate of 4.96%. The refunding was undertaken to reduce the total future debt service payments by \$988,587. The transaction also resulted in an economic gain of \$865,396.

Tax Increment Bonds

The Bend Urban Renewal Agency issued tax increment bonds in 2004 to finance a parking structure and street improvements in the Downtown Urban Renewal District. In fiscal year 2007-08, the City issued full faith & credit bonds related to Cooley Road improvements in the Juniper Ridge Urban Renewal District in the amount of \$3.7 million which is serviced by tax increment revenues. During fiscal year 2011-12 the City paid off the 2004 series of tax increment bonds.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 13 - Long-Term Debt (Continued)

Revenue Bonds

The City issued revenue bonds to provide funds for major expansions of the City's water and water reclamation systems. The revenue bonds are not backed by the full faith and credit of the City, but are secured and serviced by the pledged net revenues of the respective operations. The revenue bonds include a rate covenant requiring the City to maintain net revenues from its water and water reclamation operations at a minimum of 1.25 times the debt service of each operation. The City was in compliance with the rate covenant for the year ended June 30, 2012. The outstanding bonds have stated interest rates on specific maturities ranging from 1.77% to 5.04% and maturities through fiscal year 2029.

Refunded Debt. In 2012, the City defeased certain 2002 Sewer Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds in the amount of \$3,451,397. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. The City refunding was structured so that the City pays the scheduled November 1, 2012 payment and the trust will pay the balance of the defeased debt on the redemption date of November 1, 2012.

Notes Payable

The City has long-term notes payable to the State of Oregon Business Development Department (OBDD) to provide funding for airport, water and water reclamation infrastructure improvements. The notes have maturities through fiscal year 2032 and stated interest rates on specific maturities of 3.00% to 5.01%. Revenues from the airport, water, and water reclamation operations are utilized to repay the respective notes.

OBDD provided notes payable of \$1,165,513 for airport infrastructure improvements.

During fiscal year 2009-10, the City was awarded a State of Oregon Business Development Department (OBDD) Safe Drinking Water Revolving Loan Fund (SDWRLF) Note and an American Recovery and Reinvestment Act (ARRA) Forgivable Note for a total of \$5,613,000. The water projects funded by these notes include the Shiloh Well Rehabilitation, Pilot Butte Well No. 4 Control Building, Timber Ridge Water Line Replacement, and the Fixed Base Automation Meter Reading System and Meter Replacement. As of June 30, 2012, all projects were completed and the City complied with all terms and activities as set forth in the ARRA Forgivable Note loan agreement, and during fiscal year 2011-12, the OBDD forgave the repayment of \$2,806,500. The remaining \$2,806,500 SDWRLF Note has an interest rate of 3.83% and repayment will begin December 2012.

In May 2011, Council approved a loan of \$5,482,336 from the Oregon Department of Environmental Quality (DEQ) for the Wastewater Treatment Plant upgrade. The loan has an interest rate of 3.32% and repayment will be required annually following project completion. This loan is drawn on a reimbursement basis. As of June 30, 2012 the City has requested reimbursement of \$1,662,419.

The City applied for additional funding from the DEQ for this project and was awarded another \$14,484,130 loan in October 2011. The loan term is 20 years with an interest rate of 2.71% with no prepayment penalties and an annual fee of 0.5% of the outstanding loan amount. This loan is drawn on a reimbursement basis and as of June 30, 2012 there is no outstanding balance.

Long-Term Line of Credit

On June 19, 2010 the City extended the maturity date of the line of credit with Bank of America to June 19, 2013. As of June 30, 2012 the City had drawn \$5,208,850 on the line of credit which provides funding for Juniper Ridge development. The line of credit is available up to \$6,000,000 with interest paid quarterly on the outstanding balance at a variable interest rate. The interest rate is determined as the LIBOR Fixed Rate or 64% of the Prime Rate minus a spread of four-tenths percent at the discretion of the City. The interest rate as of June 30, 2012 was 1.36%.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 14 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains insurance policies from commercial suppliers and annual premiums are paid for the following coverages: general and automobile liability limit of \$10,000,000 per occurrence or \$30,000,000 in the aggregate; commercial property blanket building and contents limit \$100,000,000; a cyber liability up to \$1,000,000; a public employee dishonesty bond for claims up to \$100,000 covering the Finance Director; a blanket fidelity bond at \$500,000; and various real, personal and inland marine property coverage for replacement costs. The City also carries \$1,000,000 commercial insurance for workers' compensation and \$10,000,000 for airport liability. Employee health, life and disability coverages are also maintained. Settled claims from these risks have not exceeded commercial insurance limits in any of the past three fiscal years.

An Insurance Division in the City's Internal Service Fund accounts for the City's risk management activities. All funds of the City participate in the Insurance Division. Amounts payable to the Insurance Division are based on cost estimates necessary to pay premiums, and if applicable, prior and current year claims and to establish a reserve for catastrophic losses. Workers' compensation is insured under a retrospective plan where premiums are accrued based on contributions and paid losses.

A liability for workers' compensation claims is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

<u>Fiscal Year</u>	Claims Incurred			
	Balance at <u>July 1</u>	and Changes in <u>Estimate</u>	Claims <u>Paid</u>	Balance at <u>June 30</u>
2009-2010	\$ 150,000	\$ 449,556	\$ (356,657)	\$ 242,899
2010-2011	242,899	554,626	(375,798)	421,727
2011-2012	421,727	668,491	(545,537)	544,681

The City implemented a high-deductible health insurance plan city-wide during fiscal year 2011-12. The City shares responsibility for 62.5% of the co-insurance claims on this plan with employees. The City has recognized an estimated co-insurance liability of \$105,752 for the probable and reasonable co-insurance claims.

Note 15 - Participation in Public Employees' Retirement System

Plan Description

The City contributes to the Oregon Public Employees Retirement System (OPERS) and to the Oregon Public Service Retirement Plan (OPSRP). OPERS is an agent multi-employer defined benefit public employee retirement system. OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). A defined benefit plan is benefit-based and uses predictable criteria such as a pension determined by salary multiplied by length of service multiplied by a factor. A defined contribution plan has no guarantee. OPSRP is administered by OPERS, which acts as a common investment and administrative agent for political subdivisions in the State of Oregon.

The 1995 Oregon Legislature established a different level of benefits for employees who began their six-month waiting period on or after January 1, 1996 called Tier Two. The 2003 Oregon Legislature established OPSRP for public employees hired on or after August 29, 2003, unless membership was previously established in OPERS. Benefits generally vest after five years of continuous service. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. OPERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statute.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 15 - Participation in Public Employees' Retirement System (Continued)

The State of Oregon OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling 1-888-320-7377.

Funding Policy

The rate of employers' contributions to OPERS is determined periodically by OPERS based on actuarial valuations performed at least every two years. The City is required by ORS 238.225 to contribute at an actuarially determined rate. For fiscal year 2011-12, the City was required to contribute 12.42% of covered Tier One and Tier Two employees' salaries. For OPSRP employees, the City contributed 9.88% of eligible police and fire salaries and 7.17% of eligible general service salaries to the plan. These contribution rates were determined based on actuarial valuations as of December 31, 2009 and are effective for the period beginning July 1, 2011 through June 30, 2013. These rates include the effect of side account rate offsets, but exclude contributions to the Individual Account Program (IAP) and debt service for pension obligation bonds.

Members of OPERS and OPSRP are required to contribute 6% of their salary covered under the plan. Pursuant to collective bargaining agreements, the required employee contribution of 6% of covered compensation is paid by the City for all OPERS eligible employees. Effective January 1, 2004, this 6% contribution is remitted to the Individual Account Program. The contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

For fiscal year 2011-12, the City's annual pension cost for OPERS was equal to the City's required and actual contributions and consisted of \$3,562,706 for the City's required share. The City also paid the employees' contribution of \$1,847,881.

Actuarial Methods and Assumptions

The actuarial assumptions include:

- An underlying long-term assumed rate of inflation of 2.75% compounded annually and an assumed rate of healthcare cost inflation graded from 6.9% in 2012 to 4.5% in 2029.
- An investment rate of return of 8.0% compounded annually.
- Interest crediting of 8.0% annually on regular account balances and 8.5% on variable account balances.
- Projected general wage inflation of 3.75% per year.

The actuarial valuation method used is the Projected Unit Credit (PUC) method. Plan assets are valued at market-value, excluding reserves. The Employer's unfunded actuarial liability is being amortized as a level percentage of combined valuation payroll over 16 to 20 year closed period. The following table presents the three-year trend information.

Three Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension</u>		<u>Percentage</u>	<u>Net Pension</u>
	<u>Cost (APC)</u>	<u>Contribution</u>	<u>of APC</u>	
2009-10	\$ 2,288,072	\$ 2,288,072	100%	-
2010-11	2,354,923	2,354,923	100%	-
2011-12	3,562,706	3,562,706	100%	-

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 15 - Participation in Public Employees' Retirement System (Continued)

The City issued \$13,725,000 of pension obligation bonds during fiscal year 2003-04 and made a \$13,122,795 lump sum contribution towards its unfunded actuarial liability which was determined to be at a fair value of \$11,070,258 on December 31, 2011. The lump sum contribution is being amortized through June 1, 2028 to provide employer contribution rate relief and the current year amortization expense totaled \$545,103. With the lump sum contribution, the City's employer rate was reduced by 2.99% effective July 1, 2011. As of December 31, 2011, the defined benefit plan funded status was \$102,833,984 and the City had funded \$73,245,653 or 71%.

As of December 31, 2011, the most recent actuarial valuation date, the plan was 86% funded. The actuarial accrued liability for benefits was \$132.4 million, and the actuarial value of assets was \$113.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$18.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$31.5 million, and the ratio of the UAAL to the covered payroll was 59%.

The schedule of funding progress for the postemployment defined benefit plan in the Required Supplementary Information section presents multi-year trend information about the increasing or decreasing over time of the actuarial value of plan assets relative to the actuarial accrued liability.

Note 16 - Other Post Employment Benefits (OPEB)

The City has adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The OPEB for the City combines three separate plans. The City provides an implicit rate subsidy for retiree Health Insurance Continuation premiums, a stand alone plan for employees meeting certain eligibility requirements, and a contribution to the State of Oregon's OPERS cost-sharing multiple-employer defined benefit plan.

Health Insurance Continuation and Stand Alone Plans

Plan Description

The OPEB for the City includes an implicit rate subsidy for retiree health insurance. Per ORS 243.303, the City provides a single-employer plan to provide retirees with group health and dental insurance from the date of retirement to age 65 and the premium cannot be separately rated from the group for health care insurance coverage of officers and employees of the City. Retirees pay the full premium for coverage elected unless the premium is paid for by the City as described below. Providing the same rate to retirees as provided to active employees constitutes an implicit rate subsidy for OPEB. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

Based on negotiated union agreements, the City provides retiree health benefits to retired employees with at least 15 years of service prior to retirement when the retiree reaches age 62 (age 60 for emergency personnel). The City will pay the premium for retiree coverage if the retiree has continuously maintained City retiree or OPERS group insurance since date of retirement until the qualifying age of 62 (age 60 for emergency personnel). The City will pay the OPERS sponsored supplement to Medicare insurance beginning at age 65 if the retiree has continuously maintained coverage. The City is not responsible for any costs associated with retiree health care insurance coverage including Medicare and supplement to Medicare insurance for non-represented employees hired after December 31, 2010, COBEA members hired after August 31, 2011, and Fire employees hired after June 30, 2012. As of July 1, 2010 the total number of plan participants is 511: 433 active, 78 inactive.

Funding Policy

The City has not established a trust fund to supplement the costs for the net OPEB obligation, but during fiscal year 2011-12 the City began funding contributions to offset the net OPEB obligation. Contribution requirements are negotiated between the City and union representatives. The City's funding policy provides for contributions at amounts sufficient to fund benefits on a pay-as-you-go basis.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 16 - Other Post Employment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 over a period not to exceed 30 years. The amortization of the City's unfunded liability is calculated as a level percent of payroll over 15 years on a rolling (open) basis.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes to the City's net OPEB obligation.

	<u>For the Year Ended June 30, 2012</u>
<u>Determination of Annual Required Contribution</u>	
Normal cost at year end	\$ 1,099,615
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	1,565,367
Annual required contribution (ARC)	<u>\$ 2,664,982</u>
 <u>Determination of Net OPEB Obligation</u>	
Annual required contribution	\$ 2,664,982
Interest on prior year net OPEB obligation	318,410
Adjustment to annual required contribution	<u>(495,849)</u>
Annual OPEB expense	2,487,543
Benefit payments	<u>(609,478)</u>
Increase in net OPEB obligation	1,878,065
Net OPEB obligation - beginning of year	<u>7,075,776</u>
Net OPEB obligation - end of year	<u>\$ 8,953,841</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010-12 were as follows.

Year ending <u>June 30</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contribution</u>	<u>Percentage of Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$3,309,923	\$672,994	20%	\$5,230,255
2011	2,437,496	591,975	24%	7,075,776
2012	2,487,543	609,478	25%	8,953,841

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 16 - Other Post Employment Benefits (OPEB) (Continued)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 was as follows:

Actuarial accrued liability (AAL)	\$ 20,603,241
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 20,603,241</u>
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll	\$ 31,668,881
UAAL / covered payroll	65.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employments, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members), and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

In the July 1, 2010 actuarial valuation, the projected unit credit cost method (PUC) was used. Plan assets are valued at market-value, excluding reserves. The actuarial assumptions included a discount rate of 4.5% for unfunded liabilities based on the expected long-term annual investment returns for Oregon's LGIP pool and comparable investments. An annual healthcare cost trend rate of 9.0%, reduced incrementally to an ultimate rate of 5%, is assumed. The rates include projected annual payroll increases of 3.75%. Retirement and withdrawal rates were based on the Oregon OPERS in its actuarial valuations of retirement benefits.

OPERS Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and Required Supplementary Information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or by calling (888) 320-7377.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 16 - Other Post Employment Benefits (OPEB) (Continued)

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59% of annual covered payroll for Tier 1 & 2 and 0.50% for OPSRP. The OPERS Board of Trustees 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 No. 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 RHIA for the years ended June 30, 2012, June 30, 2011, and June 30 2010 were \$172,059, \$80,847, and \$78,801, respectively, which equaled 100% of the required contributions for each of the three years.

Note 17 - Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(g). The plan is administered by independent plan administrators through administrative service agreements. The plan is available to all employees of the City. Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship. The plan's assets are held in custodial accounts for the exclusive benefit of participants and beneficiaries and are not subject to the claims of the City's creditors, nor can they be used by the City for any purpose other than the payment of benefits to the plan participants. Accordingly, these plan assets and related liability are not recorded in the City's basic financial statements.

Note 18 - Commitment and Contingencies

At June 30, 2012 the City was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts totaling \$11,711,680 in the governmental activities, and \$31,726,807 in the business-type activities.

The City has agreements to reimburse various developers for the construction of certain street, water and water reclamation infrastructure through system development charges or recovery fees collected from properties established as reimbursement or recovery areas. As of June 30, 2012, amounts collected and potentially due to developers totaled \$445,250 and are recorded as a liability in the System Development Charges Fund.

Various immaterial claims and lawsuits against the City are pending. These claims are either covered by insurance or are the types which are normal in view of the City's operations. City management believes the total amount of liability, if any, which may arise from such claims and lawsuits beyond that which is covered by insurance would not have a material effect on the City's financial condition or its ability to carry on its activities substantially as now conducted.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2012

Note 19 - Subsequent Events

The Oregon Department of Environmental Quality (DEQ) has awarded the City \$19,966,466 in low interest loans for the water reclamation plant expansion with an estimated project cost of \$38,800,000. On October 2, 2012 the DEQ awarded the City an additional loan of \$18,833,534 for continued work on the water reclamation plant expansion. These loans are administered on a reimbursement basis.

On September 20, 2012, the City issued \$26,805,000 in general obligation bonds. These bonds will be used to finance the costs of capital construction and capital improvements to City streets, including new construction and improvements and repairs to streets, bicycle lanes, sidewalks and related improvements, and to refund an interim financing promissory note.

In September 2012, Central Oregon Landwatch filed a federal lawsuit against the United States Forest Service claiming the agency failed to adequately perform environmental review under the National Environmental Policy Act as it relates to the City's Surface Water Improvement project. In October 2012, a federal judge issued a preliminary injunction to halt City construction on the project until summary judgement on the merits. Potential financial implications are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS

General Fund

This fund accounts for the City's police and municipal court operations, allocation of general discretionary revenues and other general services of the City not accounted for in any other fund. Principal sources of revenue are property taxes, transient room taxes, franchise fees, intergovernmental revenues and municipal court fines. Primary expenditures are for police and municipal court operations and transfers of general discretionary revenues to other governmental funds.

Transportation Operations and Planning Fund

This fund accounts for the City's street maintenance and transportation engineering operations that are funded mainly by state highway apportionment, garbage franchise fees, charges for services, and allocation of general discretionary revenues.

Fire / Emergency Medical Services Fund

This fund accounts for the operations of the Fire/EMS department which are funded primarily by general discretionary revenues, fire protection contracts and charges for emergency medical services.

Community Development Block Grant Fund

This fund accounts for monies received from Community Development Block Grants. Revenues include grant receipts, as well as loan repayments from prior grant recipients. Expenditures are for the distribution of grants for qualified projects and/or loans to qualified recipients.

City of Bend, Oregon

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Property taxes:						
Current year's property tax levy	\$ 40,042,800	\$ 41,864,400	\$ 21,266,461	\$ -	\$ 21,266,461	\$ (20,597,939)
Delinquent property taxes	1,611,800	1,662,500	1,177,579	-	1,177,579	(484,921)
Transient room taxes	4,802,600	4,894,400	2,501,726	-	2,501,726	(2,392,674)
Franchise fees	12,089,100	12,182,500	5,707,637	-	5,707,637	(6,474,863)
Intergovernmental	4,501,900	4,626,500	2,126,175	-	2,126,175	(2,500,325)
Licenses and permits	616,700	616,700	308,847	-	308,847	(307,853)
Charges for services:						
Charges to others	186,300	181,700	80,326	-	80,326	(101,374)
Charges to other City funds	59,400	40,300	31,200	-	31,200	(9,100)
Fines and forfeitures	2,182,600	2,182,600	1,108,133	-	1,108,133	(1,074,467)
Loan repayments	-	-	10,000	-	10,000	10,000
Investment income	168,200	145,400	93,700	-	93,700	(51,700)
Miscellaneous	500	5,000	20,051	-	20,051	15,051
Total Revenues	66,261,900	68,402,000	34,431,834	-	34,431,834	(33,970,166)
Expenditures						
Accessibility	533,992	424,647	207,202	-	207,202	217,445
Municipal court	1,138,371	1,145,624	550,374	-	550,374	595,250
Code enforcement	240,403	262,449	123,444	-	123,444	139,005
Business advocacy	616,610	703,416	259,066	-	259,066	444,350
Community projects	-	2,205,419	1,046,164	-	1,046,164	1,159,255
Police	35,845,791	36,166,878	17,318,447	-	17,318,447	18,848,431
Nondepartmental	2,905,800	784,400	-	-	-	784,400
Contingency	7,243,263	7,780,747	-	-	-	7,780,747
Total Expenditures	48,524,230	49,473,580	19,504,697	-	19,504,697	29,968,883
Excess (deficiency) of revenues over expenditures	17,737,670	18,928,420	14,927,137	-	14,927,137	(4,001,283)
Other Financing Sources (Uses)						
Proceeds from sale of assets	-	-	735,371	-	735,371	735,371
Advances to other governments	(120,000)	(180,000)	(45,000)	-	(45,000)	135,000
Repayments from other governments	120,000	150,000	135,000	-	135,000	(15,000)
Advances to other funds	(800,000)	(1,177,250)	(80,000)	-	(80,000)	1,097,250
Interfund loan repayments	1,315,300	1,865,300	42,650	-	42,650	(1,822,650)
Transfers out	(26,322,400)	(28,703,600)	(14,231,184)	-	(14,231,184)	14,472,416
Total Other Financing Sources (Uses)	(25,807,100)	(28,045,550)	(13,443,163)	-	(13,443,163)	14,602,387
Net change in fund balance	(8,069,430)	(9,117,130)	1,483,975	-	1,483,975	10,601,105

City of Bend, Oregon

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual (Continued)

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		<u>FY2011-12 Actual</u>	<u>FY2012-13 Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
	Beginning Fund Balance	\$ 8,069,430				\$ 9,117,130
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 10,601,032	\$ -	\$ 10,601,032	\$ 10,601,032

Reconciliation of Budgetary basis to GAAP basis

Other Financing Sources (Uses) - Budgetary Basis		\$ (13,443,163)
Proceeds from sale of assets reported as revenues on the budgetary basis are reduced by the disposal of assets held for resale on the GAAP basis		(41,314)
Advances to other governments reported as other financing uses on the budgetary basis are reported as receivables on the GAAP basis		45,000
Repayments from other governments reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis		(135,000)
Advances to other funds reported as other financing uses on the budgetary basis are reported as assets on the GAAP basis		80,000
Repayments from other funds reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis		(41,798)
Contributed assets not reported on the budgetary basis are reported as contribution revenue on the GAAP basis		3,090
Other Financing Sources (Uses) - GAAP Basis		\$ (13,533,184)

City of Bend, Oregon

Transportation Operations & Planning Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		<u>FY2011-12 Actual</u>	<u>FY2012-13 Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Franchise fees	\$ 1,001,000	\$ 987,900	\$ 480,079	\$ -	\$ 480,079	\$ (507,821)
Intergovernmental:						
State highway fund apportionment	8,998,700	8,669,300	4,184,908	-	4,184,908	(4,484,392)
Grants and agreements	1,100,000	1,150,000	877,237	-	877,237	(272,763)
Licenses and permits	47,800	68,200	51,383	-	51,383	(16,817)
Charges for services:						
Charges to others	51,800	51,800	25,542	-	25,542	(26,258)
Charges to other City funds	1,555,000	2,071,100	948,119	-	948,119	(1,122,981)
Investment income	28,800	23,900	13,003	-	13,003	(10,898)
Miscellaneous	60,800	60,800	24,261	-	24,261	(36,539)
Total Revenues	12,843,900	13,083,000	6,604,532	-	6,604,532	(6,478,468)
Expenditures						
Current:						
Personal services	6,689,352	6,543,319	3,081,188	-	3,081,188	3,462,131
Materials and services	3,386,820	3,314,942	1,500,899	-	1,500,899	1,814,043
Interfund charges	3,579,400	3,456,500	1,797,547	-	1,797,547	1,658,953
Debt service	117,700	204,900	-	-	-	204,900
Capital outlay	4,516,000	4,846,000	1,614,101	-	1,614,101	3,231,899
Contingency	1,411,764	346,875	-	-	-	346,875
Reserved for construction	25,000	25,000	-	-	-	25,000
Total Expenditures	19,726,036	18,737,536	7,993,734	-	7,993,734	10,743,802
Excess (deficiency) of revenues over expenditures	(6,882,136)	(5,654,536)	(1,389,202)	-	(1,389,202)	4,265,334
Other Financing Sources (Uses)						
Issuance of long-term debt	1,400,000	-	1,425,000	-	1,425,000	1,425,000
Premium on issuance of long-term debt	-	-	102,883	-	102,883	102,883
Transfers in	3,440,936	3,450,936	1,612,033	-	1,612,033	(1,838,903)
Total Other Financing Sources (Uses)	4,840,936	3,450,936	3,139,917	-	3,139,917	(311,019)
Net change in fund balance	(2,041,200)	(2,203,600)	1,750,714	-	1,750,714	3,954,314
Beginning Fund Balance (Deficit)	2,041,200	2,203,600	2,203,626	-	2,203,626	26
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 3,954,340	\$ -	\$ 3,954,340	\$ 3,954,340

City of Bend, Oregon

Fire / Emergency Medical Services Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		<u>FY2011-12 Actual</u>	<u>FY2012-13 Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>				<u>Final Budget Positive (Negative)</u>
Revenues						
Intergovernmental	\$ 5,069,100	\$ 5,370,900	\$ 2,672,799	\$ -	\$ 2,672,799	\$ (2,698,101)
Charges for services:						
Charges to others	4,658,800	4,331,600	2,173,726	-	2,173,726	(2,157,874)
Charges to other City funds	5,800	5,700	3,157	-	3,157	(2,543)
Investment income	3,200	2,900	10,227	-	10,227	7,327
Miscellaneous	12,100	12,100	9,259	-	9,259	(2,841)
Total Revenues	9,749,000	9,723,200	4,869,167	-	4,869,167	(4,854,033)
Expenditures						
Current:						
Personal services	23,815,528	23,822,616	11,499,869	-	11,499,869	12,322,747
Materials and services	2,310,460	2,362,460	961,620	-	961,620	1,400,840
Interfund charges	2,928,700	2,924,000	1,540,718	-	1,540,718	1,383,282
Debt service	771,600	771,600	387,401	-	387,401	384,199
Capital outlay	-	32,500	27,622	-	27,622	4,878
Contingency	355,912	49,085	-	-	-	49,085
Reserved for maintenance	50,000	50,000	-	-	-	50,000
Reserved for future capital	300,000	1,601,339	-	-	-	1,601,339
Total Expenditures	30,532,200	31,613,600	14,417,231	-	14,417,231	17,196,369
Excess (deficiency) of revenues over expenditures	(20,783,200)	(21,890,400)	(9,548,064)	-	(9,548,064)	12,342,336
Other Financing Sources (Uses)						
Insurance proceeds	-	-	24,551	-	24,551	24,551
Transfers in	18,740,600	19,494,400	9,650,500	-	9,650,500	(9,843,900)
Transfers out	(13,000)	(13,000)	(11,420)	-	(11,420)	1,580
Total Other Financing Sources (Uses)	18,727,600	19,481,400	9,663,631	-	9,663,631	(9,817,769)
Net change in fund balance	(2,055,600)	(2,409,000)	115,568	-	115,568	2,524,568
Beginning Fund Balance (Deficit)	2,055,600	2,409,000	2,409,047	-	2,409,047	47
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 2,524,615	\$ -	\$ 2,524,615	\$ 2,524,615

City of Bend, Oregon

Community Development Block Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ 1,396,111	\$ 1,682,561	\$ 813,846	\$ -	\$ 813,846	\$ (868,715)
Loan repayments	56,000	46,400	72,707	-	72,707	26,307
Investment income	1,600	400	(474)	-	(474)	(874)
Total Revenues	1,453,711	1,729,361	886,078	-	886,078	(843,283)
Expenditures						
Current:						
Personal services	335,345	336,045	194,129	-	194,129	141,916
Materials and services	1,116,346	1,294,320	481,384	-	481,384	812,936
Interfund charges	63,500	461,900	280,729	-	280,729	181,171
Contingency	4,720	(286,704)	-	-	-	(286,704)
Total Expenditures	1,519,911	1,805,561	956,242	-	956,242	849,319
Excess (deficiency) of revenues over expenditures	(66,200)	(76,200)	(70,164)	-	(70,164)	6,036
Other Financing Sources (Uses)						
Advances from other funds	-	300,000	25,000	-	25,000	(275,000)
Interfund loan repayment	(300,000)	(600,000)	(35,000)	-	(35,000)	565,000
Transfers in	60,000	70,000	60,300	-	60,300	(9,700)
Total Other Financing Sources (Uses)	(240,000)	(230,000)	50,300	-	50,300	280,300
Net change in fund balance	(306,200)	(306,200)	(19,864)	-	(19,864)	286,336
Beginning Fund Balance (Deficit)	306,200	306,200	45,003	-	45,003	(261,197)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 25,139	\$ -	\$ 25,139	\$ 25,139

Reconciliation of Budgetary basis to GAAP basis

Total Other Financing Sources - Budgetary Basis	\$ 50,300
Advance from other funds reported as other financing source on the budgetary basis is reported as a liability on the GAAP basis	(25,000)
Repayment of short-term loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	35,000
Total Other Financing Sources - GAAP Basis	\$ 60,300

City of Bend, Oregon
Oregon Public Employees Retirement System
 Schedule of Funding Progress and Employer Contributions
 For the fiscal year ended June 30, 2012
 (in thousands)

<u>Funding Progress</u>						<u>Employer Contributions</u>				
<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u>		<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u>	<u>Fiscal Year</u> <u>Ended Date</u>	<u>Annual</u> <u>Pension</u> <u>Cost</u>	<u>Percentage</u> <u>Contributed</u>	
		<u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>							
12/31/2006	\$ 116,975	\$ 105,993	\$ (10,982)	110%	\$ 28,228	-39%		\$ 3,262	100%	
12/31/2007	123,895	110,586	(13,309)	112%	31,628	-42%	6/30/2008	2,832	100%	
12/31/2008	93,976	113,200	19,225	83%	30,479	63%	6/30/2009	2,916	100%	
12/31/2009	107,912	121,599	13,687	89%	30,493	45%	6/30/2010	2,288	100%	
12/31/2010	116,318	128,705	12,386	90%	31,486	39%	6/30/2011	2,355	100%	
12/31/2011	113,904	132,422	18,518	86%	31,464	59%	6/30/2012	3,563	100%	

Notes:

Assumptions for valuation calculations are as described in the 2010 Experience Study for Oregon PERS and adopted by the PERS Board in July 2011.

There were no changes in actuarial methods and allocation procedures since the December 31, 2010, actuarial valuation.

City of Bend, Oregon

Other Postemployment Benefit Plans

Schedule of Funding Progress and Employer Contributions

For the fiscal year ended June 30, 2012

(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Funding Progress				Covered Payroll	UAAL as a Percentage of Covered Payroll	Employer Contributions		
		Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio				Fiscal Year Ended Date	Annual OPEB Cost	Percentage Contributed
7/1/2007	\$ -	\$ 18,757	\$ 18,757	0%	\$ 32,259	58%	6/30/2008	\$ -	-	
							6/30/2009	3,130	17%	
7/1/2009	-	22,829	22,829	0%	30,451	75%	6/30/2010	3,376	20%	
7/1/2010	-	20,603	20,603	0%	31,669	65%	6/30/2011	2,569	23%	
							6/30/2012	2,665	23%	

Notes:

Year over year change in the AAL reflects the anticipated cost savings from the implementation of the high deductible insurance plan.

Select actuarial assumptions used: 50% of future retirees electing coverage are assumed to cover a spouse as well; males are assumed to be three years older than their female spouses; 100% of active members immediately eligible for City-paid health care coverage are assumed to elect coverage upon retirement for their lifetime; 2012-13 annual claims costs for an age 64 retiree or spouse are assumed to be \$10,914. Demographic assumptions were revised to match (as closely as possible) those developed in the 2011 experience study for Oregon PERS.

Additional details regarding actuarial assumptions can be found in the notes to the financial statements.

CITY OF BEND, OREGON

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2012

Required Supplementary Information includes budgetary comparisons for the General Fund, the Fire/Emergency Medical Service Fund, and the Community Development Block Grant Fund. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section.

Note 1 – Budgetary Information

Municipal budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law) and generally accepted accounting principles (GAAP). The City Manager is responsible for submitting a proposed budget to the Citizens Budget Committee comprised of the City Council and an equal number of citizens of the City. The City is required to prepare a budget for each fund that is balanced in accordance with Oregon Revised Statutes. Each fund is budgeted on the modified accrual basis of accounting.

The Citizens' Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10 percent by Council without returning to the Citizens Budget Committee for a second approval. After the Council adopts the budget and certifies the total ad valorem taxes to be levied, no additional tax levy may be made for that budget period.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures and other uses cannot legally exceed appropriations. In the General Fund and the Internal Service Fund, the levels of budgetary control established by resolution are set at the department level. For all other funds, the levels of budgetary control are personal services, materials and services, debt service, capital outlay, transfers and operating contingency.

Appropriations lapse at the end of the biennium for goods or services not yet received. The City Council may modify the budget by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require 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 the City Council. Supplemental appropriations were approved by the City Council for the 2011-13 biennium. All appropriations terminate on June 30, 2013.

OTHER SUPPLEMENTARY INFORMATION

City of Bend, Oregon
General Fund and Major Special Revenue Funds
 Schedule of Expenditures and Other Uses by Appropriation Levels
 For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>General Fund</u>			
Accessibility program	\$ 265,847	\$ 108,202	\$ 157,645
Municipal court program	865,324	409,933	455,391
Code enforcement program	216,949	97,910	119,039
Business advocacy program	645,616	246,062	399,554
Community projects program	2,205,419	1,046,164	1,159,255
Police program	30,664,478	14,905,283	15,759,195
Nondepartmental	9,700	-	9,700
Transfers	35,433,450	16,994,603	18,438,847
Capital Outlay	672,600	52,724	619,876
Special payment	774,300	-	774,300
Contingency	7,780,747	-	7,780,747
	\$ 79,534,430	\$ 33,860,881	\$ 45,673,549
<u>Transportation Operations and Planning Fund</u>			
Personal services	\$ 6,543,319	\$ 3,081,188	\$ 3,462,131
Materials and services	3,314,942	1,500,899	1,814,043
Transfers	3,456,500	1,797,547	1,658,953
Debt service	204,900	-	204,900
Capital outlay	4,846,000	1,614,101	3,231,899
Contingency	346,875	-	346,875
Other requirements	25,000	-	25,000
	\$ 18,737,536	\$ 7,993,734	\$ 10,743,802
<u>Fire/ Emergency Medical Services Fund</u>			
Personal services	\$ 23,822,616	\$ 11,499,869	\$ 12,322,747
Materials and services	2,362,460	961,620	1,400,840
Transfers	2,937,000	1,552,138	1,384,862
Debt service	771,600	387,401	384,199
Capital outlay	32,500	27,622	4,878
Contingency	49,085	-	49,085
Other requirements	1,651,339	-	1,651,339
	\$ 31,626,600	\$ 14,428,651	\$ 17,197,949
<u>Community Development Block Grant</u>			
Personal services	\$ 336,045	\$ 194,129	\$ 141,916
Materials and services	1,294,320	481,384	812,936
Transfers	1,061,900	315,729	746,171
Contingency	(286,704)	-	(286,704)
	\$ 2,405,561	\$ 991,242	\$ 1,414,319

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MAJOR ENTERPRISE FUNDS

Water Fund

This fund accounts for the maintenance, operation and construction of the City's water intake, purification and delivery systems. Primary revenues are user fees and system development charges.

Water Reclamation Fund

This fund accounts for the maintenance, operation and construction of the City's wastewater collection and treatment system. Primary revenues are user fees and system development charges.

City of Bend, Oregon

Water Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ 126,800	\$ 156,800	\$ 53,573	\$ -	\$ 53,573	\$ (103,227)
Charges for services:						
Charges to others	29,148,900	28,860,300	14,515,783	-	14,515,783	(14,344,517)
Charges to other City funds	439,800	391,250	173,299	-	173,299	(217,951)
Investment income	121,800	110,300	73,157	-	73,157	(37,143)
Miscellaneous	260,900	257,600	116,265	-	116,265	(141,335)
Total Revenues	30,098,200	29,776,250	14,932,079	-	14,932,079	(14,844,171)
Expenditures						
Current:						
Personal services	7,435,995	7,236,641	3,390,790	-	3,390,790	3,845,851
Materials and services	7,704,820	7,702,619	2,640,095	-	2,640,095	5,062,524
Interfund charges	6,318,000	6,900,500	3,098,783	-	3,098,783	3,801,717
Debt service	4,069,100	3,597,400	931,509	-	931,509	2,665,891
Capital outlay	48,433,400	47,820,100	9,949,074	-	9,949,074	37,871,026
Contingency	5,108,053	4,531,273	-	-	-	4,531,273
Reserved for rate stabilization	1,000,000	1,000,000	-	-	-	1,000,000
Reserved for debt service	2,759,732	2,000,000	-	-	-	2,000,000
Reserved for construction	-	5,774,317	-	-	-	5,774,317
Total Expenditures	82,829,100	86,562,850	20,010,251	-	20,010,251	66,552,599
Excess (deficiency) of revenues over expenditures	(52,730,900)	(56,786,600)	(5,078,172)	-	(5,078,172)	51,708,428
Other Financing Sources (Uses)						
Insurance proceeds	-	-	3,575	-	3,575	3,575
Issuance of long-term debt	38,675,000	42,525,000	-	-	-	(42,525,000)
Transfers in	1,604,000	1,809,700	994,998	-	994,998	(814,702)
Total Other Financing Sources (Uses)	40,279,000	44,334,700	998,573	-	998,573	(43,336,127)
Net change in fund balance	(12,451,900)	(12,451,900)	(4,079,599)	-	(4,079,599)	8,372,301
Beginning Fund Balance (Deficit)	12,451,900	12,451,900	11,575,999	-	11,575,999	(875,901)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 7,496,400	\$ -	\$ 7,496,400	\$ 7,496,400

City of Bend, Oregon

Water Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 14,932,079
Revenues reported on the budgetary basis related to capitalized interest are reported as assets on the GAAP basis	(49,358)
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>815,224</u>
Total Revenues - GAAP Basis	<u>\$ 15,697,945</u>
Total Expenditures - Budgetary Basis	\$ 20,010,251
Other post-employment benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	119,887
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(9,959,392)
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(807,561)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	2,302,331
Amortization of bond issue costs is not reported on the budgetary basis but is reported as an expense on the GAAP basis	<u>28,870</u>
Total Expenses - GAAP Basis	<u>\$ 11,694,386</u>
Other Financing Sources (Uses) - Budgetary Basis	\$ 998,573
Forgiveness of long term debt not reported as other financing source on the budgetary basis are reported as contribution revenue on the GAAP basis	2,806,500
Loss on disposal of asset reported as an expense on the GAAP basis	<u>(6,507)</u>
Other Financing Sources - GAAP Basis	<u>\$ 3,798,566</u>

City of Bend, Oregon
Water Reclamation Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		<u>FY2011-12 Actual</u>	<u>FY2012-13 Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ 660,300	\$ 660,300	\$ 229,219	\$ -	\$ 229,219	\$ (431,081)
Charges for services:						
Charges to others	32,357,600	32,034,100	15,939,485	-	15,939,485	(16,094,615)
Charges to other City funds	35,800	33,650	16,551	-	16,551	(17,099)
Loan repayments	32,600	22,850	19,655	-	19,655	(3,195)
Contributions	-	-	10,641	-	10,641	10,641
Investment income	135,600	175,300	114,921	-	114,921	(60,379)
Miscellaneous	28,800	28,800	13,024	-	13,024	(15,776)
Total Revenues	33,250,700	32,955,000	16,343,498	-	16,343,498	(16,611,502)
Expenditures						
Current:						
Personal services	8,122,076	8,215,991	3,670,216	-	3,670,216	4,545,775
Materials and services	5,185,310	4,988,033	1,944,479	-	1,944,479	3,043,554
Interfund charges	6,102,300	6,783,300	3,002,197	-	3,002,197	3,781,103
Debt service	7,727,200	6,279,200	2,409,547	-	2,409,547	3,869,653
Capital outlay	50,079,300	31,114,500	3,430,166	-	3,430,166	27,684,334
Contingency	2,455,214	350,206	-	-	-	350,206
Reserved for debt service	4,122,900	677,000	-	-	-	677,000
Reserved for construction	-	16,219,120	-	-	-	16,219,120
Total Expenditures	83,794,300	74,627,350	14,456,605	-	14,456,605	60,170,745
Excess (deficiency) of revenues over expenditures	(50,543,600)	(41,672,350)	1,886,892	-	1,886,892	43,559,242
Other Financing Sources (Uses)						
Insurance proceeds	-	-	3,576	-	3,576	3,576
Issuance of long-term debt	34,255,000	28,897,800	4,847,419	-	4,847,419	(24,050,381)
Premium on issuance of long-term	-	-	322,770	-	322,770	322,770
Payment to refunded bond escrow	-	(3,507,800)	(3,451,397)	-	(3,451,397)	56,403
Transfers in	2,022,600	2,016,350	1,207,760	-	1,207,760	(808,590)
Total Other Financing Sources (Uses)	36,277,600	27,406,350	2,930,128	-	2,930,128	(24,476,222)
Net change in fund balance	(14,266,000)	(14,266,000)	4,817,020	-	4,817,020	19,083,020
Beginning Fund Balance (Deficit)	14,266,000	14,266,000	15,808,436	-	15,808,436	1,542,436
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 20,625,456	\$ -	\$ 20,625,456	\$ 20,625,456

City of Bend, Oregon
Water Reclamation Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 16,343,498
Revenues reported on the budgetary basis related to capitalized interest are reported as assets on the GAAP basis	(226,457)
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>1,557,070</u>
Total Revenues - GAAP Basis	<u>\$ 17,674,110</u>
Total Expenditures - Budgetary Basis	\$ 14,456,605
Other post-employment benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	156,442
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(3,508,215)
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(1,731,796)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	3,085,108
Amortization of bond issue costs is not reported on the budgetary basis but is reported as an expense on the GAAP basis	<u>62,469</u>
Total Expenses - GAAP Basis	<u>\$ 12,520,614</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 2,930,128
Proceeds from bond issuance reported as other financing sources on the budgetary basis are reported as bond payable liability on the GAAP basis	(5,170,188)
Payments to bond escrow agents for refunded bonds reported as other financing use on the budgetary basis are reported as reduction in the bond liability on the GAAP basis	3,451,397
Loss on disposal of asset reported as an expense on the GAAP basis	<u>(7,079)</u>
Total Other Financing Sources (Uses) - GAAP Basis	<u>\$ 1,204,257</u>

City of Bend, Oregon
Other Major Funds

Schedule of Expenditures and Other Uses by Appropriation Levels
 For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Water Fund</u>			
Personal services	\$ 7,236,641	\$ 3,390,790	\$ 3,845,851
Materials and services	7,702,619	2,640,095	5,062,524
Transfers	6,900,500	3,098,783	3,801,717
Debt service	3,597,400	931,509	2,665,891
Capital outlay	47,820,100	9,949,074	37,871,026
Contingency	4,531,273	-	4,531,273
Reserves	8,774,317	-	8,774,317
	\$ 86,562,850	\$ 20,010,251	\$ 66,552,599

<u>Water Reclamation Fund</u>			
Personal services	\$ 8,215,991	\$ 3,670,216	\$ 4,545,775
Materials and services	4,988,033	1,944,479	3,043,554
Transfers	6,783,300	3,002,197	3,781,103
Debt service	9,787,000	5,860,943	3,926,057
Capital outlay	31,114,500	3,430,166	27,684,334
Contingency	350,206	-	350,206
Reserves	16,896,120	-	16,896,120
	\$ 78,135,150	\$ 17,908,002	\$ 60,227,148

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**NONMAJOR GOVERNMENTAL AND
ENTERPRISE FUNDS**

City of Bend, Oregon
Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
Assets					
Pooled cash and investments	\$ 2,987,799	\$ 3,755,544	\$ 9,002,316	\$ 590,840	\$ 16,336,498
Restricted cash and investments	2,466,424	-	3,550	-	2,469,974
Receivables:					
Property taxes	-	128,958	-	-	128,958
Accounts, net	133,714	-	169,912	-	303,626
Assessments, net	67,092	-	-	-	67,092
Loans and notes, net	2,437,772	-	-	-	2,437,772
Due from other funds	3,864	-	42,114	-	45,978
Due from other governments	55,550	-	26,063	-	81,613
Total Assets	\$ 8,152,215	\$ 3,884,501	\$ 9,243,955	\$ 590,840	\$ 21,871,511

Liabilities and Fund Balances

Liabilities:

Accounts payable	\$ 230,340	\$ -	\$ 602,363	\$ -	\$ 832,703
Salaries and benefits payable	50,513	-	88	-	50,601
Retainage payable	462	-	1,015	-	1,476
Due to developers	445,250	-	-	-	445,250
Other accrued liabilities	-	-	901	-	901
Deposits	405,539	-	3,550	-	409,089
Deferred revenues	2,494,703	108,609	119,610	-	2,722,922
Due to other funds	59,978	-	-	-	59,978
Total Liabilities	3,686,784	108,609	727,527	-	4,522,920

Fund balances (deficits):

Nonspendable:

Required to remain intact	-	-	-	590,840	590,840
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Restricted:

Externally imposed	126,773	1,785,390	2,255,684	-	4,167,847
Imposed by law	1,547,536	-	-	-	1,547,536
Committed	1,906,661	-	6,600,496	-	8,507,157
Assigned	884,460	1,990,502	-	-	2,874,962
Unassigned	-	-	(339,751)	-	(339,751)
Total Fund Balances (Deficits)	4,465,431	3,775,892	8,516,428	590,840	17,348,591
Total Liabilities and Fund Balances	\$ 8,152,215	\$ 3,884,501	\$ 9,243,955	\$ 590,840	\$ 21,871,511

City of Bend, Oregon

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
Revenues					
Property taxes	\$ -	\$ 3,666,249	\$ -	\$ -	\$ 3,666,249
Transient room taxes	1,072,168	-	-	-	1,072,168
Franchise fees	-	-	1,000,018	-	1,000,018
Intergovernmental	493,651	220,080	1,055,714	-	1,769,446
Assessments	145,022	-	-	-	145,022
Licenses and permits	2,630,373	-	-	-	2,630,373
Charges for services	1,529,626	1,074,131	270,215	-	2,873,972
System development charges	4,132,587	-	-	-	4,132,587
Contributions	-	-	261,435	-	261,435
Permanent maintenance fees	-	-	-	4,143	4,143
Loan repayments	1,037,823	-	10,041	-	1,047,864
Investment income	53,823	36,076	48,889	3,577	142,365
Miscellaneous	27,639	-	1,517	-	29,156
Total Revenues	11,122,712	4,996,536	2,647,829	7,720	18,774,797
Expenditures					
Current:					
General government	-	21,600	-	-	21,600
Public safety	32,653	6,295	-	-	38,948
Public ways and facilities	385,377	-	948,876	-	1,334,253
Community and economic development	7,082,796	-	-	-	7,082,796
Urban renewal	14,716	834,807	21,103	-	870,626
Debt service:					
Principal	-	4,025,000	1,034,600	-	5,059,600
Interest	-	1,138,988	541,663	-	1,680,651
Capital outlay	64,560	-	4,319,285	-	4,383,844
Total Expenditures	7,580,102	6,026,691	6,865,526	-	20,472,319
Excess (deficiency) of revenues over expenditures	3,542,611	(1,030,154)	(4,217,698)	7,720	(1,697,521)
Other Financing Sources (Uses)					
Proceeds from sale of assets	-	-	121,846	-	121,846
Issuance of short-term debt	-	-	3,000,000	-	3,000,000
Transfers in	1,482,742	6,100	2,035,843	-	3,524,684
Transfers out	(3,851,469)	-	(493,832)	(3,105)	(4,348,406)
Total Other Financing Sources (Uses)	(2,368,727)	6,100	4,663,856	(3,105)	2,298,125
Net change in fund balances	1,173,884	(1,024,054)	446,159	4,615	600,603
Fund Balances (Deficits), July 1, 2011	3,291,547	4,799,947	8,070,269	586,225	16,747,988
Fund Balances (Deficits), June 30, 2012	\$ 4,465,431	\$ 3,775,892	\$ 8,516,428	\$ 590,840	\$ 17,348,591

NONMAJOR SPECIAL REVENUE FUNDS

BURA General Fund

This fund accounts for the operation and general service related to Urban Renewal.

Police Grant Fund

This fund accounts for the grant revenues and expenditures of the police department.

Energy American Recovery and Reinvestment Act (ARRA) Grant Fund

This fund accounts for grant revenues and expenditures received for energy efficient related projects.

System Development Charges (SDC) Fund

This fund accounts for the collection of system development charges for street, water and water reclamation systems. Revenues are used to fund eligible construction projects.

Building Fund

This fund accounts for the City's building inspection and compliance operations. The principal sources of revenues are permit fees and other fees charged for services provided.

Planning Fund

This fund accounts for the City's current and long-range planning activities. Revenues include plan review fees and transfers from other City funds.

Private Development Engineering

This fund accounts for private development engineering plan reviews and other engineering services. Revenues are engineering fees used to cover operating expenses.

Affordable Housing Fund

This fund accounts for the affordable housing program. Funding is provided by a fee of 1/3 of 1% of the total building permit valuation for all building permits issued. Expenditures are for housing opportunities for residents at or below 80% of median income.

Tourism Fund

This fund accounts for tourist promotion and economic development activities sponsored by the City. The principal source of revenue is transient room tax allocations. Expenditures are to other agencies to promote tourism and economic development efforts.

Economic Improvement District Fund

This fund accounts for the collection and disbursement of assessments from the Downtown Economic Improvement District and disbursement of those assessments.

Police Reserve Fund

This fund accounts for the reserves of the police department.

City of Bend, Oregon
Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2012

	BURA General Fund	Police Grant Fund	Energy ARRA Grant Fund	System Development Charges (SDC) Fund
<u>Assets</u>				
Pooled cash and investments	\$ 450,630	\$ -	\$ -	\$ -
Restricted cash and investments	-	1,664	35,384	795,759
Receivables:				
Accounts, net	-	-	-	-
Assessments, net	-	-	-	-
Loans and notes receivable, net	30,000	-	178,045	617,646
Due from other funds	-	-	-	-
Due from other governments	-	-	55,550	-
Total Assets	\$ 480,630	\$ 1,664	\$ 268,979	\$ 1,413,406
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 9,573	\$ 2,349
Salaries and benefits payable	-	-	-	-
Retainage payable	-	-	462	-
Due to developers	-	-	-	445,250
Deposits	-	-	-	17,899
Deferred revenues	30,000	1,664	178,045	617,646
Due to other funds	-	-	45,978	-
Total Liabilities	30,000	1,664	234,056	1,083,145
Fund balances (deficits):				
Restricted:				
Externally imposed	-	-	34,923	-
Imposed by law	-	-	-	330,261
Committed	-	-	-	-
Assigned	450,630	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	450,630	-	34,923	330,261
Total Liabilities and Fund Balances	\$ 480,630	\$ 1,664	\$ 268,979	\$ 1,413,406

City of Bend, Oregon
Combining Balance Sheet (Continued)
 Nonmajor Special Revenue Funds
 June 30, 2012

	<u>Building</u> <u>Fund</u>	<u>Planning</u> <u>Fund</u>	<u>Private</u> <u>Development</u> <u>Engineering</u> <u>Fund</u>	<u>Affordable</u> <u>Housing</u> <u>Fund</u>
<u>Assets</u>				
Pooled cash and investments	\$ -	\$ 233,122	\$ 277,271	\$ 1,467,452
Restricted cash and investments	1,261,273	161,694	210,651	-
Receivables:				
Accounts, net	3,721	3,097	3,841	200
Assessments, net	-	-	-	-
Loans and notes receivable, net	-	-	-	1,612,081
Due from other funds	42	3,822	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 1,265,036	\$ 401,734	\$ 491,763	\$ 3,079,732
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 1,518	\$ 61,838	\$ 33	\$ 68,032
Salaries and benefits payable	27,226	18,821	3,535	931
Retainage payable	-	-	-	-
Due to developers	-	-	-	-
Deposits	15,296	161,694	210,651	-
Deferred revenues	3,721	3,097	-	1,612,281
Due to other funds	-	-	-	-
Total Liabilities	47,761	245,449	214,218	1,681,244
Fund balances (deficits):				
Restricted:				
Externally imposed	-	-	-	-
Imposed by law	1,217,275	-	-	-
Committed	-	-	-	1,398,489
Assigned	-	156,285	277,545	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	1,217,275	156,285	277,545	1,398,489
Total Liabilities and Fund Balances	\$ 1,265,036	\$ 401,734	\$ 491,763	\$ 3,079,732

City of Bend, Oregon
Combining Balance Sheet (Continued)
 Nonmajor Special Revenue Funds
 June 30, 2012

	Tourism	Economic Improvement	Police	
	Fund	District	Reserve	
<u>Assets</u>		Fund	Fund	Total
Pooled cash and investments	\$ 561	\$ 50,591	\$ 508,173	\$ 2,987,799
Restricted cash and investments	-	-	-	2,466,424
Receivables:				
Accounts, net	122,855	-	-	133,714
Assessments, net	-	67,092	-	67,092
Loans and notes receivable, net	-	-	-	2,437,772
Due from other funds	-	-	-	3,864
Due from other governments	-	-	-	55,550
Total Assets	\$ 123,415	\$ 117,683	\$ 508,173	\$ 8,152,215
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 16,739	\$ 70,259	-	\$ 230,340
Salaries and benefits payable	-	-	-	50,513
Retainage payable	-	-	-	462
Due to developers	-	-	-	445,250
Deposits	-	-	-	405,539
Deferred revenues	826	47,424	-	2,494,703
Due to other funds	14,000	-	-	59,978
Total Liabilities	31,565	117,683	-	3,686,784
Fund balances (deficits):				
Restricted:				
Externally imposed	91,850	-	-	126,773
Imposed by law	-	-	-	1,547,536
Committed	-	-	508,173	1,906,661
Assigned	-	-	-	884,460
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	91,850	-	508,173	4,465,431
Total Liabilities and Fund Balances	\$ 123,415	\$ 117,683	\$ 508,173	\$ 8,152,215

City of Bend, Oregon
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)**

Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2012

	BURA General Fund	Police Grant Fund	Energy ARRA Grant Fund	System Development Charges (SDC) Fund
Revenues				
Transient room taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	71,502	301,588	-
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	17,933	-	-	-
System development charges	-	-	-	4,132,587
Loan repayments	-	-	33,158	81,363
Investment income	(61)	172	741	25,547
Miscellaneous	-	-	-	-
Total Revenues	17,871	71,673	335,487	4,239,496
Expenditures				
Current:				
Public safety	-	32,653	-	-
Public ways and facilities	-	-	-	120,635
Community and economic development	-	-	290,518	-
Urban renewal	14,716	-	-	-
Capital outlay	13,761	39,193	11,605	-
Total Expenditures	28,477	71,846	302,123	120,635
Excess (deficiency) of revenues over expenditures	(10,606)	(173)	33,365	4,118,861
Other Financing Sources (Uses)				
Transfers in	460,742	-	-	-
Transfers out	-	-	-	(3,788,600)
Total Other Financing Sources (Uses)	460,742	-	-	(3,788,600)
Net change in fund balance	450,136	(173)	33,365	330,261
Fund Balances (Deficits), July 1, 2011	494	173	1,558	-
Fund Balances (Deficits), June 30, 2012	\$ 450,630	\$ -	\$ 34,923	\$ 330,261

City of Bend, Oregon
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits) (Continued)**

Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2012

	<u>Building</u> <u>Fund</u>	<u>Planning</u> <u>Fund</u>	<u>Private</u> <u>Development</u> <u>Engineering</u> <u>Fund</u>	<u>Affordable</u> <u>Housing</u> <u>Fund</u>
Revenues				
Transient room taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,777	1,583	156	100,046
Assessments	-	-	-	-
Licenses and permits	2,630,373	-	-	-
Charges for services	58,218	932,549	255,203	265,723
System development charges	-	-	-	-
Loan repayments	-	-	-	923,302
Investment income	7,049	1,741	3,251	11,551
Miscellaneous	3,435	203	-	24,001
Total Revenues	2,717,853	936,076	258,610	1,324,624
Expenditures				
Current:				
Public safety	-	-	-	-
Public ways and facilities	-	-	264,742	-
Community and economic development	2,441,283	1,863,971	-	1,269,757
Urban renewal	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	2,441,283	1,863,971	264,742	1,269,757
Excess (deficiency) of revenues over expenditures	276,570	(927,895)	(6,131)	54,866
Other Financing Sources (Uses)				
Transfers in	-	907,000	115,000	-
Transfers out	-	(903)	(1,666)	(60,300)
Total Other Financing Sources (Uses)	-	906,097	113,334	(60,300)
Net change in fund balance	276,570	(21,798)	107,203	(5,434)
Fund Balances (Deficits), July 1, 2011	940,705	178,083	170,342	1,403,923
Fund Balances (Deficits), June 30, 2012	\$ 1,217,275	\$ 156,285	\$ 277,545	\$ 1,398,489

City of Bend, Oregon
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits) (Continued)**

Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2012

	<u>Tourism</u> <u>Fund</u>	<u>Economic</u> <u>Improvement</u> <u>District</u> <u>Fund</u>	<u>Police</u> <u>Reserve</u> <u>Fund</u>	<u>Total</u>
Revenues				
Transient room taxes	\$ 1,072,168	\$ -	\$ -	\$ 1,072,168
Intergovernmental	-	-	-	493,651
Assessments	-	145,022	-	145,022
Licenses and permits	-	-	-	2,630,373
Charges for services	-	-	-	1,529,626
System development charges	-	-	-	4,132,587
Loan repayments	-	-	-	1,037,823
Investment income	(27)	104	3,754	53,823
Miscellaneous	-	-	-	27,639
Total Revenues	1,072,142	145,126	3,754	11,122,712
Expenditures				
Current:				
Public safety	-	-	-	32,653
Public ways and facilities	-	-	-	385,377
Community and economic development	1,072,142	145,126	-	7,082,796
Urban renewal	-	-	-	14,716
Capital outlay	-	-	-	64,560
Total Expenditures	1,072,142	145,126	-	7,580,102
Excess (deficiency) of revenues over expenditures	-	-	3,754	3,542,611
Other Financing Sources (Uses)				
Transfers in	-	-	-	1,482,742
Transfers out	-	-	-	(3,851,469)
Total Other Financing Sources (Uses)	-	-	-	(2,368,727)
Net change in fund balance	-	-	3,754	1,173,884
Fund Balances (Deficits), July 1, 2011	91,850	-	504,419	3,291,547
Fund Balances (Deficits), June 30, 2012	\$ 91,850	\$ -	\$ 508,173	\$ 4,465,431

City of Bend, Oregon

Bend Urban Renewal Agency (BURA) General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Rental income:						
Rent from others	\$ 61,400	\$ 30,700	\$ 17,933	\$ -	\$ 17,933	\$ (12,767)
Investment income	300	2,200	(61)	-	(61)	(2,261)
Total Revenues	61,700	32,900	17,871	-	17,871	(15,029)
Expenditures						
Current:						
Materials and services	23,800	16,200	11,115	-	11,115	5,085
Interfund charges	9,000	4,400	3,601	-	3,601	799
Capital outlay	-	13,900	13,761	-	13,761	139
Contingency	28,700	12,200	-	-	-	12,200
Reserve	-	461,000	-	-	-	461,000
Total Expenditures	61,500	507,700	28,477	-	28,477	479,223
Excess (deficiency) of revenues over expenditures	200	(474,800)	(10,606)	-	(10,606)	464,194
Other Financing Sources (Uses)						
Transfers in	-	474,900	460,742	-	460,742	(14,158)
Transfers out	(200)	(100)	-	-	-	100
Total Other Financing Sources (Uses)	(200)	474,800	460,742	-	460,742	(14,058)
Net change in fund balance	-	-	450,136	-	450,136	450,136
Beginning Fund Balance (Deficit)	-	-	494	-	494	494
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 450,630	\$ -	\$ 450,630	\$ 450,630

City of Bend, Oregon
Police Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ 43,200	\$ 94,700	\$ 71,502	\$ -	\$ 71,502	\$ (23,198)
Investment income	-	-	172	-	172	172
Total Revenues	43,200	94,700	71,673	-	71,673	(23,027)
Expenditures						
Current:						
Materials and services	-	34,461	32,653	-	32,653	1,808
Capital outlay	43,200	60,239	39,193	-	39,193	21,046
Total Expenditures	43,200	94,700	71,846	-	71,846	22,854
Excess (deficiency) of revenues over expenditures	-	-	(173)	-	(173)	(173)
Beginning Fund Balance (Deficit)	-	-	173	-	173	173
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Bend, Oregon
Energy ARRA Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ 305,700	\$ 562,750	\$ 301,588	\$ -	\$ 301,588	\$ (261,162)
Loan repayments	-	33,200	33,158	-	33,158	(42)
Investment income	300	300	741	-	741	441
Total Revenues	306,000	596,250	335,487	-	335,487	(260,763)
Expenditures						
Current:						
Materials and services	60,000	128,000	75,452	-	75,452	52,548
Interfund charges	137,700	308,900	215,066	-	215,066	93,834
Capital outlay	108,300	157,300	11,605	-	11,605	145,695
Reserve	-	2,050	-	-	-	2,050
Total Expenditures	306,000	596,250	302,123	-	302,123	294,127
Excess (deficiency) of revenues over expenditures	-	-	33,365	-	33,365	33,365
Beginning Fund Balance (Deficit)	-	-	1,558	-	1,558	1,558
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 34,923	\$ -	\$ 34,923	\$ 34,923

City of Bend, Oregon

System Development Charges Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
System development charges	\$ 5,998,100	\$ 7,825,600	\$ 4,132,587	\$ -	\$ 4,132,587	\$ (3,693,013)
Loan repayments	118,300	129,600	81,363	-	81,363	(48,237)
Investment income	65,300	55,900	25,547	-	25,547	(30,353)
Total Revenues	6,181,700	8,011,100	4,239,496	-	4,239,496	(3,771,604)
Expenditures						
Current:						
Materials and services	-	70,400	23,635	-	23,635	46,765
Interfund charges	194,000	194,000	97,000	-	97,000	97,000
Total Expenditures	194,000	264,400	120,635	-	120,635	143,765
Excess (deficiency) of revenues over expenditures	5,987,700	7,746,700	4,118,861	-	4,118,861	(3,627,839)
Other Financing Sources (Uses)						
Transfers out	(5,987,700)	(7,746,700)	(3,788,600)	-	(3,788,600)	3,958,100
Total Other Financing Sources (Uses)	(5,987,700)	(7,746,700)	(3,788,600)	-	(3,788,600)	3,958,100
Net change in fund balance	-	-	330,261	-	330,261	330,261
Beginning Fund Balance (Deficit)	-	-	-	-	-	-
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 330,261	\$ -	\$ 330,261	\$ 330,261

City of Bend, Oregon

Building Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ 18,777	\$ -	\$ 18,777	\$ 18,777
Licenses and permits	4,715,900	4,824,400	2,630,373	-	2,630,373	(2,194,027)
Charges for services:						
Charges to others	2,400	3,000	15,997	-	15,997	12,997
Charges to other City funds	115,300	180,700	42,221	-	42,221	(138,479)
Investment income	14,200	12,000	7,049	-	7,049	(4,951)
Miscellaneous	700	700	3,435	-	3,435	2,735
Total Revenues	4,848,500	5,020,800	2,717,853	-	2,717,853	(2,302,947)
Expenditures						
Current:						
Personal services	4,087,131	4,265,567	2,026,851	-	2,026,851	2,238,716
Materials and services	120,378	134,830	43,397	-	43,397	91,433
Interfund charges	689,300	719,800	371,035	-	371,035	348,765
Contingency	483,391	502,303	-	-	-	502,303
Reserves	140,000	70,000	-	-	-	70,000
Total Expenditures	5,520,200	5,692,500	2,441,283	-	2,441,283	3,251,217
Excess (deficiency) of revenues over expenditures	(671,700)	(671,700)	276,570	-	276,570	948,270
Beginning Fund Balance (Deficit)	671,700	671,700	940,705	-	940,705	269,005
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,217,275	\$ -	\$ 1,217,275	\$ 1,217,275

City of Bend, Oregon

Planning Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ 150,000	\$ 75,000	\$ 1,583	\$ -	\$ 1,583	\$ (73,417)
Charges for services:						
Charges to others	2,113,600	1,936,800	897,032	-	897,032	(1,039,768)
Charges to other City funds	42,400	47,000	35,517	-	35,517	(11,483)
Investment income	9,600	8,200	1,741	-	1,741	(6,459)
Miscellaneous	4,200	4,200	203	-	203	(3,997)
Total Revenues	2,319,800	2,071,200	936,076	-	936,076	(1,135,124)
Expenditures						
Current:						
Personal services	3,002,409	2,958,862	1,493,564	-	1,493,564	1,465,298
Materials and services	419,731	314,068	31,032	-	31,032	283,036
Interfund charges	626,900	613,500	339,375	-	339,375	274,125
Contingency	25,260	96,870	-	-	-	96,870
Total Expenditures	4,074,300	3,983,300	1,863,971	-	1,863,971	2,119,329
Excess (deficiency) of revenues over expenditures	(1,754,500)	(1,912,100)	(927,895)	-	(927,895)	984,205
Other Financing Sources (Uses)						
Transfers in	1,552,000	1,710,000	907,000	-	907,000	(803,000)
Transfers out	(2,600)	(3,000)	(903)	-	(903)	2,097
Total Other Financing Sources (Uses)	1,549,400	1,707,000	906,097	-	906,097	(800,903)
Net change in fund balance	(205,100)	(205,100)	(21,798)	-	(21,798)	183,302
Beginning Fund Balance (Deficit)	205,100	205,100	178,083	-	178,083	(27,017)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 156,285	\$ -	\$ 156,285	\$ 156,285

City of Bend, Oregon

Private Development Engineering Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ -	\$ 156	\$ -	\$ 156	\$ 156
Charges for services:						
Charges to others	366,200	414,400	255,203	-	255,203	(159,197)
Investment income	2,800	2,500	3,251	-	3,251	751
Total Revenues	369,000	416,900	258,610	-	258,610	(158,290)
Expenditures						
Current:						
Personal services	508,252	519,362	177,588	-	177,588	341,774
Materials and services	21,406	27,678	13,004	-	13,004	14,674
Interfund charges	142,900	149,300	74,149	-	74,149	75,151
Contingency	54,142	78,760	-	-	-	78,760
Total Expenditures	726,700	775,100	264,742	-	264,742	510,358
Excess (deficiency) of revenues over expenditures	(357,700)	(358,200)	(6,131)	-	(6,131)	352,069
Other Financing Sources (Uses)						
Transfers in	235,000	235,000	115,000	-	115,000	(120,000)
Transfers out	(1,800)	(1,300)	(1,666)	-	(1,666)	(366)
Total Other Financing Sources (Uses)	233,200	233,700	113,334	-	113,334	(120,366)
Net change in fund balance	(124,500)	(124,500)	107,203	-	107,203	231,703
Beginning Fund Balance (Deficit)	124,500	124,500	170,342	-	170,342	45,842
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 277,545	\$ -	\$ 277,545	\$ 277,545

City of Bend, Oregon
Affordable Housing Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ -	\$ -	\$ 100,046	\$ -	\$ 100,046	\$ 100,046
Charges for services	801,300	645,900	265,723	-	265,723	(380,177)
Loan repayments	1,713,200	2,673,350	923,302	-	923,302	(1,750,048)
Investment income	23,500	19,700	11,551	-	11,551	(8,149)
Miscellaneous	-	-	24,001	-	24,001	24,001
Total Revenues	2,538,000	3,338,950	1,324,624	-	1,324,624	(2,014,326)
Expenditures						
Current:						
Personal services	93,289	139,009	47,455	-	47,455	91,554
Materials and services	3,120,650	3,090,674	1,197,703	-	1,197,703	1,892,971
Interfund charges	48,200	30,600	24,600	-	24,600	6,000
Contingency	530,361	1,292,867	-	-	-	1,292,867
Total Expenditures	3,792,500	4,553,150	1,269,757	-	1,269,757	3,283,393
Excess (deficiency) of revenues over expenditures	(1,254,500)	(1,214,200)	54,866	-	54,866	1,269,066
Other Financing Sources (Uses)						
Transfers out	(60,000)	(100,300)	(60,300)	-	(60,300)	40,000
Total Other Financing Sources (Uses)	(60,000)	(100,300)	(60,300)	-	(60,300)	40,000
Net change in fund balance	(1,314,500)	(1,314,500)	(5,434)	-	(5,434)	1,309,066
Beginning Fund Balance (Deficit)	1,314,500	1,314,500	1,403,923	-	1,403,923	89,423
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,398,489	\$ -	\$ 1,398,489	\$ 1,398,489

City of Bend, Oregon

Tourism Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Transient room taxes	\$ 2,058,200	\$ 2,197,600	\$ 1,072,168	\$ -	\$ 1,072,168	\$ (1,125,432)
Investment income	200	200	(27)	-	(27)	(227)
Total Revenues	2,058,400	2,197,800	1,072,142	-	1,072,142	(1,125,658)
Expenditures						
Current:						
Materials and services	2,006,600	2,147,200	1,046,442	-	1,046,442	1,100,758
Interfund charges	51,600	50,500	25,700	-	25,700	24,800
Contingency	120,000	120,000	-	-	-	120,000
Total Expenditures	2,178,200	2,317,700	1,072,142	-	1,072,142	1,245,558
Excess (deficiency) of revenues over expenditures	(119,800)	(119,900)	-	-	-	119,900
Other Financing Sources (Uses)						
Transfers out	(200)	(100)	-	-	-	100
Total Other Financing Sources (Uses)	(200)	(100)	-	-	-	100
Net change in fund balance	(120,000)	(120,000)	-	-	-	120,000
Beginning Fund Balance (Deficit)	120,000	120,000	91,850	-	91,850	(28,150)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 91,850	\$ -	\$ 91,850	\$ 91,850

City of Bend, Oregon

Economic Improvement District Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Assessments	\$ 250,000	\$ 321,500	\$ 145,022	\$ -	\$ 145,022	\$ (176,478)
Investment income	200	100	104	-	104	4
Total Revenues	250,200	321,600	145,126	-	145,126	(176,474)
Expenditures						
Current:						
Materials and services	237,600	305,800	137,875	-	137,875	167,925
Interfund charges	12,600	15,800	7,251	-	7,251	8,549
Total Expenditures	250,200	321,600	145,126	-	145,126	176,474
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Beginning Fund Balance (Deficit)	-	-	-	-	-	-
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Bend, Oregon
Police Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Investment income	\$ 3,600	\$ 3,100	\$ 3,754	\$ -	\$ 3,754	\$ 654
Total Revenues	3,600	3,100	3,754	-	3,754	654
Expenditures						
Contingency	506,400	613,700	-	-	-	613,700
Total Expenditures	506,400	613,700	-	-	-	613,700
Excess (deficiency) of revenues over expenditures	(502,800)	(610,600)	3,754	-	3,754	614,354
Other Financing Sources (Uses)						
Transfers in	-	107,800	-	-	-	(107,800)
Total Other Financing Sources (Uses)	-	107,800	-	-	-	(107,800)
Net change in fund balance	(502,800)	(502,800)	3,754	-	3,754	506,554
Beginning Fund Balance (Deficit)	502,800	502,800	504,419	-	504,419	1,619
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 508,173	\$ -	\$ 508,173	\$ 508,173

City of Bend, Oregon

Nonmajor Special Revenue Funds

Schedule of Expenditures and Other Uses by Appropriation Levels

For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>BURA General Fund</u>			
Materials and services	\$ 16,200	\$ 11,115	\$ 5,085
Transfers	4,500	3,601	899
Capital outlay	13,900	13,761	139
Contingency	12,200	-	12,200
Reserves	461,000	-	461,000
	\$ 507,800	\$ 28,477	\$ 479,323
<u>Police Grant Fund</u>			
Materials and services	\$ 34,461	\$ 32,653	\$ 1,808
Capital outlay	60,239	39,193	21,046
	\$ 94,700	\$ 71,846	\$ 22,854
<u>Energy ARRA Grant Fund</u>			
Materials and services	\$ 128,000	\$ 75,452	\$ 52,548
Transfers	308,900	215,066	93,834
Capital outlay	157,300	11,605	145,695
Reserves	2,050	-	2,050
	\$ 596,250	\$ 302,123	\$ 294,127
<u>System Development Charges Fund</u>			
Materials and services	\$ 70,400	\$ 23,635	\$ 46,765
Transfers	7,940,700	3,885,600	4,055,100
	\$ 8,011,100	\$ 3,909,235	\$ 4,101,865
<u>Building Fund</u>			
Personal services	\$ 4,265,567	\$ 2,026,851	\$ 2,238,716
Materials and services	134,830	43,397	91,433
Transfers	719,800	371,035	348,765
Contingency	502,303	-	502,303
Other requirements	70,000	-	70,000
	\$ 5,692,500	\$ 2,441,283	\$ 3,251,217
<u>Planning Fund</u>			
Personal services	\$ 2,958,862	\$ 1,493,564	\$ 1,465,298
Materials and services	314,068	31,032	283,036
Transfers	616,500	340,278	276,222
Contingency	96,870	-	96,870
	\$ 3,986,300	\$ 1,864,874	\$ 2,121,426
<u>Private Development Engineering Fund</u>			
Personal services	\$ 519,362	\$ 177,588	\$ 341,774
Materials and services	27,678	13,004	14,674
Transfers	150,600	75,815	74,785
Contingency	78,760	-	78,760
	\$ 776,400	\$ 266,407	\$ 509,993

City of Bend, Oregon

Nonmajor Special Revenue Funds

Schedule of Expenditures and Other Uses by Appropriation Levels (Continued)

For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Affordable Housing Fund</u>			
Personal services	\$ 139,009	\$ 47,455	\$ 91,554
Materials and services	3,090,674	1,197,703	1,892,971
Transfers	130,900	84,900	46,000
Contingency	1,292,867	-	1,292,867
	\$ 4,653,450	\$ 1,330,057	\$ 3,323,393
<u>Tourism Fund</u>			
Materials and services	\$ 2,147,200	\$ 1,046,442	\$ 1,100,758
Transfers	50,600	25,700	24,900
Contingency	120,000	-	120,000
	\$ 2,317,800	\$ 1,072,142	\$ 1,245,658
<u>Economic Improvement District Fund</u>			
Materials and services	\$ 305,800	\$ 137,875	\$ 167,925
Transfers	15,800	7,251	8,549
	\$ 321,600	\$ 145,126	\$ 176,474
<u>Police Reserve Fund</u>			
Contingency	\$ 613,700	\$ -	\$ 613,700
	\$ 613,700	\$ -	\$ 613,700

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NONMAJOR DEBT SERVICE FUNDS

Improvement District Debt Service Fund

This fund accounts for the collection of special assessment loans and the servicing of the related bonded debt. There are no special assessments outstanding.

Urban Renewal Debt Service Fund

This fund accounts for the debt-related activities of the Bend Urban Renewal Agency's downtown urban renewal district. The principal source of revenue is property taxes which are used to pay the principal and interest on outstanding tax increment bonds.

Murphy Crossing Urban Renewal Debt Service Fund

This fund accounts for the debt-related activities of the Murphy Crossing urban renewal district. The principal source of revenue is property taxes which will be used to pay the principal and interest on outstanding tax increment bonds.

Fire Station Debt Service Fund

This fund accounts for the servicing of bonds issued to fund construction of new fire stations. The principal source of revenue is payments from the Deschutes County Rural Fire Protection District. Expenditures are for principal and interest payments on the outstanding debt.

PERS Debt Service Fund

This fund accounts for the servicing of pension obligation bonds issued to reduce the City's unfunded actuarial liability.

Juniper Ridge Urban Renewal Debt Service Fund

This fund accounts for the debt-related activities of the Bend Urban Renewal Agency's Juniper Ridge urban renewal district. The principal source of revenue is property taxes which will be used to pay principal and interest on tax increment bonds.

General Obligation Bond Debt Service Fund

This fund accounts for the collection of property taxes and the servicing of the related general obligation bonds.

City of Bend, Oregon
Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2012

	Improvement District Debt Service <u>Fund</u>	Urban Renewal Debt Service <u>Fund</u>	Murphy Crossing Urban Renewal Debt Service <u>Fund</u>	Fire Station Debt Service <u>Fund</u>
<u>Assets</u>				
Pooled cash and investments	\$ 578,651	\$ -	\$ 172,272	\$ 6,630
Receivables:				
Property taxes	-	-	3,877	-
Total Assets	\$ 578,651	\$ -	\$ 176,149	\$ 6,630
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Deferred revenues	\$ -	\$ -	\$ 3,258	\$ -
Total Liabilities	-	-	3,258	-
Fund balances (deficits):				
Restricted:				
Externally imposed	-	-	172,892	6,630
Assigned	578,651	-	-	-
Total Fund Balances	578,651	-	172,892	6,630
Total Liabilities and Fund Balances	\$ 578,651	\$ -	\$ 176,149	\$ 6,630

City of Bend, Oregon
Combining Balance Sheet (Continued)
 Nonmajor Debt Service Funds
 June 30, 2012

	PERS Debt Service Fund	Juniper Ridge Urban Renewal Debt Service Fund	General Obligation Bond Debt Service Fund	Total
Assets				
Pooled cash and investments	\$ 1,411,851	\$ 1,543,531	\$ 42,608	\$ 3,755,544
Receivables:				
Property taxes	-	52,508	72,573	128,958
Total Assets	\$ 1,411,851	\$ 1,596,039	\$ 115,180	\$ 3,884,501
Liabilities and Fund Balances				
Liabilities:				
Deferred revenues	\$ -	\$ 42,737	\$ 62,615	\$ 108,609
Total Liabilities	-	42,737	62,615	108,609
Fund balances (deficits):				
Restricted:				
Externally imposed	-	1,553,302	52,566	1,785,390
Assigned	1,411,851	-	-	1,990,502
Total Fund Balances (Deficits)	1,411,851	1,553,302	52,566	3,775,892
Total Liabilities and Fund Balances	\$ 1,411,851	\$ 1,596,039	\$ 115,180	\$ 3,884,501

City of Bend, Oregon
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)**

Nonmajor Debt Service Funds
For the fiscal year ended June 30, 2012

	Improvement District Debt Service Fund	Urban Renewal Debt Service Fund	Murphy Crossing Urban Renewal Debt Service Fund	Fire Station Debt Service Fund
Revenues				
Property taxes	\$ -	\$ 823,069	\$ 56,662	\$ -
Intergovernmental	-	-	-	220,080
Charges for services	-	-	-	-
Investment income	4,551	-	1,105	45
Total Revenues	4,551	823,069	57,767	220,125
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	6,295
Urban renewal	-	834,807	-	-
Debt service:				
Principal	-	1,710,000	-	140,000
Interest	-	36,338	-	80,080
Total Expenditures	-	2,581,145	-	226,376
Excess (deficiency) of revenues over expenditures	4,551	(1,758,075)	57,767	(6,251)
Other Financing Sources (Uses)				
Transfers in	-	-	-	6,100
Total Other Financing Sources (Uses)	-	-	-	6,100
Net change in fund balances	4,551	(1,758,075)	57,767	(151)
Fund Balances (Deficits), July 1, 2011	574,100	1,758,075	115,125	6,781
Fund Balances (Deficits), June 30, 2012	\$ 578,651	\$ -	\$ 172,892	\$ 6,630

City of Bend, Oregon
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits) (Continued)**

Nonmajor Debt Service Funds
For the fiscal year ended June 30, 2012

	PERS Debt Service Fund	Juniper Ridge Urban Renewal Debt Service Fund	General Obligation Bond Debt Service Fund	Total
Revenues				
Property taxes	\$ -	\$ 902,579	\$ 1,883,939	\$ 3,666,249
Intergovernmental	-	-	-	220,080
Charges for services	1,074,131	-	-	1,074,131
Investment income	11,473	10,276	8,627	36,076
Total Revenues	1,085,604	912,855	1,892,566	4,996,536
Expenditures				
Current:				
General government	21,600	-	-	21,600
Public safety	-	-	-	6,295
Urban renewal	-	-	-	834,807
Debt service:				
Principal	175,000	160,000	1,840,000	4,025,000
Interest	807,494	215,076	-	1,138,988
Total Expenditures	1,004,094	375,076	1,840,000	6,026,691
Excess (deficiency) of revenues over expenditures	81,510	537,779	52,566	(1,030,154)
Other Financing Sources (Uses)				
Transfers in	-	-	-	6,100
Total Other Financing Sources (Uses)	-	-	-	6,100
Net change in fund balances	81,510	537,779	52,566	(1,024,054)
Fund Balances (Deficits), July 1, 2011	1,330,341	1,015,523	-	4,799,947
Fund Balances (Deficits), June 30, 2012	\$ 1,411,851	\$ 1,553,302	\$ 52,566	\$ 3,775,892

City of Bend, Oregon

Improvement District Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Investment income	\$ 11,000	\$ 11,000	\$ 4,551	\$ -	\$ 4,551	\$ (6,449)
Total Revenues	11,000	11,000	4,551	-	4,551	(6,449)
Expenditures						
Reserve	583,800	583,800	-	-	-	583,800
Total Expenditures	583,800	583,800	-	-	-	583,800
Excess (deficiency) of revenues over expenditures	(572,800)	(572,800)	4,551	-	4,551	577,351
Beginning Fund Balance (Deficit)	572,800	572,800	574,100	-	574,100	1,300
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 578,651	\$ -	\$ 578,651	\$ 578,651

City of Bend, Oregon

Urban Renewal Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Property taxes	\$ 861,500	\$ 866,013	\$ 823,069	\$ -	\$ 823,069	\$ (42,944)
Investment income	12,200	-	-	-	-	-
Total Revenues	873,700	866,013	823,069	-	823,069	(42,944)
Expenditures						
Current:						
Materials and services	844,400	877,750	834,807	-	834,807	42,943
Debt service	1,772,000	1,746,338	1,746,338	-	1,746,338	-
Total Expenditures	2,616,400	2,624,088	2,581,145	-	2,581,145	42,944
Excess (deficiency) of revenues over expenditures	(1,742,700)	(1,758,075)	(1,758,075)	-	(1,758,075)	-
Beginning Fund Balance (Deficit)	1,742,700	1,758,075	1,758,075	-	1,758,075	-
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Bend, Oregon

Murphy Crossing Urban Renewal Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive (Negative)
Revenues						
Property taxes	\$ 123,600	\$ 124,000	\$ 56,662	\$ -	\$ 56,662	\$ (67,338)
Investment income	2,500	2,100	1,105	-	1,105	(995)
Total Revenues	126,100	126,100	57,767	-	57,767	(68,333)
Expenditures						
Reserved for debt service	240,200	240,200	-	-	-	240,200
Total Expenditures	240,200	240,200	-	-	-	240,200
Excess (deficiency) of revenues over expenditures	(114,100)	(114,100)	57,767	-	57,767	171,867
Beginning Fund Balance (Deficit)	114,100	114,100	115,125	-	115,125	1,025
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 172,892	\$ -	\$ 172,892	\$ 172,892

City of Bend, Oregon

Fire Station Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		<u>FY2011-12 Actual</u>	<u>FY2012-13 Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ 447,600	\$ 447,600	\$ 220,080	\$ -	\$ 220,080	\$ (227,520)
Investment income	1,200	1,200	45	-	45	(1,155)
Total Revenues	448,800	448,800	220,125	-	220,125	(228,675)
Expenditures						
Current:						
Materials and services	1,200	1,200	195	-	195	1,005
Interfund charges	12,200	12,200	6,100	-	6,100	6,100
Debt service	447,600	447,600	220,080	-	220,080	227,520
Reserved for debt service	6,400	6,400	-	-	-	6,400
Total Expenditures	467,400	467,400	226,376	-	226,376	241,024
Excess (deficiency) of revenues over expenditures	(18,600)	(18,600)	(6,251)	-	(6,251)	12,349
Other Financing Sources (Uses)						
Transfers in	12,200	12,200	6,100	-	6,100	(6,100)
Total Other Financing Sources (Uses)	12,200	12,200	6,100	-	6,100	(6,100)
Net change in fund balance	(6,400)	(6,400)	(151)	-	(151)	6,249
Beginning Fund Balance (Deficit)	6,400	6,400	6,781	-	6,781	381
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 6,630	\$ -	\$ 6,630	\$ 6,630

City of Bend, Oregon
PERS Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive (Negative)
Revenues						
Charges to other City funds	\$ 2,238,685	\$ 2,266,249	\$ 1,074,131	\$ -	\$ 1,074,131	\$ (1,192,118)
Investment income	20,400	17,400	11,473	-	11,473	(5,927)
Total Revenues	2,259,085	2,283,649	1,085,604	-	1,085,604	(1,198,045)
Expenditures						
Current:						
Interfund charges	43,400	40,400	21,600	-	21,600	18,800
Debt service	2,011,000	2,011,000	982,494	-	982,494	1,028,506
Reserved for debt service	1,552,185	1,579,749	-	-	-	1,579,749
Total Expenditures	3,606,585	3,631,149	1,004,094	-	1,004,094	2,627,055
Excess (deficiency) of revenues over expenditures	(1,347,500)	(1,347,500)	81,510	-	81,510	1,429,010
Beginning Fund Balance (Deficit)	1,347,500	1,347,500	1,330,341	-	1,330,341	(17,159)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,411,851	\$ -	\$ 1,411,851	\$ 1,411,851

City of Bend, Oregon

Juniper Ridge Urban Renewal Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive (Negative)
Revenues						
Property taxes	\$ 1,281,000	\$ 1,631,800	\$ 902,579	\$ -	\$ 902,579	\$ (729,221)
Investment income	19,000	15,900	10,276	-	10,276	(5,624)
Total Revenues	1,300,000	1,647,700	912,855	-	912,855	(734,845)
Expenditures						
Debt service	572,900	2,267,900	375,076	-	375,076	1,892,824
Reserved for debt service	1,730,200	382,900	-	-	-	382,900
Total Expenditures	2,303,100	2,650,800	375,076	-	375,076	2,275,724
Excess (deficiency) of revenues over expenditures	(1,003,100)	(1,003,100)	537,779	-	537,779	1,540,879
Beginning Fund Balance (Deficit)	1,003,100	1,003,100	1,015,523	-	1,015,523	12,423
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,553,302	\$ -	\$ 1,553,302	\$ 1,553,302

City of Bend, Oregon

General Obligation Bond Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive (Negative)
Revenues						
Property taxes	\$ 3,828,000	\$ 3,992,500	\$ 1,883,939	\$ -	\$ 1,883,939	\$ (2,108,561)
Investment income	-	6,400	8,627	-	8,627	2,227
Total Revenues	3,828,000	3,998,900	1,892,566	-	1,892,566	(2,106,334)
Expenditures						
Debt service	3,800,000	3,973,000	1,840,000	-	1,840,000	2,133,000
Reserved for debt service	28,000	25,900	-	-	-	25,900
Total Expenditures	3,828,000	3,998,900	1,840,000	-	1,840,000	2,158,900
Excess (deficiency) of revenues over expenditures	-	-	52,566	-	52,566	52,566
Beginning Fund Balance (Deficit)	-	-	-	-	-	-
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 52,566	\$ -	\$ 52,566	\$ 52,566

City of Bend, Oregon
Nonmajor Debt Service Funds
 Schedule of Expenditures and Other Uses by Appropriation Levels
 For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Improvement District Debt Service Fund</u>			
Reserves	\$ 583,800	\$ -	\$ 583,800
	\$ 583,800	\$ -	\$ 583,800
<u>Urban Renewal Debt Service Fund</u>			
Materials and services	\$ 877,750	\$ 834,807	\$ 42,943
Debt service	1,746,338	1,746,338	1
	\$ 2,624,088	\$ 2,581,145	\$ 42,943
<u>Murphy Crossing Urban Renewal Debt Service Fund</u>			
Reserves	\$ 240,200	\$ -	\$ 240,200
	\$ 240,200	\$ -	\$ 240,200
<u>Fire Station Debt Service Fund</u>			
Materials and services	\$ 1,200	\$ 195	\$ 1,005
Transfers	12,200	6,100	6,100
Debt service	447,600	220,080	227,520
Reserves	6,400	-	6,400
	\$ 467,400	\$ 226,376	\$ 241,024
<u>PERS Debt Service Fund</u>			
Transfers	\$ 40,400	\$ 21,600	\$ 18,800
Debt service	2,011,000	982,494	1,028,506
Reserves	1,579,749	-	1,579,749
	\$ 3,631,149	\$ 1,004,094	\$ 2,627,055
<u>Juniper Ridge Urban Renewal Debt Service Fund</u>			
Debt service	\$ 2,267,900	\$ 375,076	\$ 1,892,824
Reserves	382,900	-	382,900
	\$ 2,650,800	\$ 375,076	\$ 2,275,724
<u>General Obligation Bond Debt Service Fund</u>			
Debt service	\$ 3,973,000	\$ 1,840,000	\$ 2,133,000
Reserves	25,900	-	25,900
	\$ 3,998,900	\$ 1,840,000	\$ 2,158,900

NONMAJOR CAPITAL PROJECTS FUNDS

Urban Renewal Construction Fund

This fund accounts for the construction activities of the Bend Urban Renewal Agency other than those related to Juniper Ridge. The principal source of revenue is loan proceeds used to relieve urban blight and renovate the downtown area.

Juniper Ridge Urban Renewal Construction Fund

This fund accounts for the expenditures of the Juniper Ridge urban renewal district. The principal source of revenue is contribution from other funds and proceeds from borrowings.

Accessibility Construction Fund

This fund accounts for construction activities related to improving accessibility. Funding is provided from the General Fund.

Transportation Construction Fund

This fund accounts for the construction of streets, bridges, and trails. The principal sources of revenue are franchise fees and proceeds from borrowings.

General Obligation Bond Transportation Construction Fund

This fund accounts for the construction of transportation improvements funded by general obligation bonds in the City's Capital Improvement Program.

City of Bend, Oregon
Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2012

	Urban Renewal Construction Fund	Juniper Ridge Urban Renewal Construction Fund	Accessibility Construction Fund	Transportation Construction Fund	General Obligation Bond Transportation Construction Fund	Total
Assets						
Pooled cash and investments	\$ -	\$ 53,788	\$ 494,730	\$ 7,217,585	\$ 1,236,212	\$ 9,002,316
Restricted cash and investments	-	-	-	3,550	-	3,550
Receivables:						
Accounts, net	-	-	-	169,912	-	169,912
Due from other funds	-	-	-	42,114	-	42,114
Due for other governments	-	-	-	26,063	-	26,063
Total Assets	\$ -	\$ 53,788	\$ 494,730	\$ 7,459,224	\$ 1,236,212	\$ 9,243,955
Liabilities and Fund Balances (Deficit)						
Liabilities:						
Accounts payable	\$ -	\$ 8,132	\$ -	\$ 144,536	\$ 449,696	\$ 602,363
Salaries and benefits payable	-	-	88	-	-	88
Retainage payable	-	-	-	-	1,015	1,015
Other accrued liabilities	-	-	-	901	-	901
Deposits	-	-	-	3,550	-	3,550
Deferred revenue	-	-	-	119,610	-	119,610
Total Liabilities	-	8,132	88	268,596	450,710	727,527
Fund balances (deficits):						
Restricted:						
Externally imposed	-	-	494,642	975,539	785,502	2,255,684
Committed	-	385,407	-	6,215,089	-	6,600,496
Unassigned	-	(339,751)	-	-	-	(339,751)
Total Fund Balances (Deficits)	-	45,656	494,642	7,190,628	785,502	8,516,428
Total Liabilities and Fund Balances	\$ -	\$ 53,788	\$ 494,730	\$ 7,459,224	\$ 1,236,212	\$ 9,243,955

City of Bend, Oregon
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficits)**

Nonmajor Capital Projects Funds
For the fiscal year ended June 30, 2012

	Urban Renewal Construction Fund	Juniper Ridge Urban Renewal Construction Fund	Accessibility Construction Fund	Transportation Construction Fund	General Obligation Bond Transportation Construction Fund	Total
Revenues						
Franchise fees	\$ -	\$ -	\$ -	\$ 1,000,018	\$ -	\$ 1,000,018
Intergovernmental	-	-	221,694	834,020	-	1,055,714
Rent from others	-	-	-	21,515	-	21,515
Charges for services	-	-	172,556	76,144	-	248,700
Contributions	-	-	-	261,435	-	261,435
Loan repayments	-	-	-	10,041	-	10,041
Investment income	3,489	230	5,423	42,023	(2,275)	48,889
Miscellaneous	-	-	388	1,000	129	1,517
Total Revenues	3,489	230	400,062	2,246,194	(2,146)	2,647,829
Expenditures						
Current:						
Public ways and facilities	-	-	334,601	611,145	3,130	948,876
Urban renewal	-	21,103	-	-	-	21,103
Debt service:						
Principal	-	-	190,000	844,600	-	1,034,600
Interest	-	-	116,975	424,688	-	541,663
Capital outlay	-	-	790,763	1,319,300	2,209,221	4,319,285
Total Expenditures	-	21,103	1,432,339	3,199,734	2,212,351	6,865,526
Excess (deficiency) of revenues over expenditures	3,489	(20,873)	(1,032,276)	(953,539)	(2,214,498)	(4,217,698)
Other Financing Sources (Uses)						
Proceeds from sale of assets	-	-	-	121,846	-	121,846
Issuance of short-term promissory note	-	-	-	-	3,000,000	3,000,000
Transfers in	-	-	450,000	1,585,843	-	2,035,843
Transfers out	(490,742)	(3,090)	-	-	-	(493,832)
Total Other Financing Sources (Uses)	(490,742)	(3,090)	450,000	1,707,689	3,000,000	4,663,856
Net change in fund balance	(487,253)	(23,964)	(582,276)	754,149	785,502	446,159
Fund Balances (Deficits), July 1, 2011	487,253	69,620	1,076,919	6,436,478	-	8,070,269
Fund Balances (Deficits), June 30, 2012	\$ -	\$ 45,656	\$ 494,642	\$ 7,190,628	\$ 785,502	\$ 8,516,428

City of Bend, Oregon

Urban Renewal Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Loan repayments	\$ -	\$ 4,500	\$ 4,461	\$ -	\$ 4,461	\$ (39)
Investment income	5,100	3,700	3,489	-	3,489	(211)
Total Revenues	5,100	8,200	7,950	-	7,950	(250)
Expenditures						
Current:						
Materials and services	800	-	-	-	-	-
Capital outlay	85,000	-	-	-	-	-
Contingency	346,600	-	-	-	-	-
Total Expenditures	432,400	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	(427,300)	8,200	7,950	-	7,950	(250)
Other Financing Sources (Uses)						
Transfers out	-	(461,000)	(460,742)	-	(460,742)	258
Total Other Financing Sources (Uses)	-	(461,000)	(460,742)	-	(460,742)	258
Net change in fund balance	(427,300)	(452,800)	(452,792)	-	(452,792)	8
Beginning Fund Balance (Deficit)	427,300	452,800	452,792	-	452,792	(8)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 7,950
Loan repayments reported as revenues on the budgetary basis are reported as a reduction of notes receivable on the GAAP basis	(4,461)
Total Revenues - GAAP Basis	\$ 3,489
Other Financing Sources (Uses) - Budgetary Basis	\$ (460,742)
Balance of loans receivable transferred to BURA General Fund	(30,000)
Total Other Financing Sources (Uses) - GAAP Basis	\$ (490,742)

City of Bend, Oregon

Juniper Ridge Urban Renewal Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Investment income	\$ -	\$ -	\$ 230	\$ -	\$ 230	\$ 230
Total Revenues	-	-	230	-	230	230
Expenditures						
Current:						
Materials and services	164,300	263,550	21,103	-	21,103	242,447
Interfund charges	30,000	15,000	-	-	-	15,000
Debt service	240,000	3,828,850	-	-	-	3,828,850
Capital outlay	1,811,966	450,875	3,090	-	3,090	447,785
Contingency	69,868	378,499	-	-	-	378,499
Total Expenditures	2,316,134	4,936,774	24,193	-	24,193	4,912,581
Excess (deficiency) of revenues over expenditures	(2,316,134)	(4,936,774)	(23,964)	-	(23,964)	4,912,810
Other Financing Sources (Uses)						
Proceeds from sale of assets	1,506,610	-	-	-	-	-
Advances from other funds	-	127,250	-	-	-	(127,250)
Issuance of long-term debt	791,150	4,791,150	-	-	-	(4,791,150)
Total Other Financing Sources (Uses)	2,297,760	4,918,400	-	-	-	(4,918,400)
Net change in fund balance	(18,374)	(18,374)	(23,964)	-	(23,964)	(5,590)
Beginning Fund Balance (Deficit)	18,374	18,374	69,620	-	69,620	51,246
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 45,656	\$ -	\$ 45,656	\$ 45,656

Reconciliation of Budgetary basis to GAAP basis

Total Expenditures - Budgetary Basis	\$ 24,193
Capitalized amounts reported as expenditures on the budgetary basis are reported as capital contributions to other funds on the GAAP basis	(3,090)
Total Expenditures - GAAP Basis	\$ 21,103
Total Other Financing Sources (Uses) - Budgetary Basis	\$ -
Capitalized amounts reported as expenditures on the budgetary basis are reported as capital contributions to other funds on the GAAP basis	(3,090)
Total Other Financing Sources (Uses) - GAAP Basis	\$ (3,090)

City of Bend, Oregon

Accessibility Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ 489,900	\$ 489,900	\$ 221,694	\$ -	\$ 221,694	\$ (268,206)
Charges to other City funds	212,100	212,100	172,556	-	172,556	(39,544)
Investment income	6,000	5,400	5,423	-	5,423	23
Miscellaneous	3,000	3,000	388	-	388	(2,612)
Total Revenues	711,000	710,400	400,062	-	400,062	(310,338)
Expenditures						
Current:						
Personal services	18,349	43,349	39,238	-	39,238	4,111
Materials and services	80,920	111,470	3,918	-	3,918	107,552
Interfund charges	365,100	609,500	291,444	-	291,444	318,056
Debt service	615,800	615,800	306,975	-	306,975	308,825
Capital outlay	1,361,200	1,166,600	790,763	-	790,763	375,837
Contingency	40,231	34,281	-	-	-	34,281
Reserved for construction	300,000	300,000	-	-	-	300,000
Total Expenditures	2,781,600	2,881,000	1,432,339	-	1,432,339	1,448,661
Excess (deficiency) of revenues over expenditures	(2,070,600)	(2,170,600)	(1,032,276)	-	(1,032,276)	1,138,324
Other Financing Sources (Uses)						
Transfers in	900,000	1,000,000	450,000	-	450,000	(550,000)
Total Other Financing Sources (Uses)	900,000	1,000,000	450,000	-	450,000	(550,000)
Net change in fund balance	(1,170,600)	(1,170,600)	(582,276)	-	(582,276)	588,324
Beginning Fund Balance (Deficit)	1,170,600	1,170,600	1,076,919	-	1,076,919	(93,681)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 494,642	\$ -	\$ 494,642	\$ 494,642

City of Bend, Oregon

Transportation Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive (Negative)
Revenues						
Franchise fees	\$ 2,004,000	\$ 1,997,700	\$ 1,000,018	\$ -	\$ 1,000,018	\$ (997,682)
Intergovernmental	1,560,850	1,417,750	834,020	-	834,020	(583,730)
Rental income	44,400	44,400	21,515	-	21,515	(22,885)
Charges to other City funds	31,300	50,600	76,144	-	76,144	25,544
Contributions	-	-	261,435	-	261,435	261,435
Loan repayments	17,500	17,500	10,041	-	10,041	(7,459)
Investment income	62,400	54,500	42,023	-	42,023	(12,477)
Miscellaneous	-	-	1,000	-	1,000	1,000
Total Revenues	3,720,450	3,582,450	2,246,194	-	2,246,194	(1,336,256)
Expenditures						
Current:						
Materials and services	37,600	40,100	16,541	-	16,541	23,559
Interfund charges	1,131,900	1,255,800	594,604	-	594,604	661,196
Debt service	2,545,800	2,545,800	1,269,288	-	1,269,288	1,276,512
Capital outlay	4,117,000	4,628,400	1,319,300	-	1,319,300	3,309,100
Contingency	2,147,250	2,051,400	-	-	-	2,051,400
Reserved for debt	1,280,000	1,280,000	-	-	-	1,280,000
Reserved for construction	620,000	620,000	-	-	-	620,000
Total Expenditures	11,879,550	12,421,500	3,199,734	-	3,199,734	9,221,766
Excess (deficiency) of revenues over expenditures	(8,159,100)	(8,839,050)	(953,539)	-	(953,539)	7,885,511
Other Financing Sources (Uses)						
Proceeds from sale of assets	-	-	121,846	-	121,846	121,846
Transfers in	2,361,100	3,041,050	1,585,843	-	1,585,843	(1,455,207)
Total Other Financing Sources (Uses)	2,361,100	3,041,050	1,707,689	-	1,707,689	(1,333,362)
Net change in fund balance	(5,798,000)	(5,798,000)	754,149	-	754,149	6,552,149
Beginning Fund Balance (Deficit)	5,798,000	5,798,000	6,436,478	-	6,436,478	638,478
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 7,190,628	\$ -	\$ 7,190,628	\$ 7,190,628

City of Bend, Oregon

General Obligation Bond Transportation Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Investment income	\$ 420,000	\$ 115,000	\$ (2,275)	\$ -	\$ (2,275)	\$ (117,275)
Miscellaneous	-	-	129	-	129	129
Total Revenues	420,000	115,000	(2,146)	-	(2,146)	(117,146)
Expenditures						
Current:						
Materials and services	230,000	654,000	3,130	-	3,130	650,870
Debt service	-	1,161,000	-	-	-	1,161,000
Capital outlay	15,240,000	12,809,607	2,209,221	-	2,209,221	10,600,386
Reserved	150,000	28,850,393	-	-	-	28,850,393
Total Expenditures	15,620,000	43,475,000	2,212,351	-	2,212,351	41,262,649
Excess (deficiency) of revenues over expenditures	(15,200,000)	(43,360,000)	(2,214,498)	-	(2,214,498)	41,145,502
Other Financing Sources (Uses)						
Issuance of short-term promissory note	-	-	3,000,000	-	3,000,000	3,000,000
Issuance of long-term debt	15,200,000	43,360,000	-	-	-	(43,360,000)
Total Other Financing Sources (Uses)	15,200,000	43,360,000	3,000,000	-	3,000,000	(40,360,000)
Net change in fund balance	-	-	785,502	-	785,502	785,502
Beginning Fund Balance (Deficit)	-	-	-	-	-	-
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 785,502	\$ -	\$ 785,502	\$ 785,502

City of Bend, Oregon
Nonmajor Capital Projects Funds
 Schedule of Expenditures and Other Uses by Appropriation Levels
 For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Urban Renewal Construction Fund</u>			
Transfers	\$ 461,000	\$ 460,742	\$ 258
	\$ 461,000	\$ 460,742	\$ 258
<u>Juniper Ridge Urban Renewal Construction Fund</u>			
Materials and services	\$ 263,550	\$ 21,103	\$ 242,447
Transfers	15,000	-	15,000
Debt service	3,828,850	-	3,828,850
Capital outlay	450,875	3,090	447,785
Contingency	378,499	-	378,499
	\$ 4,936,774	\$ 24,193	\$ 4,912,581
<u>Accessibility Construction Fund</u>			
Personal services	\$ 43,349	\$ 39,238	\$ 4,111
Materials and services	111,470	3,918	107,552
Transfers	609,500	291,444	318,056
Debt service	615,800	306,975	308,825
Capital outlay	1,166,600	790,763	375,837
Contingency	34,281	-	34,281
Reserves	300,000	-	300,000
	\$ 2,881,000	\$ 1,432,339	\$ 1,448,661
<u>Transportation Construction Fund</u>			
Materials and services	\$ 40,100	\$ 16,541	\$ 23,559
Transfers	1,255,800	594,604	661,196
Debt service	2,545,800	1,269,288	1,276,512
Capital outlay	4,628,400	1,319,300	3,309,100
Contingency	2,051,400	-	2,051,400
Reserves	1,900,000	-	1,900,000
	\$ 12,421,500	\$ 3,199,734	\$ 9,221,766
<u>General Obligation Bond Construction Fund</u>			
Materials and services	\$ 654,000	\$ 3,130	\$ 650,870
Debt service	1,161,000	-	1,161,000
Capital outlay	12,809,607	2,209,221	10,600,386
Reserves	28,850,393	-	28,850,393
	\$ 43,475,000	\$ 2,212,351	\$ 41,262,649

NONMAJOR PERMANENT FUNDS

Cemetery Permanent Maintenance Fund

This fund accounts for the collection of cemetery permanent maintenance revenues. The earnings, not principal, on the permanent maintenance collections are used to support Cemetery Fund operations.

City of Bend, Oregon

Cemetery Permanent Maintenance Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Permanent maintenance fees	\$ 8,300	\$ 8,300	\$ 4,143	\$ -	\$ 4,143	\$ (4,158)
Investment income	6,000	6,000	3,577	-	3,577	(2,423)
Total Revenues	14,300	14,300	7,720	-	7,720	(6,580)
Expenditures						
Reserved for permanent maintenance	594,676	594,676	-	-	-	594,676
Total Expenditures	594,676	594,676	-	-	-	594,676
Excess (deficiency) of revenues over expenditures	(580,376)	(580,376)	7,720	-	7,720	588,096
Other Financing Sources (Uses)						
Transfers out	(6,000)	(6,000)	(3,105)	-	(3,105)	2,895
Total Other Financing Sources (Uses)	(6,000)	(6,000)	(3,105)	-	(3,105)	2,895
Net change in fund balance	(586,376)	(586,376)	4,615	-	4,615	590,991
Beginning Fund Balance (Deficit)	586,376	586,376	586,225	-	586,225	(151)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 590,840	\$ -	\$ 590,840	\$ 590,840

City of Bend, Oregon

Nonmajor Permanent Funds

Schedule of Expenditures and Other Uses by Appropriation Levels

For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Cemetery Permanent Maintenance Fund</u>			
Expenditures & other uses	\$ 6,000	\$ 3,105	\$ 2,895
Reserves	594,676	-	594,676
	\$ 600,676	\$ 3,105	\$ 597,571

NONMAJOR ENTERPRISE FUNDS

Airport Fund

This fund accounts for the operations of the City's municipal airport. The principal sources of revenue are grants, and hangar, ground and operator leases. Expenses are for maintenance and improvements of airport facilities.

Cemetery Fund

This fund accounts for the operations of the City cemetery. The principal sources of revenue are user charges and interest income which are used to fund maintenance and capital improvements at the cemetery.

Downtown Parking Fund

This fund accounts for the operation of City-owned parking facilities. Revenue sources include parking fees, fines and rental charges. The revenue is used for program administration and management.

Stormwater Fund

This fund accounts for the operation of the City's stormwater facilities. The primary revenue source is user fees.

City of Bend, Oregon
Combining Statement of Net Assets
 Nonmajor Enterprise Funds
 June 30, 2012

	<u>Airport</u> <u>Fund</u>	<u>Cemetery</u> <u>Fund</u>	<u>Downtown</u> <u>Parking</u> <u>Fund</u>	<u>Stormwater</u> <u>Fund</u>	<u>Total</u>
<u>Assets</u>					
Current assets:					
Pooled cash and investments	\$ 338,385	\$ 15,971	\$ 1,060,102	\$ 4,494,946	\$ 5,909,405
Accounts receivable, net	12,808	-	43,704	351,348	407,860
Due from other governments	1,053,142	-	-	-	1,053,142
Bond issue costs, net	4,161	-	-	7,009	11,170
Total Current Assets	1,408,496	15,971	1,103,806	4,853,304	7,381,577
Noncurrent assets:					
Restricted cash	12,525	-	19,256	-	31,781
Bond issue costs, net	21,266	-	-	-	21,266
Capital assets, net	23,046,120	138,681	14,016,470	24,952,509	62,153,781
Total Noncurrent Assets	23,079,911	138,681	14,035,726	24,952,509	62,206,827
Total Assets	24,488,407	154,652	15,139,532	29,805,813	69,588,404
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	841,706	3,807	7,133	96,346	948,993
Salaries and benefits payable	2,414	404	1,126	10,105	14,049
Retainage payable	89,603	-	4,500	-	94,103
Compensated absences	6,222	9,416	-	15,871	31,509
Interest payable	31,061	-	-	150	31,211
Insurance claims	169	-	240	1,563	1,972
Other accrued liabilities	14,224	-	-	-	14,224
Deposits - restricted	12,525	-	19,256	-	31,781
Due to other funds	55,000	-	-	-	55,000
Advances from other funds	-	-	6,600	-	6,600
Current portion of long-term debt, net	195,092	-	-	60,051	255,143
Total Current Liabilities	1,248,016	13,626	38,856	184,087	1,484,584
Noncurrent liabilities:					
Advances from other funds	-	-	15,002	-	15,002
Other post-retirement benefits payable	21,566	6,378	12,481	166,291	206,716
Long-term debt, net	1,799,540	-	-	760	1,800,300
Total Noncurrent Liabilities	1,821,106	6,378	27,483	167,051	2,022,018
Total Liabilities	3,069,122	20,004	66,339	351,138	3,506,602
<u>Net Assets</u>					
Invested in capital assets, net of related debt	21,051,488	138,681	14,016,470	24,891,699	60,098,338
Unrestricted	367,798	(4,034)	1,056,723	4,562,977	5,983,464
Total Net Assets	\$ 21,419,285	\$ 134,647	\$ 15,073,194	\$ 29,454,676	\$ 66,081,802

City of Bend, Oregon

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

Nonmajor Enterprise Funds

For the fiscal year ended June 30, 2012

	Airport Fund	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total
<u>Operating Revenues</u>					
Intergovernmental	\$ 198	\$ 41	\$ 90	\$ 5,296	\$ 5,625
Charges for services	831,669	58,384	569,363	2,519,063	3,978,479
Miscellaneous	1,183	-	56	227	1,465
Total Operating Revenues	833,050	58,424	569,508	2,524,586	3,985,569
<u>Operating Expenses</u>					
Salaries and benefits	160,807	33,028	107,344	800,776	1,101,955
Materials and supplies	67,824	16,998	305,289	223,138	613,249
Internal services	290,722	21,395	139,154	461,289	912,559
Depreciation	410,482	13,683	322,288	720,392	1,466,845
Total Operating Expenses	929,834	85,104	874,074	2,205,595	4,094,608
Operating income (loss)	(96,784)	(26,680)	(304,566)	318,991	(109,039)
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	906	666	6,788	30,501	38,861
Interest expense	(79,862)	-	-	(2,488)	(82,349)
Amortization of bond issue costs	50	-	-	(387)	(338)
Interfund loan repayment	-	-	(852)	-	(852)
Gain/(loss) on disposal of assets	-	-	-	(7,863)	(7,863)
Total Nonoperating Revenues (Expenses)	(78,906)	666	5,936	19,763	(52,541)
Income (loss) before contributions and transfers	(175,690)	(26,014)	(298,630)	338,754	(161,580)
<u>Contributions and Transfers</u>					
Capital contributions	2,218,417	-	289,112	94,282	2,601,811
Transfers in	-	13,105	-	-	13,105
Total Contributions and Transfers	2,218,417	13,105	289,112	94,282	2,614,916
Change in net assets	2,042,727	(12,909)	(9,518)	433,036	2,453,336
Net Assets, July 1, 2011	19,376,558	147,556	15,082,712	29,021,639	63,628,466
Net Assets, June 30, 2012	\$ 21,419,285	\$ 134,647	\$ 15,073,194	\$ 29,454,676	\$ 66,081,802

City of Bend, Oregon
Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the fiscal year ended June 30, 2012

	Airport Fund	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 797,420	\$ 58,424	\$ 572,861	\$ 2,466,433	\$ 3,895,139
Cash received from interfund services provided	-	-	-	15,309	15,309
Cash paid to employees for services	(160,438)	(31,987)	(117,409)	(797,039)	(1,106,872)
Cash paid to suppliers for goods and services	(76,873)	(13,897)	(321,419)	(244,098)	(656,287)
Cash paid for interfund services used	(290,722)	(21,395)	(139,154)	(461,289)	(912,559)
Net Cash From Operating Activities	269,388	(8,854)	(5,121)	979,317	1,234,730
<u>Cash Flows from Noncapital Financing Activities</u>					
Interfund loan repayments	-	-	(7,650)	-	(7,650)
Transfers from other funds	-	13,105	-	-	13,105
Net Cash From Noncapital Financing Activities	-	13,105	(7,650)	-	5,455
<u>Cash Flows from Capital and Related Financing Activities</u>					
Advances from other funds for capital activities	55,000	-	-	-	55,000
Principal payments on capital debt	(179,374)	-	-	(55,000)	(234,374)
Interest payments on capital debt	(81,884)	-	-	(2,625)	(84,509)
Capital grants and contributions	1,766,862	-	256,396	-	2,023,258
Parking improvement fees	-	-	106,700	-	106,700
Acquisition and construction of capital assets	(1,623,292)	-	(250,454)	(360,544)	(2,234,289)
Net Cash From Capital and Related Financing Activities	(62,688)	-	112,643	(418,169)	(368,214)
<u>Cash Flows from Investing Activities</u>					
Investment income	906	666	6,788	30,501	38,861
Net Cash From Investing Activities	906	666	6,788	30,501	38,861
Net change in pooled cash and investments	207,606	4,917	106,660	591,649	910,832
Pooled Cash and Investments, July 1, 2011	143,304	11,053	972,698	3,903,297	5,030,353
Pooled Cash and Investments, June 30, 2012	\$ 350,910	\$ 15,971	\$ 1,079,359	\$ 4,494,946	\$ 5,941,186

City of Bend, Oregon
Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the fiscal year ended June 30, 2012

	<u>Airport</u> <u>Fund</u>	<u>Cemetery</u> <u>Fund</u>	<u>Downtown</u> <u>Parking</u> <u>Fund</u>	<u>Stormwater</u> <u>Fund</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (96,784)	\$ (26,680)	\$ (304,566)	\$ 318,991	\$ (109,039)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	410,482	13,683	322,288	720,392	1,466,845
Change in:					
Accounts receivable	(7,337)	-	3,146	(42,843)	(47,034)
Accounts payable	(3,120)	3,101	(16,128)	(20,960)	(37,107)
Salaries and benefits payable	177	(47)	(5,158)	(3,956)	(8,984)
Other post-employment benefits	271	1,567	(5,147)	8,301	4,991
Compensated absences payable	(248)	(478)	-	(2,171)	(2,897)
Insurance claim payable	169	-	240	1,563	1,972
Other accrued liabilities	(5,929)	-	(3)	-	(5,932)
Prepays and deposits payable	(28,293)	-	207	-	(28,086)
Net Cash Provided (Used) By Operating Activities	\$ 269,388	\$ (8,854)	\$ (5,121)	\$ 979,317	\$ 1,234,730

Noncash Capital and Related Financing Activities

The City received donated stormwater infrastructure totaling \$94,282 in the current year.

Acquisition of capital assets financed through accounts payable for the current year totaled \$835,021 in the Airport Fund and \$69,271 in the Stormwater Fund.

The net book value of capital assets contributed from other funds in the current year totaled \$32,716 in the Stormwater Fund.

City of Bend, Oregon

Airport Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive (Negative)
Revenues						
Intergovernmental	\$ 62,500	\$ 5,033,811	\$ 2,218,615	\$ -	\$ 2,218,615	\$ (2,815,196)
Charges for services	1,432,900	1,439,600	766,077	-	766,077	(673,523)
Rental income						
Rental income from others	142,200	136,100	65,592	-	65,592	(70,508)
Investment income	(15,000)	(13,600)	906	-	906	14,506
Miscellaneous	2,900	2,900	1,183	-	1,183	(1,717)
Total Revenues	1,625,500	6,598,811	3,052,374	-	3,052,374	(3,546,437)
Expenditures						
Current:						
Personal services	312,235	346,003	160,442	-	160,442	185,561
Materials and services	167,900	167,750	67,824	-	67,824	99,926
Interfund charges	618,700	530,100	290,722	-	290,722	239,378
Capital outlay	65,800	4,446,711	2,184,773	-	2,184,773	2,261,938
Debt service	528,800	528,800	259,236	-	259,236	269,564
Contingency	108,965	6,347	-	-	-	6,347
Total Expenditures	1,802,400	6,025,711	2,962,996	-	2,962,996	3,062,715
Excess (deficiency) of revenues over expenditures	(176,900)	573,100	89,377	-	89,377	(483,723)
Other Financing Sources (Uses)						
Advances from other funds	-	-	55,000	-	55,000	55,000
Interfund loan repayment	(500,000)	(1,250,000)	-	-	-	1,250,000
Total Other Financing Sources (Uses)	(500,000)	(1,250,000)	55,000	-	55,000	1,305,000
Net change in fund balance	(676,900)	(676,900)	144,377	-	144,377	821,277
Beginning Fund Balance (Deficit)	676,900	676,900	300,199	-	300,199	(376,701)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 444,576	\$ -	\$ 444,576	\$ 444,576

City of Bend, Oregon

Airport Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)

For the fiscal year ended June 30, 2012

Reconciliation of Budgetary basis to GAAP basis

Total Expenditures - Budgetary Basis	\$ 2,962,996
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	365
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(2,184,773)
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(179,374)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	410,482
Amortization of bond issue costs is not reported on the budgetary basis but is reported as an expense on the GAAP basis	(50)
Total Expenses - GAAP Basis	<u><u>\$ 1,009,646</u></u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 55,000
Advance from other funds reported as other financing source on the budgetary basis is reported as a liability on the GAAP basis	(55,000)
Total Other Financing Sources (Uses) - GAAP Basis	<u><u>\$ -</u></u>

City of Bend, Oregon
Cemetery Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ -	\$ 41	\$ -	\$ 41	\$ 41
Burial and lot fees	109,700	115,200	58,384	-	58,384	(56,817)
Investment income	-	-	666	-	666	666
Total Revenues	109,700	115,200	59,091	-	59,091	(56,109)
Expenditures						
Current:						
Personal services	66,435	63,646	31,462	-	31,462	32,184
Materials and services	27,700	38,975	16,998	-	16,998	21,977
Interfund charges	42,000	42,900	21,395	-	21,395	21,505
Contingency	8,165	34,279	-	-	-	34,279
Total Expenditures	144,300	179,800	69,855	-	69,855	109,945
Excess (deficiency) of revenues over expenditures	(34,600)	(64,600)	(10,764)	-	(10,764)	53,836
Other Financing Sources (Uses)						
Transfers in	30,000	60,000	13,105	-	13,105	(46,895)
Total Other Financing Sources (Uses)	30,000	60,000	13,105	-	13,105	(46,895)
Net change in fund balance	(4,600)	(4,600)	2,341	-	2,341	6,940
Beginning Fund Balance (Deficit)	4,600	4,600	-	-	-	(4,600)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 2,341	\$ -	\$ 2,341	\$ 2,341

Reconciliation of Budgetary basis to GAAP basis

Total Expenditures - Budgetary Basis	\$ 69,855
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	1,567
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	13,683
Total Expenses - GAAP Basis	\$ 85,104

City of Bend, Oregon
Downtown Parking Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ 90	\$ -	\$ 90	\$ 90
Fines and lot rental fees	1,257,900	1,273,561	564,896	-	564,896	(708,665)
License & permits	8,410	8,410	4,467	-	4,467	(3,943)
Investment income	13,000	11,100	6,788	-	6,788	(4,312)
Miscellaneous	2,200	2,200	56	-	56	(2,145)
Total Revenues	1,281,510	1,295,271	576,296	-	576,296	(718,975)
Expenditures						
Current:						
Personal services	209,725	197,555	112,358	-	112,358	85,197
Materials and services	636,153	660,824	305,289	-	305,289	355,535
Interfund charges	248,700	242,400	139,154	-	139,154	103,246
Capital outlay	25,000	506,033	254,954	-	254,954	251,080
Contingency	75,340	27,200	-	-	-	27,200
Reserved for construction	1,106,992	1,014,992	-	-	-	1,014,992
Total Expenditures	2,301,910	2,649,004	811,754	-	811,754	1,837,250
Excess (deficiency) of revenues over expenditures	(1,020,400)	(1,353,733)	(235,457)	-	(235,457)	1,118,276
Other Financing Sources (Uses)						
Capital contributions	-	333,333	256,396	-	256,396	(76,937)
Interfund loan repayment	(15,300)	(15,300)	(7,650)	-	(7,650)	7,650
Total Other Financing Sources (Uses)	(15,300)	318,033	248,746	-	248,746	(69,287)
Net change in fund balance	(1,035,700)	(1,035,700)	13,289	-	13,289	1,048,989
Beginning Fund Balance (Deficit)	1,035,700	1,035,700	1,079,045	-	1,079,045	43,345
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,092,334	\$ -	\$ 1,092,334	\$ 1,092,334

City of Bend, Oregon
Downtown Parking Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
 For the fiscal year ended June 30, 2012

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 576,296
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>32,716</u>
Total Revenues - GAAP Basis	<u>\$ 609,012</u>
Total Expenditures - Budgetary Basis	\$ 811,754
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	(5,014)
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(254,954)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>322,288</u>
Total Expenses - GAAP Basis	<u>\$ 874,074</u>
Total Other Financing Sources - Budgetary Basis	\$ 248,746
Repayment of interfund loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	<u>6,798</u>
Total Other Income/(Expenses) - GAAP Basis	<u>\$ 255,544</u>

City of Bend, Oregon
Stormwater Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		<u>FY2011-12</u> <u>Actual</u>	<u>FY2012-13</u> <u>Actual</u>	<u>Total Actual</u> <u>Budget</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ 37,600	\$ 37,600	\$ 5,296	\$ -	\$ 5,296	\$ (32,304)
Charges for services:						
Charges to others	4,888,800	4,981,100	2,503,754	-	2,503,754	(2,477,346)
Charges to other City funds	35,400	32,750	15,309	-	15,309	(17,441)
Investment income	32,100	28,800	30,501	-	30,501	1,701
Miscellaneous	-	-	227	-	227	227
Total Revenues	4,993,900	5,080,250	2,555,087	-	2,555,087	(2,525,163)
Expenditures						
Current:						
Personal services	1,841,382	1,731,558	791,608	-	791,608	939,950
Materials and services	674,572	661,432	223,138	-	223,138	438,294
Interfund charges	1,413,100	1,011,000	461,289	-	461,289	549,711
Debt service	118,600	118,600	57,488	-	57,488	61,113
Capital outlay	3,382,000	2,944,000	406,812	-	406,812	2,537,188
Contingency	1,378,446	74,738	-	-	-	74,738
Reserved for construction	-	2,353,122	-	-	-	2,353,122
Total Expenditures	8,808,100	8,894,450	1,940,335	-	1,940,335	6,954,115
Excess (deficiency) of revenues over expenditures	(3,814,200)	(3,814,200)	614,752	-	614,752	4,428,952
Beginning Fund Balance (Deficit)	3,814,200	3,814,200	4,108,372	-	4,108,372	294,172
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 4,723,124	\$ -	\$ 4,723,124	\$ 4,723,124

City of Bend, Oregon
Stormwater Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
 For the fiscal year ended June 30, 2012

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 2,555,087
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>94,282</u>
Total Revenues - GAAP Basis	<u>\$ 2,649,369</u>
Total Expenditures - Budgetary Basis	\$ 1,940,335
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	9,168
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(406,812)
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(55,000)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	720,392
Amortization of bond issue costs is not reported on the budgetary basis but is reported as an expense on the GAAP basis	<u>387</u>
Total Expenses - GAAP Basis	<u>\$ 2,208,470</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ -
Loss on disposal of asset reported as an expense on the GAAP basis	<u>(7,863)</u>
Total Other Income/(Expenses) - GAAP Basis	<u>\$ (7,863)</u>

City of Bend, Oregon

Nonmajor Enterprise Funds

Schedule of Expenditures and Other Uses by Appropriation Levels

For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Airport Fund</u>			
Personal services	\$ 346,003	\$ 160,442	\$ 185,561
Materials and services	167,750	67,824	99,926
Transfers	1,780,100	290,722	1,489,378
Debt service	4,446,711	2,184,773	2,261,938
Capital outlay	528,800	259,236	269,564
Contingency	6,347	-	6,347
	\$ 7,275,711	\$ 2,962,996	\$ 4,312,715
<u>Cemetery Fund</u>			
Personal services	\$ 63,646	\$ 31,462	\$ 32,184
Materials and services	38,975	16,998	21,977
Transfers	42,900	21,395	21,505
Contingency	34,279	-	34,279
	\$ 179,800	\$ 69,855	\$ 109,945
<u>Downtown Parking Fund</u>			
Personal services	\$ 197,555	\$ 112,358	\$ 85,197
Materials and services	660,824	305,289	355,535
Transfers	257,700	146,804	110,896
Capital outlay	506,033	254,954	251,080
Contingency	27,200	-	27,200
Reserved for construction	1,014,992	-	1,014,992
	\$ 2,664,304	\$ 819,404	\$ 1,844,900
<u>Stormwater Fund</u>			
Personal services	\$ 1,731,558	\$ 791,608	\$ 939,950
Materials and services	661,432	223,138	438,294
Transfers	1,011,000	461,289	549,711
Debt service	118,600	57,488	61,113
Capital outlay	2,944,000	406,812	2,537,188
Contingency	74,738	-	74,738
Reserved for construction	2,353,122	-	2,353,122
	\$ 8,894,450	\$ 1,940,335	\$ 6,954,115

INTERNAL SERVICE FUND

Garage Division

To account for the maintenance and service of all City vehicles and heavy equipment except for the police vehicles. User charges cover equipment and vehicle maintenance expenses.

Information Technology Division

To account for equipment acquisition, maintenance and operation of the City's computer and telephone systems. User charges cover the cost of operations and acquisitions.

Facility Management Division

To account for maintenance on and improvements to City buildings. Facility maintenance rates are charged on the basis of square footage to recover the full cost of services provided.

Engineering Division

To account for construction project oversight, plan reviews and other engineering services. Revenues are engineering fees used to cover operating expenses.

Public Works Administration Division

To account for general and administrative services provided to other funds. User charges are generated for public works administration.

Public Works Laboratory Division

To account for the laboratory analysis and technical support provided to other funds. User charges are generated for public works laboratory.

Insurance Division

To account for the City's employee health, workers' compensation, general liability, automobile and property liability insurance programs. Revenues consist of premium contributions by departments as well as insurance settlements and refunds. Expenses are for premiums and claims costs.

Administration & Financial Services Division

To account for the general government and finance functions. User charges are generated to cover the full cost of operations of the City Council, City Manager's office, Human Resources and Finance.

Legal & Risk Management Division

To provide legal support and interpretation of the law for other funds. User charges are generated to cover the full cost of operations.

City of Bend, Oregon
Combining Statement of Net Assets
Internal Service Fund
June 30, 2012

	<u>Garage</u> <u>Division</u>	<u>Information</u> <u>Technology</u> <u>Division</u>	<u>Facility</u> <u>Management</u> <u>Division</u>	<u>Engineering</u> <u>Division</u>	<u>Public</u> <u>Works</u> <u>Administration</u> <u>Division</u>
Assets					
Current assets:					
Pooled cash and investments	\$ 465,771	\$ 2,085,491	\$ 2,783,487	\$ 84,380	\$ 530,860
Accounts receivable, net	-	-	-	-	-
Due from other governments	18,944	-	-	-	-
Due from other funds	-	-	-	-	-
Other assets	42,024	-	-	-	-
Prepays and deposits	-	32,937	-	-	7,262
Bond issue costs, net	-	-	17,795	-	-
Total Current Assets	526,739	2,118,428	2,801,282	84,380	538,122
Noncurrent assets:					
Restricted cash and investments	-	-	3,514	-	-
Bond issue costs, net	-	-	194,540	-	-
Capital assets, net	30,277	758,177	21,845,329	-	-
Total Noncurrent Assets	30,277	758,177	22,043,383	-	-
Total Assets	557,016	2,876,605	24,844,665	84,380	538,122
Liabilities					
Current liabilities:					
Accounts payable	89,649	112,217	29,329	3,202	11,552
Salaries and benefits payable	7,524	17,040	4,819	18,644	11,579
Other accrued liabilities:					
Compensated absences	38,971	83,863	25,754	57,759	36,027
Interest	-	-	37,603	-	-
Insurance claims	1,059	1,392	140	813	3,650
Deposits	-	-	3,514	-	-
Current portion of long-term debt, net	-	-	941,071	-	-
Total Current Liabilities	137,203	214,513	1,042,230	80,419	62,809
Noncurrent liabilities:					
Other post-retirement benefits payable	129,587	191,237	79,790	166,492	212,241
Long-term debt, net	-	-	10,557,423	-	-
Total Noncurrent Liabilities	129,587	191,237	10,637,213	166,492	212,241
Total Liabilities	266,790	405,749	11,679,443	246,911	275,049
Net Assets (Deficits)					
Invested in capital assets, net of related debt	30,277	758,177	10,346,835	-	-
Unrestricted	259,948	1,712,679	2,818,387	(162,531)	263,073
Total Net Assets (Deficits)	\$ 290,226	\$ 2,470,856	\$ 13,165,221	\$ (162,531)	\$ 263,073

City of Bend, Oregon
Combining Statement of Net Assets (Continued)
Internal Service Fund
June 30, 2012

	Public Works Laboratory Division	Insurance Division	Administration & Financial Services Division	Legal & Risk Management Division	Total
Assets					
Current assets:					
Pooled cash and investments	\$ 313,390	\$ 2,942,019	\$ 860,469	\$ 151,528	\$ 10,217,395
Accounts receivable, net	-	-	5,394	-	5,394
Due from other governments	-	-	-	-	18,944
Due from other funds	-	-	14,000	-	14,000
Other assets	-	-	-	-	42,024
Prepays and deposits	-	-	6,924	-	47,123
Bond issue costs, net	-	-	-	-	17,795
Total Current Assets	313,390	2,942,019	886,787	151,528	10,362,675
Noncurrent assets:					
Restricted cash and investments	-	-	-	-	3,514
Bond issue costs, net	-	-	-	-	194,540
Capital assets, net	64,902	-	36,659	-	22,735,344
Total Noncurrent Assets	64,902	-	36,659	-	22,933,398
Total Assets	378,292	2,942,019	923,446	151,528	33,296,073
Liabilities					
Current liabilities:					
Accounts payable	17,461	49,497	60,412	4,881	378,202
Salaries and benefits payable	7,245	-	43,792	7,307	117,950
Other accrued liabilities:					
Compensated absences	42,092	-	185,921	39,515	509,902
Interest	-	-	-	-	37,603
Insurance claims	-	544,681	12,047	358	564,140
Deposits	-	-	-	-	3,514
Current portion of long-term debt, net	-	-	-	-	941,071
Total Current Liabilities	66,798	594,178	302,172	52,061	2,552,382
Noncurrent liabilities:					
Other post-retirement benefits payable	93,850	-	627,615	70,597	1,571,408
Long-term debt, net	-	-	-	-	10,557,423
Total Noncurrent Liabilities	93,850	-	627,615	70,597	12,128,831
Total Liabilities	160,648	594,178	929,787	122,658	14,681,213
Net Assets (Deficits)					
Invested in capital assets, net of related debt					
	64,902	-	36,659	-	11,236,850
Unrestricted	152,743	2,347,841	(43,000)	28,870	7,378,010
Total Net Assets (Deficits)	\$ 217,644	\$ 2,347,841	\$ (6,341)	\$ 28,870	\$ 18,614,859

City of Bend, Oregon

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

Internal Service Fund

For the fiscal year ended June 30, 2012

	<u>Garage Division</u>	<u>Information Technology Division</u>	<u>Facility Management Division</u>	<u>Engineering Division</u>	<u>Public Works Administration Division</u>
<u>Operating Revenues</u>					
Intergovernmental	\$ 900	\$ 801	\$ 3,768	\$ 906	\$ 1,680
Charges for services	2,351,192	2,440,829	33,709	1,133,813	1,349,534
Rental income					
Rental income from others	-	-	13,009	-	-
Rental income from other City funds	-	-	1,917,600	-	-
Miscellaneous	6,672	120	4,414	32	161
Total Operating Revenues	2,358,764	2,441,750	1,972,500	1,134,750	1,351,375
<u>Operating Expenses</u>					
Salaries and benefits	703,152	1,203,554	426,741	984,874	1,107,128
Materials and supplies	1,353,187	785,626	852,063	48,119	83,469
Internal services	323,179	81,094	96,573	135,572	297,996
Insurance premiums and claims	-	-	-	-	-
Depreciation	5,073	314,061	778,095	1,249	-
Total Operating Expenses	2,384,591	2,384,335	2,153,471	1,169,814	1,488,593
Operating income (loss)	(25,827)	57,415	(180,971)	(35,063)	(137,218)
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	1,444	9,151	16,396	1,400	4,656
Interest expense	-	-	(379,426)	-	-
Amortization of bond issue costs	-	-	8,276	-	-
Gain (loss) on disposal of assets	-	(29,518)	(69,785)	-	-
Total Nonoperating Revenues (Expenses)	1,444	(20,366)	(424,539)	1,400	4,656
Income (loss) before contributions and transfers	(24,383)	37,048	(605,510)	(33,663)	(132,562)
<u>Contributions and Transfers</u>					
Capital contributions	-	-	343,650	886	-
Transfers in	253,945	500,000	830,000	-	-
Transfers out	(758)	(4,747)	(4,338,086)	(212,740)	(2,372)
Total Contributions and Transfers	253,188	495,253	(3,164,436)	(211,855)	(2,372)
Change in net assets	228,805	532,302	(3,769,946)	(245,518)	(134,933)
Net Assets (Deficits), July 1, 2011	61,421	1,938,554	16,935,168	82,987	398,006
Net Assets (Deficits), June 30, 2012	\$ 290,226	\$ 2,470,856	\$ 13,165,221	\$ (162,531)	\$ 263,073

City of Bend, Oregon

Combining Statement of Revenues, Expenses, and Changes in Net Assets (Continued)

Internal Service Fund

For the fiscal year ended June 30, 2012

	Public Works Laboratory Division	Insurance Division	Administration & Financial Services Division	Legal & Risk Management Division	Total
<u>Operating Revenues</u>					
Intergovernmental	\$ 600	\$ -	\$ 3,976	\$ 247	\$ 12,878
Charges for services	572,500	1,266,469	4,820,075	518,700	14,486,821
Rental income					
Rental income from others	-	-	-	-	13,009
Rental income from other City funds	-	-	-	-	1,917,600
Miscellaneous	40	220,050	640	4	232,133
Total Operating Revenues	573,140	1,486,519	4,824,692	518,952	16,662,441
<u>Operating Expenses</u>					
Salaries and benefits	538,748	-	3,383,831	556,209	8,904,236
Materials and supplies	134,093	-	734,213	29,408	4,020,177
Internal services	104,514	-	573,138	16,976	1,629,042
Insurance premiums and claims	-	1,395,590	-	-	1,395,590
Depreciation	28,865	-	3,910	-	1,131,254
Total Operating Expenses	806,220	1,395,590	4,695,091	602,593	17,080,298
Operating income (loss)	(233,080)	90,929	129,600	(83,641)	(417,857)
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	2,992	21,692	5,418	1,040	64,189
Interest expense	-	-	-	-	(379,426)
Amortization of bond issue costs	-	-	-	-	8,276
Gain (loss) on disposal of assets	-	-	-	-	(99,303)
Total Nonoperating Revenues (Expenses)	2,992	21,692	5,418	1,040	(406,263)
Income (loss) before contributions and transfers	(230,088)	112,622	135,018	(82,602)	(824,120)
<u>Contributions and Transfers</u>					
Capital contributions	-	-	-	-	344,535
Transfers in	-	-	-	-	1,583,945
Transfers out	(1,521)	(174,038)	(2,780)	(532)	(4,737,574)
Total Contributions and Transfers	(1,521)	(174,038)	(2,780)	(532)	(2,809,094)
Change in net assets	(231,610)	(61,417)	132,238	(83,134)	(3,633,214)
Net Assets (Deficits), July 1, 2011	449,254	2,409,258	(138,579)	112,004	22,248,073
Net Assets (Deficits), June 30, 2012	\$ 217,644	\$ 2,347,841	\$ (6,341)	\$ 28,870	\$ 18,614,859

City of Bend, Oregon
Combining Statement of Cash Flows
Internal Service Fund
For the fiscal year ended June 30, 2012

	<u>Garage Division</u>	<u>Information Technology Division</u>	<u>Facility Management Division</u>
<u>Cash Flows from Operating Activities</u>			
Cash received from customers	\$ 353,573	\$ 921	\$ 28,181
Cash received from interfund services provided	2,068,781	2,440,829	1,951,309
Cash paid to employees for services	(692,320)	(1,095,226)	(433,810)
Cash paid to suppliers for goods and services	(1,384,415)	(785,875)	(860,544)
Cash paid for interfund services used	(323,179)	(81,094)	(96,573)
Net Cash From Operating Activities	22,440	479,554	588,563
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers from other funds	253,945	500,000	830,000
Transfers to other funds	(758)	(4,747)	(42,026)
Net Cash From Noncapital Financing Activities	253,188	495,253	787,974
<u>Cash Flows from Capital and Related Financing Activities</u>			
Issuance of debt	-	-	5,133,054
Payment of bond issuance costs	-	-	(79,611)
Principal payments on notes, bonds, and certificates	-	-	(630,000)
Interest payments on notes, bonds, and certificates	-	-	(384,293)
Escrow payments	-	-	(5,048,542)
Acquisition and construction of capital assets	(15,324)	(133,045)	(124,891)
Net Cash From Capital and Related Financing Activities	(15,324)	(133,045)	(1,134,283)
<u>Cash Flows from Investing Activities</u>			
Investment income	1,444	9,151	16,396
Net Cash From Investing Activities	1,444	9,151	16,396
Net change in pooled cash and investments	261,749	850,914	258,649
Pooled Cash and Investments, July 1, 2011	204,023	1,234,577	2,528,352
Pooled Cash and Investments, June 30, 2012	\$ 465,771	\$ 2,085,491	\$ 2,787,001

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2012

	Engineering Division	Public Works Administration Division	Public Works Laboratory Division
<u>Cash Flows from Operating Activities</u>			
Cash received from customers	\$ 937	\$ 1,841	\$ 640
Cash received from interfund services provided	1,133,813	1,349,534	572,500
Cash paid to employees for services	(903,998)	(1,152,737)	(507,441)
Cash paid to suppliers for goods and services	(44,596)	(73,998)	(138,240)
Cash paid for interfund services used	(135,572)	(297,996)	(104,514)
Net Cash From Operating Activities	50,584	(173,356)	(177,056)
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers from other funds	-	-	-
Transfers to other funds	(212,740)	(2,372)	(1,521)
Net Cash From Noncapital Financing Activities	(212,740)	(2,372)	(1,521)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Issuance of debt	-	-	-
Payment of bond issuance costs	-	-	-
Principal payments on notes, bonds, and certificates	-	-	-
Interest payments on notes, bonds, and certificates	-	-	-
Escrow payments	-	-	-
Acquisition and construction of capital assets	-	-	-
Net Cash From Capital and Related Financing Activities	-	-	-
<u>Cash Flows from Investing Activities</u>			
Investment income	1,400	4,656	2,992
Net Cash From Investing Activities	1,400	4,656	2,992
Net change in pooled cash and investments	(160,756)	(171,072)	(175,585)
Pooled Cash and Investments, July 1, 2011	245,136	701,932	488,976
Pooled Cash and Investments, June 30, 2012	\$ 84,380	\$ 530,860	\$ 313,390

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2012

	<u>Insurance Division</u>	<u>Administration & Financial Services Division</u>	<u>Legal & Risk Management Division</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>				
Cash received from customers	\$ 223,745	\$ 27,039	\$ 252	\$ 637,130
Cash received from interfund services provided	1,262,773	4,782,043	518,700	16,080,283
Cash paid to employees for services	-	(3,283,751)	(510,049)	(8,579,333)
Cash paid to suppliers for goods and services	(1,233,012)	(707,592)	(24,828)	(5,253,101)
Cash paid for interfund services used	-	(573,138)	(16,976)	(1,629,042)
Net Cash From Operating Activities	253,507	244,601	(32,901)	1,255,937
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	-	-	-	1,583,945
Transfers to other funds	(174,038)	(2,780)	(532)	(441,515)
Net Cash From Noncapital Financing Activities	(174,038)	(2,780)	(532)	1,142,431
<u>Cash Flows from Capital and Related Financing Activities</u>				
Issuance of debt	-	-	-	5,133,054
Payment of bond issuance costs	-	-	-	(79,611)
Principal payments on notes, bonds, and certificates	-	-	-	(630,000)
Interest payments on notes, bonds, and certificates	-	-	-	(384,293)
Escrow payments	-	-	-	(5,048,542)
Acquisition and construction of capital assets	-	(29,813)	-	(303,073)
Net Cash From Capital and Related Financing Activities	-	(29,813)	-	(1,312,465)
<u>Cash Flows from Investing Activities</u>				
Investment income	21,692	5,418	1,040	64,189
Net Cash From Investing Activities	21,692	5,418	1,040	64,189
Net change in pooled cash and investments	101,161	217,426	(32,394)	1,150,091
Pooled Cash and Investments, July 1, 2011	2,840,858	643,043	183,922	9,070,818
Pooled Cash and Investments, June 30, 2012	\$ 2,942,019	\$ 860,469	\$ 151,528	\$ 10,220,909

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2012

	<u>Garage Division</u>	<u>Information Technology Division</u>	<u>Facility Management Division</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	\$ (25,827)	\$ 57,415	\$ (180,971)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	5,073	314,061	778,095
Change in:			
Accounts receivable	63,591	-	3,476
Due from other funds	-	-	-
Inventories	(2,974)	-	-
Prepays and deposits	-	9,713	-
Accounts payable	(29,312)	(11,353)	(8,621)
Salaries and benefits payable	(3,281)	6,232	(2,339)
Other post-employment benefits	17,562	96,480	6,197
Compensated absences payable	(3,450)	5,616	(10,927)
Insurance claims payable	1,059	1,392	140
Prepays and deposits payable	-	-	3,514
Net Cash Provided (Used) By Operating Activities	\$ 22,440	\$ 479,554	\$ 588,563

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2012

	Engineering Division	Public Works Administration Division	Public Works Laboratory Division
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	\$ (35,063)	\$ (137,218)	\$ (233,080)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,249	-	28,865
Change in:			
Accounts receivable	-	-	-
Due from other funds	-	-	-
Inventories	-	-	-
Prepays and deposits	-	(367)	-
Accounts payable	2,709	6,188	(4,148)
Salaries and benefits payable	7,083	(12,658)	(156)
Other post-employment benefits	57,733	(10,118)	27,350
Compensated absences payable	16,060	(22,833)	4,112
Insurance claims payable	813	3,650	-
Prepays and deposits payable	-	-	-
Net Cash Provided (Used) By Operating Activities	\$ 50,584	\$ (173,356)	\$ (177,056)

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2012

	<u>Insurance Division</u>	<u>Administration & Financial Services Division</u>	<u>Legal & Risk Management Division</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities				
Operating income (loss)	\$ 90,929	\$ 129,600	\$ (83,641)	\$ (417,857)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	3,910	-	1,131,254
Change in:				
Accounts receivable	-	(1,609)	-	65,458
Due from other funds	-	(14,000)	-	(14,000)
Inventories	-	-	-	(2,974)
Prepays and deposits	37,767	8,350	-	55,462
Accounts payable	1,857	6,223	4,222	(32,235)
Salaries and benefits payable	-	(8,174)	2,244	(11,049)
Other post-employment benefits	-	107,016	31,609	333,829
Compensated absences payable	-	1,238	12,307	2,124
Insurance claims payable	122,954	12,047	358	142,413
Prepays and deposits payable	-	-	-	3,514
Net Cash Provided (Used) By Operating Activities	\$ 253,507	\$ 244,601	\$ (32,901)	\$ 1,255,937

Noncash Capital and Related Financing Activities

Acquisition of capital assets financed through accounts payable for the current year totaled \$62,876 in the Information Technology Division.

The net book value of capital assets contributed from other funds in the current year totaled \$886 in the Engineering Division and \$343,650 in the Facilities Division.

The net book value of capital assets contributed to other funds in the current year totaled \$4,296,060 in the Facilities Division

City of Bend, Oregon

Garage Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		<u>FY2011-12 Actual</u>	<u>FY2012-13 Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>				<u>Final Budget Positive (Negative)</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ 900	\$ -	\$ 900	\$ 900
Charges for services:						
Charges to others	427,300	474,900	282,410	-	282,410	(192,490)
Charges to other City funds	4,000,000	4,103,100	2,068,781	-	2,068,781	(2,034,319)
Investment income	1,900	1,600	1,444	-	1,444	(156)
Miscellaneous	234,000	234,000	6,672	-	6,672	(227,328)
Total Revenues	4,663,200	4,813,600	2,360,208	-	2,360,208	(2,453,392)
Expenditures						
Current:						
Personal services	1,412,753	1,429,412	685,003	-	685,003	744,409
Materials and services	2,619,400	2,886,080	1,353,187	-	1,353,187	1,532,894
Interfund charges	687,300	602,300	323,179	-	323,179	279,121
Capital outlay	12,000	24,000	7,774	-	7,774	16,226
Contingency	68,519	8,680	-	-	-	8,680
Total Expenditures	4,799,972	4,950,472	2,369,142	-	2,369,142	2,581,330
Excess (deficiency) of revenues over expenditures	(136,772)	(136,872)	(8,934)	-	(8,934)	127,938
Other Financing Sources (Uses)						
Transfers in	26,872	26,872	253,945	-	253,945	227,073
Transfers out	(1,000)	(900)	(758)	-	(758)	142
Total Other Financing Sources (Uses)	25,872	25,972	253,188	-	253,188	227,216
Net change in fund balance	(110,900)	(110,900)	244,254	-	244,254	355,154
Beginning Fund Balance (Deficit)	110,900	110,900	169,804	-	169,804	58,904
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 414,057	\$ -	\$ 414,057	\$ 414,057

Reconciliation of Budgetary basis to GAAP basis

Expenditures - Budgetary Basis	\$ 2,369,142
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	18,150
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(7,774)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	5,073
Expenses - GAAP Basis	\$ 2,384,591

City of Bend, Oregon
Information Technology Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ 801	\$ -	\$ 801	\$ 801
Charges to other City funds	4,490,200	5,415,200	2,547,801	-	2,547,801	(2,867,399)
Investment income	13,000	11,100	9,151	-	9,151	(1,949)
Miscellaneous	-	-	120	-	120	120
Total Revenues	4,503,200	5,426,300	2,557,874	-	2,557,874	(2,868,426)
Expenditures						
Current:						
Personal services	1,520,409	2,397,947	1,106,302	-	1,106,302	1,291,645
Materials and services	2,034,010	2,116,460	785,626	-	785,626	1,330,834
Interfund charges	149,600	138,600	81,094	-	81,094	57,506
Capital outlay	607,500	818,500	294,683	-	294,683	523,817
Contingency	138,881	94,793	-	-	-	94,793
Reserved for replacements	1,000,000	2,000,000	-	-	-	2,000,000
Total Expenditures	5,450,400	7,566,300	2,267,705	-	2,267,705	5,298,595
Excess (deficiency) of revenues over expenditures	(947,200)	(2,140,000)	290,169	-	290,169	2,430,169
Other Financing Sources (Uses)						
Transfers in	-	1,000,000	500,000	-	500,000	(500,000)
Transfers out	(4,400)	(4,600)	(4,747)	-	(4,747)	(147)
Total Other Financing Sources (Uses)	(4,400)	995,400	495,253	-	495,253	(500,147)
Net change in fund balance	(951,600)	(1,144,600)	785,422	-	785,422	1,930,022
Beginning Fund Balance (Deficit)	951,600	1,144,600	1,144,529	-	1,144,529	(71)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,929,951	\$ -	\$ 1,929,951	\$ 1,929,951

City of Bend, Oregon
Information Technology Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual (Continued)
 For the fiscal year ended June 30, 2012

Reconciliation of Budgetary basis to GAAP basis

Revenues - Budgetary Basis	\$ 2,557,874
Transfers of capital assets reported as revenues on the budgetary basis are reported as assets on the GAAP basis	<u>(106,973)</u>
Revenues - GAAP Basis	<u>\$ 2,450,901</u>
Expenditures - Budgetary Basis	\$ 2,267,705
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	97,252
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(294,683)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>314,061</u>
Expenses - GAAP Basis	<u>\$ 2,384,335</u>
Other Financing Sources (Uses)- Budgetary Basis	\$ 495,253
Loss on disposal of asset reported as an expense on the GAAP basis	<u>(29,518)</u>
Other Financing Sources (Uses) - GAAP Basis	<u>\$ 465,736</u>

City of Bend, Oregon
Facility Management Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ 5,000	\$ 5,000	\$ 3,768	\$ -	\$ 3,768	\$ (1,232)
Charges to other City funds	940,800	1,995,900	33,709	-	33,709	(1,962,191)
Rental income						
Rental income from others	-	30,700	13,009	-	13,009	(17,691)
Rental income from other City funds	3,725,400	3,497,300	1,917,600	-	1,917,600	(1,579,700)
Investment income	16,900	14,600	16,396	-	16,396	1,796
Miscellaneous	-	-	4,414	-	4,414	4,414
Total Revenues	4,688,100	5,543,500	1,988,896	-	1,988,896	(3,554,604)
Expenditures						
Current:						
Personal services	660,152	838,164	420,466	-	420,466	417,698
Materials and services	1,723,878	1,768,807	931,674	-	931,674	837,133
Interfund charges	195,000	173,550	96,573	-	96,573	76,977
Debt service	3,457,000	5,173,800	1,009,426	-	1,009,426	4,164,374
Capital outlay	1,229,200	1,263,200	97,592	-	97,592	1,165,608
Contingency	89,370	593,579	-	-	-	593,579
Reserved for major maintenance	1,075,000	1,175,000	-	-	-	1,175,000
Total Expenditures	8,429,600	10,986,100	2,555,730	-	2,555,730	8,430,370
Excess (deficiency) of revenues over expenditures	(3,741,500)	(5,442,600)	(566,835)	-	(566,835)	4,875,765
Other Financing Sources (Uses)						
Issuance of long-term debt	-	6,833,100	4,670,000	-	4,670,000	(2,163,100)
Premium on debt issuance	-	-	463,054	-	463,054	463,054
Payment to refunded bond escrow agen	-	(5,133,100)	(5,048,542)	-	(5,048,542)	84,558
Transfers in	1,430,000	1,430,000	830,000	-	830,000	(600,000)
Transfers out	(37,272)	(36,172)	(42,026)	-	(42,026)	(5,854)
Total Other Financing Sources (Uses)	1,392,728	3,093,828	872,485	-	872,485	(2,221,343)
Net change in fund balance	(2,348,772)	(2,348,772)	305,651	-	305,651	2,654,423
Beginning Fund Balance (Deficit)	2,348,772	2,348,772	2,404,841	-	2,404,841	56,069
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 2,710,491	\$ -	\$ 2,710,491	\$ 2,710,491

City of Bend, Oregon
Facility Management Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual (Continued)
 For the fiscal year ended June 30, 2012

Reconciliation of Budgetary basis to GAAP basis

Revenues - Budgetary Basis	\$ 1,988,896
Contributions of capital assets not reported on the budgetary basis are reported as revenue on the GAAP basis	<u>343,650</u>
Revenues - GAAP Basis	<u>\$ 2,332,545</u>
Expenditures - Budgetary Basis	\$ 2,555,730
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	6,274
Bond issue costs reported as expenditures on the budgetary basis are reported as an asset on the GAAP basis	(79,611)
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(97,592)
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(630,000)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	778,095
Amortization of bond issue costs is not reported on the budgetary basis but is reported as an expense on the GAAP basis	<u>(8,276)</u>
Expenses - GAAP Basis	<u>\$ 2,524,620</u>
Other Financing Sources (Uses)- Budgetary Basis	\$ 872,485
Contribution of capital asset not reported as other financing use on the budgetary basis is reported as a reduction of asset on the GAAP basis	(4,296,060)
Loss on disposal of asset reported as an expense on the GAAP basis	(69,785)
Proceeds from bond issuance reported as other financing sources on the budgetary basis are reported as bond payable liability on the GAAP basis	(5,133,054)
Payments to bond escrow agents for refunded bonds reported as other financing use on the budgetary basis are reported as reduction in the bond liability on the GAAP basis	<u>5,048,542</u>
Other Financing Sources - GAAP Basis	<u>\$ (3,577,871)</u>

City of Bend, Oregon
Engineering Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget Basis	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ -	\$ 906	\$ -	\$ 906	\$ 906
Charges for services:						
Charges to other City funds	2,067,200	2,996,300	1,133,813	-	1,133,813	(1,862,487)
Investment income	1,300	1,200	1,400	-	1,400	200
Miscellaneous	-	-	32	-	32	32
Total Revenues	2,068,500	2,997,500	1,136,150	-	1,136,150	(1,861,350)
Expenditures						
Current:						
Personal services	1,576,535	2,433,978	926,690	-	926,690	1,507,288
Materials and services	235,100	206,145	48,119	-	48,119	158,026
Interfund charges	233,900	303,400	135,572	-	135,572	167,828
Total Expenditures	2,068,464	2,997,364	1,110,381	-	1,110,381	1,886,983
Excess (deficiency) of revenues over expenditures	36	136	25,770	-	25,770	25,634
Other Financing Sources (Uses)						
Transfers out	(240,936)	(241,036)	(212,740)	-	(212,740)	28,296
Total Other Financing Sources (Uses)	(240,936)	(241,036)	(212,740)	-	(212,740)	28,296
Net change in fund balance	(240,900)	(240,900)	(186,971)	-	(186,971)	53,929
Beginning Fund Balance (Deficit)	240,900	240,900	212,033	-	212,033	(28,867)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 25,063	\$ -	\$ 25,063	\$ 25,063

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 1,136,150
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	886
Total Revenues - GAAP Basis	\$ 1,137,036
Expenditures - Budgetary Basis	\$ 1,110,381
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	58,184
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	1,249
Expenses - GAAP Basis	\$ 1,169,814

City of Bend, Oregon

Public Works Administration Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ 1,680	\$ -	\$ 1,680	\$ 1,680
Charges to other City funds	3,056,800	2,410,200	1,349,534	-	1,349,534	(1,060,666)
Investment income	4,600	4,300	4,656	-	4,656	356
Miscellaneous	-	-	161	-	161	161
Total Revenues	3,061,400	2,414,500	1,356,032	-	1,356,032	(1,058,468)
Expenditures						
Current:						
Personal services	2,778,045	2,143,722	1,115,221	-	1,115,221	1,028,501
Materials and services	283,596	264,916	83,469	-	83,469	181,447
Interfund charges	627,400	566,700	297,996	-	297,996	268,704
Contingency	24,059	92,662	-	-	-	92,662
Total Expenditures	3,713,100	3,068,000	1,496,686	-	1,496,686	1,571,314
Excess (deficiency) of revenues over expenditures	(651,700)	(653,500)	(140,654)	-	(140,654)	512,846
Other Financing Sources (Uses)						
Transfers out	(4,400)	(2,600)	(2,372)	-	(2,372)	228
Total Other Financing Sources (Uses)	(4,400)	(2,600)	(2,372)	-	(2,372)	228
Net change in fund balance	(656,100)	(656,100)	(143,026)	-	(143,026)	513,074
Beginning Fund Balance (Deficit)	656,100	656,100	676,714	-	676,714	20,614
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 533,688	\$ -	\$ 533,688	\$ 533,688

Reconciliation of Budgetary basis to GAAP basis

Expenditures - Budgetary Basis	\$ 1,496,686
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	(8,093)
Expenses - GAAP Basis	\$ 1,488,593

City of Bend, Oregon

Public Works Laboratory Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Intergovernmental	\$ -	\$ -	\$ 600	\$ -	\$ 600	\$ 600
Charges for services:						
Charges to others	600	600	-	-	-	(600)
Charges to other City funds	1,165,100	1,153,100	572,500	-	572,500	(580,600)
Investment income	3,500	3,200	2,992	-	2,992	(208)
Miscellaneous	-	-	40	-	40	40
Total Revenues	1,169,200	1,156,900	576,131	-	576,131	(580,769)
Expenditures						
Current:						
Personal services	1,061,663	1,060,175	511,397	-	511,397	548,778
Materials and services	295,800	299,300	134,093	-	134,093	165,207
Interfund charges	212,700	200,700	104,514	-	104,514	96,186
Capital outlay	34,800	34,800	-	-	-	34,800
Contingency	10,837	9,125	-	-	-	9,125
Total Expenditures	1,615,800	1,604,100	750,004	-	750,004	854,096
Excess (deficiency) of revenues over expenditures	(446,600)	(447,200)	(173,873)	-	(173,873)	273,327
Other Financing Sources (Uses)						
Transfers out	(2,000)	(1,400)	(1,521)	-	(1,521)	(121)
Total Other Financing Sources (Uses)	(2,000)	(1,400)	(1,521)	-	(1,521)	(121)
Net change in fund balance	(448,600)	(448,600)	(175,394)	-	(175,394)	273,206
Beginning Fund Balance (Deficit)	448,600	448,600	421,986	-	421,986	(26,614)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 246,592	\$ -	\$ 246,592	\$ 246,592

Reconciliation of Budgetary basis to GAAP basis

Expenditures - Budgetary Basis	\$ 750,004
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	27,350
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	28,865
Expenses - GAAP Basis	\$ 806,220

City of Bend, Oregon
Insurance Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Charges for services:						
Charges to others	\$ -	\$ -	\$ 3,696	\$ -	\$ 3,696	\$ 3,696
Charges to other City funds	2,642,600	2,421,500	1,262,773	-	1,262,773	(1,158,727)
Insurance settlements and refunds	40,000	40,000	-	-	-	(40,000)
Investment income	40,800	35,000	21,692	-	21,692	(13,308)
Miscellaneous	-	136,000	220,050	-	220,050	84,050
Total Revenues	2,723,400	2,632,500	1,508,211	-	1,508,211	(1,124,289)
Expenditures						
Current:						
Materials and services	2,251,900	2,357,420	1,011,792	-	1,011,792	1,345,628
Reserve for insurance	2,861,300	2,662,880	-	-	-	2,662,880
Total Expenditures	5,113,200	5,020,300	1,011,792	-	1,011,792	4,008,508
Excess (deficiency) of revenues over expenditures	(2,389,800)	(2,387,800)	496,420	-	496,420	2,884,220
Other Financing Sources (Uses)						
Transfers out	(10,600)	(667,500)	(174,038)	-	(174,038)	493,462
Total Other Financing Sources (Uses)	(10,600)	(667,500)	(174,038)	-	(174,038)	493,462
Net change in fund balance	(2,400,400)	(3,055,300)	322,381	-	322,381	3,377,681
Beginning Fund Balance (Deficit)	2,400,400	3,055,300	2,997,779	-	2,997,779	(57,521)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 3,320,160	\$ -	\$ 3,320,160	\$ 3,320,160

Reconciliation of Budgetary basis to GAAP basis

Expenditures - Budgetary Basis	\$ 1,011,792
Estimated self insurance expenses not reported on the budgetary basis are reported as an expense on the GAAP basis	383,798
Total Expenses - GAAP Basis	\$ 1,395,590

City of Bend, Oregon

Administration and Financial Services Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual

For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ 3,976	-	\$ 3,976	\$ 3,976
Charges for services:						
Charges to others	66,200	70,500	38,032	-	38,032	(32,468)
Charges to other City funds	9,857,400	9,417,400	4,782,043	-	4,782,043	(4,635,357)
Investment income	3,000	2,700	5,418	-	5,418	2,718
Miscellaneous	1,100	1,100	640	-	640	(460)
Total Revenues	9,927,700	9,491,700	4,830,109	-	4,830,109	(4,661,591)
Expenditures						
Current:						
Personal services	7,116,882	6,838,695	3,270,131	-	3,270,131	3,568,564
Materials and services	1,914,538	1,808,868	734,213	-	734,213	1,074,655
Interfund charges	1,121,600	1,270,800	602,951	-	602,951	667,849
Contingency	71,980	6,337	-	-	-	6,337
Total Expenditures	10,225,000	9,924,700	4,607,295	-	4,607,295	5,317,405
Excess (deficiency) of revenues over expenditures	(297,300)	(433,000)	222,814	-	222,814	655,814
Other Financing Sources (Uses)						
Transfers out	(2,800)	(1,800)	(2,780)	-	(2,780)	(980)
Total Other Financing Sources (Uses)	(2,800)	(1,800)	(2,780)	-	(2,780)	(980)
Net change in fund balance	(300,100)	(434,800)	220,034	-	220,034	654,834
Beginning Fund Balance (Deficit)	300,100	434,800	434,762	-	434,762	(38)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 654,796	\$ -	\$ 654,796	\$ 654,796

Reconciliation of Budgetary basis to GAAP basis

Expenditures - Budgetary Basis	\$ 4,607,295
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	113,699
Transfers of capital assets reported as expense on the budgetary basis are reported as assets on the GAAP basis	(29,813)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	3,910
Expenses - GAAP Basis	\$ 4,695,091

City of Bend, Oregon

Legal and Risk Management Division

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with
	<u>Original</u>	<u>Final</u>				Final Budget Positive <u>(Negative)</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ 247	\$ -	\$ 247	\$ 247
Charges for services:						
Charges to other City funds	745,200	1,069,000	518,700	-	518,700	(550,300)
Investment income	1,400	1,300	1,040	-	1,040	(260)
Miscellaneous	-	-	4	-	4	4
Total Revenues	746,600	1,070,300	519,991	-	519,991	(550,309)
Expenditures						
Current:						
Personal services	752,215	1,029,771	524,402	-	524,402	505,369
Materials and services	65,660	121,192	29,408	-	29,408	91,784
Interfund charges	25,300	31,400	16,976	-	16,976	14,424
Contingency	52,925	37,837	-	-	-	37,837
Total Expenditures	896,100	1,220,200	570,785	-	570,785	649,415
Excess (deficiency) of revenues over expenditures	(149,500)	(149,900)	(50,794)	-	(50,794)	99,106
Other Financing Sources (Uses)						
Transfers out	(1,200)	(800)	(532)	-	(532)	268
Total Other Financing Sources (Uses)	(1,200)	(800)	(532)	-	(532)	268
Net change in fund balance	(150,700)	(150,700)	(51,327)	-	(51,327)	99,373
Beginning Fund Balance (Deficit)	150,700	150,700	150,992	-	150,992	292
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 99,666	\$ -	\$ 99,666	\$ 99,666

Reconciliation of Budgetary basis to GAAP basis

Expenditures - Budgetary Basis	\$ 570,785
Other post-employment and estimated self insurance benefits are not reported on the budgetary basis but are reported as an expense on the GAAP basis	31,807
Expenses - GAAP Basis	\$ 602,593

City of Bend, Oregon
Internal Service Fund

Schedule of Expenditures and Other Uses by Appropriation Levels
 For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
Garage division	\$ 4,315,492	\$ 2,038,189	\$ 2,277,303
Information technology division	4,514,407	1,891,928	2,622,479
Facility management division	2,606,971	1,352,141	1,254,830
Engineering division	2,640,123	974,809	1,665,314
Public works administration division	2,408,638	1,198,690	1,209,948
Public works laboratory division	1,359,475	645,490	713,985
Insurance division	2,357,420	1,011,792	1,345,628
Administration and financial services division	8,647,563	4,004,344	4,643,219
Legal and risk management division	1,150,963	553,810	597,153
Capital outlay	2,140,500	400,048	1,740,452
Transfers	4,244,258	2,100,369	2,143,889
Debt service	10,306,900	6,057,968	4,248,932
Contingency	896,854	-	896,854
Reserves	5,837,880	-	5,837,880
	\$ 53,427,444	\$ 22,229,577	\$ 31,197,867

AGENCY FUND

Agency Fund

The agency fund accounts for the assets and liabilities of various monies received primarily on behalf of the Bend Metro Park and Recreation District. Agency activities are custodial in nature and do not involve the measurement of results of operations.

City of Bend, Oregon
Statement of Changes in Assets and Liabilities
 Agency Fund
 For the fiscal year ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Assets</u>				
Cash and investments	\$ 141,393	\$ 1,653,695	\$ (1,625,817)	\$ 169,272
Accounts receivable, net	5	672	(589)	87
Total Assets	\$ 141,398	\$ 1,654,367	\$ (1,626,406)	\$ 169,358
<u>Liabilities</u>				
Amounts held for others	\$ 141,398	\$ 1,817,295	\$ (1,789,334)	\$ 169,358
Total Liabilities	\$ 141,398	\$ 1,817,295	\$ (1,789,334)	\$ 169,358

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OTHER FUNDS

City of Bend, Oregon
Combining Balance Sheet
 General Fund
 June 30, 2012

	<u>General Fund</u>	<u>General Fund Stabilization Fund</u>	<u>Total General Fund</u>
<u>Assets</u>			
Pooled cash and investments	\$ 11,620,253	\$ 1,426,515	\$ 13,046,767
Restricted cash and investments	104,697	-	104,697
Receivables:			
Property taxes	1,632,401	-	1,632,401
Accounts, net	2,492,885	-	2,492,885
Loans and notes, net	709,631	-	709,631
Interest	292,505	-	292,505
Due from other funds	80,000	-	80,000
Due from other governments	479,407	-	479,407
Advances to other funds	21,602	-	21,602
Assets held for resale	4,572,823	-	4,572,823
Total Assets	\$ 22,006,204	\$ 1,426,515	\$ 23,432,719
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 219,746	\$ -	\$ 219,746
Salaries and benefits payable	185,831	-	185,831
Other accrued liabilities	2,767,250	-	2,767,250
Deposits	104,697	-	104,697
Deferred revenues	3,408,224	-	3,408,224
Total Liabilities	6,685,747	-	6,685,747
Fund Balances (Deficits):			
Nonspendable:			
In form	4,594,425	-	4,594,425
Committed	56,926	1,426,515	1,483,441
Unassigned	10,669,106	-	10,669,106
Total Fund Balances (Deficits)	15,320,458	1,426,515	16,746,972
Total Liabilities and Fund Balances	\$ 22,006,204	\$ 1,426,515	\$ 23,432,719

City of Bend, Oregon

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

General Fund

For the fiscal year ended June 30, 2012

	General Fund	General Fund Stabilization Fund	Total General Fund
<u>Revenues</u>			
Taxes	\$ 24,945,766	\$ -	\$ 24,945,766
Franchise fees	5,707,637	-	5,707,637
Intergovernmental	2,126,175	-	2,126,175
Licenses and permits	308,847	-	308,847
Charges for services	111,526	-	111,526
Fines and forfeitures	1,108,133	-	1,108,133
Loan repayments	10,000	-	10,000
Investment income	93,700	10,012	103,712
Miscellaneous	20,051	-	20,051
Total Revenues	34,431,834	10,012	34,441,847
<u>Expenditures</u>			
Current operating:			
General government	2,186,250	-	2,186,250
Public safety	17,265,723	-	17,265,723
Capital outlay	52,724	-	52,724
Total Expenditures	19,504,697	-	19,504,697
Excess (deficiency) of revenues over expenditures	14,927,137	10,012	14,937,150
<u>Other Financing Sources (Uses)</u>			
Proceeds from sale of assets	694,057	-	694,057
Interfund loan repayments	852	-	852
Transfers in	3,090	189,157	192,247
Transfers out	(14,231,184)	-	(14,231,184)
Total Other Financing Sources (Uses)	(13,533,184)	189,157	(13,344,027)
Net change in fund balances	1,393,953	199,170	1,593,123
Fund Balances (Deficits), July 1, 2011	13,926,504	1,227,345	15,153,850
Fund Balances (Deficits), June 30, 2012	\$ 15,320,458	\$ 1,426,515	\$ 16,746,972

City of Bend, Oregon

General Fund Stabilization Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
 For the fiscal year ended June 30, 2012

	<u>Biennium Budget</u>		FY2011-12 <u>Actual</u>	FY2012-13 <u>Actual</u>	Total Actual Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Investment income	\$ 19,700	\$ 15,000	\$ 10,012	\$ -	\$ 10,012	\$ (4,988)
Total Revenues	19,700	15,000	10,012	-	10,012	(4,988)
Expenditures						
Reserves	1,528,100	1,528,100	-	-	-	(1,528,100)
Total Expenditures	1,528,100	1,528,100	-	-	-	(1,528,100)
Excess (deficiency) of revenues over expenditures	(1,508,400)	(1,513,100)	10,012	-	10,012	1,523,112
Other Financing Sources (Uses)						
Transfers in	284,000	288,700	189,157	-	189,157	(99,543)
Total Other Financing Sources	284,000	288,700	189,157	-	189,157	(99,543)
Net change in fund balance	(1,224,400)	(1,224,400)	199,170	-	199,170	1,423,570
Beginning Fund Balance (Deficit)	1,224,400	1,224,400	1,227,345	-	1,227,345	2,945
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,426,515	\$ -	\$ 1,426,515	\$ 1,426,515

City of Bend, Oregon

General Fund Stabilization Fund

Schedule of Expenditures and Other Uses by Appropriation Levels

For the fiscal year ended June 30, 2012

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>General Fund Stabilization Fund</u>			
Reserves	\$ 1,528,100	\$ -	\$ 1,528,100
	\$ 1,528,100	\$ -	\$ 1,528,100

OTHER
FINANCIAL
SCHEDULES

City of Bend, Oregon
Schedule of Property Tax Transactions

For the fiscal year ended June 30, 2012

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2011</u>	<u>Current Year's Levy</u>	<u>Adjustments, Interest and Discounts</u>	<u>Distribution of Closed District</u>	<u>Net Collections</u>	<u>Uncollected Balances June 30, 2012</u>
Prior	\$ 1,983	\$ -	\$ 124	\$ 10	\$ (186)	1,931
2002-03	1,624	-	124	(144)	(335)	1,270
2003-04	(366)	-	370	(40)	(562)	(598)
2004-05	1,520	-	(118)	(124)	(177)	1,102
2005-06	1,262	-	263	(223)	(2,360)	(1,058)
2006-07	(9,201)	-	786	(383)	(12,467)	(21,266)
2007-08	80,826	-	10,404	(1,800)	(71,321)	18,109
2008-09	272,791	-	25,681	(17,316)	(166,526)	114,630
2009-10	573,033	-	31,346	(35,115)	(378,137)	191,126
2010-11	1,195,452	-	21,118	(55,685)	(631,507)	529,377
2011-12	-	26,393,069	(623,706)	-	(24,842,629)	926,734
Totals	\$ 2,118,924	\$ 26,393,069	\$ (533,607)	\$ (110,820)	\$ (26,106,207)	1,761,359

Reconciliation to revenues:

Collections	\$ 26,106,207
60 day accrual adjustments	4,380
Change in deferred revenue	(359,321)
Total Property Tax Revenues	\$ 25,751,267

Summary by fund:

	<u>Revenues</u>	<u>Property Tax Receivable</u>
General Fund	\$ 22,225,639	1,632,401
Urban Renewal Debt Service Fund	614,149	-
Juniper Ridge Urban Renewal Debt Service Fund	908,496	52,508
Murphy Crossing Urban Renewal Debt Service Fund	56,428	3,877
General Obligation Bond Debt Service Fund	1,946,554	72,573
Totals	\$ 25,751,267	1,761,359

City of Bend, Oregon
Schedule of Long-Term Debt Transactions - Principal

For the fiscal year ended June 30, 2012

<u>Series</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Unmatured and Outstanding June 30, 2011</u>	<u>Bonds Issued</u>	<u>Bonds Called and Matured</u>	<u>Unmatured and Outstanding June 30, 2012</u>
<u>Full Faith & Credit Obligation Bonds:</u>							
Police facility and street equipment, series 2002	06/01/02	12/01/26	\$ 7,130,000	\$ 5,150,000	\$ -	\$ (5,150,000)	\$ -
Transportation, street & fire equipment, series 2003	04/01/03	12/01/22	13,050,800	8,013,800	-	(602,400)	7,411,400
Airport, series 2003, refinance 1993	04/01/03	12/01/13	279,200	86,200	-	(27,600)	58,600
Pension obligation bonds, series 2004	05/27/04	06/01/28	13,725,000	13,460,000	-	(175,000)	13,285,000
Police expansion and ambulance, series 2006	12/21/06	12/01/31	4,950,000	4,250,000	-	(250,000)	4,000,000
Police expansion, Cooley Road, and fire equipment, series 2008	02/14/08	12/01/27	4,425,000	4,135,000	-	(210,000)	3,925,000
Stormwater equipment, series 2008	02/14/08	12/01/12	275,000	115,000	-	(55,000)	60,000
Fire stations, series 2010, refinance 1999	02/18/10	06/01/24	3,225,000	2,880,000	-	(180,000)	2,700,000
Accessibility, series 2010	02/18/10	06/30/24	3,265,000	2,995,000	-	(190,000)	2,805,000
Transportation system, series 2000, refinance series 2010	02/18/10	06/01/21	4,103,000	3,713,000	-	(325,000)	3,388,000
Airport, series 2010, refinance 1999	02/18/10	06/01/19	1,057,000	897,000	-	(85,000)	812,000
City Hall land, series 2010, refinance 2005	05/28/10	06/01/15	3,600,000	3,500,000	-	(300,000)	3,200,000
Water revenue series 2010, refinance 2000	11/30/10	11/01/13	2,175,000	2,175,000	-	(700,000)	1,475,000
Water recovery zone, series 2010C	11/30/10	11/01/30	2,300,000	2,300,000	-	-	2,300,000
Water reclamation recovery zone, series 2010C	11/30/10	11/01/30	10,730,000	10,730,000	-	-	10,730,000
Street equipment, police facility, sewer, series 2012, refinance series 2002	04/01/12	12/01/26	9,280,000	-	9,280,000	-	9,280,000
Total Full Faith & Credit Obligation Bonds				64,400,000	9,280,000	(8,250,000)	65,430,000
<u>Tax Increment Bonds</u>							
Downtown Urban Renewal Series 2004B	06/21/04	12/01/13	6,900,000	1,710,000	-	(1,710,000)	-
Total Tax Increment Bonds				1,710,000	-	(1,710,000)	-
<u>Revenue Bonds:</u>							
Water reclamation, series 2002	11/15/02	11/01/22	5,500,000	3,800,000	-	(3,545,000)	255,000
Water reclamation, series 2005	09/29/05	11/01/20	7,585,000	6,370,000	-	(625,000)	5,745,000
Water reclamation, series 2008	08/14/08	10/31/28	10,000,000	9,320,000	-	(360,000)	8,960,000
Total Revenue Bonds				19,490,000	-	(4,530,000)	14,960,000
<u>Notes Payable:</u>							
Oregon Business Development Department:							
Pacific Aviation composites	10/15/97	12/01/17	655,000	387,241	-	(42,657)	344,584
Airport eastside improvements	05/01/07	12/01/31	867,335	778,272	-	(24,117)	754,155
Safe drinking water revolving loan fund loan	09/03/09	12/01/31	2,806,500	2,806,500	-	-	2,806,500
ARRA forgivable loan	09/03/09	n/a	2,806,500	2,806,500	-	(2,806,500)	-
Clean water state revolving fund loan	06/10/11	10/01/33	5,482,336	-	1,662,419	-	1,662,419
Total Notes Payable				6,778,513	1,662,419	(2,873,274)	5,567,658
<u>Lines of Credit</u>							
Bank of America							
Juniper Ridge	06/19/08	06/19/13	6,000,000	5,208,850	-	-	5,208,850
Total Lines of Credit				5,208,850	-	-	5,208,850
Total Long-Term Debt				\$ 97,587,363	\$10,942,419	\$ (17,363,274)	\$ 91,166,508

City of Bend, Oregon
Schedule of Long-Term Debt Transactions - Interest

For the fiscal year ended June 30, 2012

<u>Series</u>	<u>Interest Rates on Outstanding Balances</u>	<u>Unmatured and Outstanding June 30, 2011</u>	<u>Bonds Issued</u>	<u>Coupons Called and Matured</u>	<u>Unmatured and Outstanding June 30, 2012</u>
<u>Full Faith & Credit Obligation Bonds:</u>					
Police facility and street equipment, series 2002	4.00% - 5.00%	\$ 2,292,521	\$ -	\$ (2,292,521)	\$ -
Transportation, street & fire equipment, series 2003	2.00% - 4.50%	2,174,197	-	(314,097)	1,860,100
Airport, series 2003, refinance 1993	2.00% - 3.70%	4,725	-	(2,560)	2,166
Pension obligation bonds, series 2004	2.13% - 6.095%	9,409,493	-	(807,514)	8,601,979
City Hall land, series 2005					
Police expansion and ambulance, series 2006	3.75% - 6.00%	1,666,218	-	(171,140)	1,495,078
Police expansion, Cooley Road, and fire equipment, series 2008	3.00% - 4.25%	1,454,416	-	(145,264)	1,309,152
	3.00%	3,525	-	(2,625)	900
Stormwater equipment, series 2008	3.23%	764,056	-	(93,563)	670,494
Fire stations, series 2010, refinance 1999	2.62%	994,785	-	(116,975)	877,810
Accessibility, series 2010					
Transportation system, series 2000, refinance series 2010	2.84%	732,135	-	(114,933)	617,203
	2.60%	144,990	-	(26,880)	118,110
Airport, series 2010, refinance 1999	3.65%	416,100	-	(127,750)	288,350
City Hall land, series 2010, refinance 2005					
Water revenue series 2010, refinance 2000	1.56%	65,750	-	(36,500)	29,250
Water recovery zone, series 2010C	3.05%	1,416,503	-	(107,561)	1,308,942
Water reclamation recovery zone, series 2010C	3.05%	6,608,293	-	(501,796)	6,106,497
Street equipment, police facility, sewer, series 2012, refinance series 2002	1.66% - 2.60%	-	2,501,692	-	2,501,692
Total Full Faith & Credit Obligation Bonds		28,147,706	2,501,692	(4,861,677)	25,787,721
<u>Tax Increment Bonds</u>					
Downtown Urban Renewal Series 2004B	4.25%	277,631	-	(277,631)	-
Total Tax Increment Bonds		277,631	-	(277,631)	-
<u>Revenue Bonds:</u>					
Water reclamation, series 2002	1.77% - 5.04%	1,163,968	-	(1,082,470)	81,498
Water reclamation, series 2005	3.00% - 4.00%	1,133,923	-	(214,955)	918,968
Water reclamation, series 2008	3.50% - 4.50%	3,822,294	-	(368,413)	3,453,881
Total Revenue Bonds		6,120,184	-	(1,665,837)	4,454,347
<u>Notes Payable:</u>					
Oregon Business Development Department:					
Pacific Aviation composites	5.01%	83,417	-	(19,489)	63,928
Airport eastside improvements	4.00% - 4.375%	418,595	-	(32,956)	385,639
Safe drinking water revolving loan fund loan	3.83%	-	1,037,007	-	1,037,007
ARRA forgivable loan	3.00%	-	-	-	-
Clean water state revolving fund loan	3.32%	-	1,662,419	-	1,662,419
Total Notes Payable		502,012	2,699,426	(52,445)	3,148,994
<u>Lines of Credit</u>					
Bank of America					
Juniper Ridge	variable	200,000	-	(112,000)	88,000
Total Lines of Credit		200,000	-	(112,000)	88,000
Total Long-Term Debt		\$ 35,247,533	\$ 5,201,118	\$ (6,969,590)	\$ 33,479,061

City of Bend, Oregon

Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations

For the fiscal year ended June 30, 2012

Fiscal Year	Total Requirements			Transportation System, Fire, Airport and Street Equipment Series 2003	
	Principal	Interest	Total	Principal	Interest
2012-13	\$ 4,005,000	\$ 3,001,106	\$ 7,006,106	\$ 655,000	\$ 294,956
2013-14	4,895,000	2,660,047	7,555,047	595,000	272,486
2014-15	5,605,000	2,522,615	8,127,615	580,000	250,604
2015-16	3,745,000	2,328,406	6,073,406	605,000	228,007
2016-17	3,915,000	2,191,564	6,106,564	620,000	203,885
2017-18	3,950,000	2,045,845	5,995,845	650,000	178,160
2018-19	4,155,000	1,885,983	6,040,983	680,000	150,555
2019-20	4,245,000	1,712,226	5,957,226	720,000	120,975
2020-21	4,260,000	1,528,893	5,788,893	750,000	89,175
2021-22	4,085,000	1,334,420	5,419,420	790,000	54,900
2022-23	4,270,000	1,139,997	5,409,997	825,000	18,563
2023-24	3,285,000	958,809	4,243,809	-	-
2024-25	2,910,000	789,228	3,699,228	-	-
2025-26	3,120,000	631,821	3,751,821	-	-
2026-27	3,355,000	460,638	3,815,638	-	-
2027-28	2,210,000	282,807	2,492,807	-	-
2028-29	1,035,000	164,209	1,199,209	-	-
2029-30	1,070,000	104,038	1,174,038	-	-
2030-31	1,110,000	40,843	1,150,843	-	-
2031-32	205,000	4,228	209,228	-	-
	\$ 65,430,000	\$ 25,787,721	\$ 91,217,721	\$ 7,470,000	\$ 1,862,266

City of Bend, Oregon

Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)

For the fiscal year ended June 30, 2012

Fiscal Year	Pension Obligation Bonds Series 2004		Police Facility Expansion/Ambulance Series 2006		Police Facility, Cooley Rd, Water and Stormwater Equipment Series 2008	
	Principal	Interest	Principal	Interest	Principal	Interest
2012-13	\$ 230,000	\$ 798,326	\$ 265,000	\$ 160,840	\$ 275,000	\$ 139,789
2013-14	285,000	786,021	275,000	150,040	220,000	132,364
2014-15	345,000	770,144	280,000	138,940	225,000	125,689
2015-16	410,000	750,579	295,000	127,440	200,000	119,314
2016-17	485,000	726,918	310,000	112,240	210,000	113,164
2017-18	565,000	698,443	160,000	99,940	215,000	106,789
2018-19	650,000	664,877	170,000	93,668	220,000	99,989
2019-20	750,000	625,779	175,000	87,026	230,000	92,389
2020-21	850,000	580,667	185,000	80,050	235,000	84,104
2021-22	965,000	529,539	190,000	72,738	250,000	75,001
2022-23	1,085,000	471,495	140,000	66,268	260,000	64,958
2023-24	1,215,000	406,232	145,000	60,639	265,000	54,458
2024-25	1,360,000	332,178	150,000	54,775	275,000	43,520
2025-26	1,515,000	249,286	160,000	48,575	285,000	32,040
2026-27	1,680,000	156,946	165,000	41,972	305,000	19,793
2027-28	895,000	54,550	170,000	35,063	315,000	6,694
2028-29	-	-	180,000	27,844	-	-
2029-30	-	-	185,000	20,316	-	-
2030-31	-	-	195,000	12,478	-	-
2031-32	-	-	205,000	4,228	-	-
	\$ 13,285,000	\$ 8,601,979	\$ 4,000,000	\$ 1,495,078	\$ 3,985,000	\$ 1,310,052

Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)

For the fiscal year ended June 30, 2012

Fiscal Year	Fire Stations Series 2010		Accessibility Series 2010		Transportation System Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
2012-13	\$ 185,000	\$ 89,963	\$ 195,000	\$ 113,745	\$ 335,000	\$ 108,433
2013-14	190,000	86,263	195,000	109,553	340,000	101,733
2014-15	190,000	82,463	200,000	104,483	355,000	94,933
2015-16	200,000	76,763	210,000	98,983	365,000	84,283
2016-17	210,000	70,763	215,000	91,633	370,000	73,332
2017-18	215,000	64,463	225,000	83,463	385,000	62,232
2018-19	225,000	55,863	235,000	74,124	398,000	46,832
2019-20	235,000	46,863	240,000	64,137	410,000	30,912
2020-21	240,000	37,463	255,000	53,337	430,000	14,513
2021-22	260,000	29,363	265,000	41,352	-	-
2022-23	265,000	19,938	280,000	28,500	-	-
2023-24	285,000	10,331	290,000	14,500	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
2028-29	-	-	-	-	-	-
2029-30	-	-	-	-	-	-
2030-31	-	-	-	-	-	-
2031-32	-	-	-	-	-	-
	\$ 2,700,000	\$ 670,494	\$ 2,805,000	\$ 877,810	\$ 3,388,000	\$ 617,203

City of Bend, Oregon

Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)

For the fiscal year ended June 30, 2012

Fiscal Year	Airport Series 2010		Land Series 2010		Water Series 2010D	
	Principal	Interest	Principal	Interest	Principal	Interest
2012-13	\$ 90,000	\$ 25,180	\$ 500,000	\$ 116,800	\$ 750,000	\$ 22,000
2013-14	90,000	23,380	700,000	98,550	725,000	7,250
2014-15	120,000	21,580	2,000,000	73,000	-	-
2015-16	125,000	17,980	-	-	-	-
2016-17	125,000	14,230	-	-	-	-
2017-18	130,000	10,480	-	-	-	-
2018-19	132,000	5,280	-	-	-	-
2019-20	-	-	-	-	-	-
2020-21	-	-	-	-	-	-
2021-22	-	-	-	-	-	-
2022-23	-	-	-	-	-	-
2023-24	-	-	-	-	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
2028-29	-	-	-	-	-	-
2029-30	-	-	-	-	-	-
2030-31	-	-	-	-	-	-
2031-32	-	-	-	-	-	-
	\$ 812,000	\$ 118,110	\$ 3,200,000	\$ 288,350	\$ 1,475,000	\$ 29,250

City of Bend, Oregon

Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)

For the fiscal year ended June 30, 2012

Fiscal Year	Water & Sewer RZEDB Series 2010C		Street, Sewer, Police, Facilities Series 2012	
	Principal	Interest	Principal	Interest
2012-13	\$ -	\$ 609,358	\$ 525,000	\$ 521,717
2013-14	600,000	604,858	680,000	287,550
2014-15	605,000	594,005	705,000	266,775
2015-16	615,000	579,658	720,000	245,400
2016-17	625,000	561,975	745,000	223,425
2017-18	635,000	541,175	770,000	200,700
2018-19	645,000	517,646	800,000	177,150
2019-20	660,000	491,370	825,000	152,775
2020-21	675,000	461,985	640,000	127,600
2021-22	695,000	430,128	670,000	101,400
2022-23	715,000	396,278	700,000	74,000
2023-24	735,000	359,650	350,000	53,000
2024-25	755,000	320,155	370,000	38,600
2025-26	780,000	278,320	380,000	23,600
2026-27	805,000	233,928	400,000	8,000
2027-28	830,000	186,500	-	-
2028-29	855,000	136,365	-	-
2029-30	885,000	83,723	-	-
2030-31	915,000	28,365	-	-
2031-32	-	-	-	-
	\$ 13,030,000	\$ 7,415,439	\$ 9,280,000	\$ 2,501,692

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Revenue Bonds
 For the fiscal year ended June 30, 2012

<u>Fiscal Year</u>	<u>Total Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012-13	\$ 1,275,000	\$ 630,712	\$ 1,905,712
2013-14	1,060,000	512,949	1,572,949
2014-15	1,095,000	475,616	1,570,616
2015-16	1,140,000	435,959	1,575,959
2016-17	1,180,000	392,826	1,572,826
2017-18	1,225,000	347,738	1,572,738
2018-19	960,000	305,872	1,265,872
2019-20	1,000,000	265,738	1,265,738
2020-21	1,045,000	223,600	1,268,600
2021-22	540,000	191,900	731,900
2022-23	560,000	169,900	729,900
2023-24	585,000	147,000	732,000
2024-25	605,000	123,200	728,200
2025-26	630,000	98,500	728,500
2026-27	660,000	72,700	732,700
2027-28	685,000	44,944	729,944
2028-29	715,000	15,194	730,194
	\$ 14,960,000	\$ 4,454,346	\$ 19,414,346

<u>Fiscal Year</u>	<u>Series 2002</u>		<u>Series 2005</u>		<u>Series 2008</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012-13	\$ 255,000	\$ 81,498	\$ 645,000	\$ 195,502	\$ 375,000	\$ 353,713
2013-14	-	-	670,000	174,536	390,000	338,413
2014-15	-	-	690,000	152,091	405,000	323,525
2015-16	-	-	715,000	128,021	425,000	307,938
2016-17	-	-	740,000	102,189	440,000	290,638
2017-18	-	-	770,000	74,431	455,000	273,306
2018-19	-	-	485,000	50,597	475,000	255,275
2019-20	-	-	505,000	31,100	495,000	234,638
2020-21	-	-	525,000	10,500	520,000	213,100
2021-22	-	-	-	-	540,000	191,900
2022-23	-	-	-	-	560,000	169,900
2023-24	-	-	-	-	585,000	147,000
2024-25	-	-	-	-	605,000	123,200
2025-26	-	-	-	-	630,000	98,500
2026-27	-	-	-	-	660,000	72,700
2027-28	-	-	-	-	685,000	44,944
2028-29	-	-	-	-	715,000	15,194
	\$ 255,000	\$ 81,498	\$ 5,745,000	\$ 918,968	\$ 8,960,000	\$ 3,453,881

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Notes Payable
 For the fiscal year ended June 30, 2012

Oregon Business Development Department

<u>Fiscal Year</u>	<u>Total Requirements</u>			<u>Pacific Aviation Composites</u>		<u>Airport Eastside Improvements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>1998</u>		<u>2007</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012-13	\$ 175,436	\$ 203,260	\$ 378,696	\$ 48,000	\$ 17,357	\$ 24,282	\$ 31,991
2013-14	186,327	127,077	313,404	54,333	14,957	24,453	31,020
2014-15	195,198	120,157	315,355	54,800	12,241	29,631	30,042
2015-16	204,195	112,909	317,104	60,289	9,501	29,816	28,857
2016-17	208,326	105,279	313,606	60,805	6,487	30,009	27,664
2017-18	217,604	97,452	315,056	66,357	3,385	30,209	26,464
2018-19	155,086	89,227	244,313	-	-	30,417	25,255
2019-20	159,043	84,270	243,313	-	-	30,634	24,039
2020-21	168,128	79,155	247,283	-	-	35,867	22,775
2021-22	172,342	73,680	246,022	-	-	36,113	21,269
2022-23	176,689	68,059	244,748	-	-	36,373	19,734
2023-24	181,169	62,303	243,473	-	-	36,644	18,188
2024-25	190,790	56,392	247,182	-	-	41,929	16,612
2025-26	195,559	50,092	245,651	-	-	42,232	14,778
2026-27	200,476	43,644	244,120	-	-	42,549	12,930
2027-28	210,544	37,045	247,589	-	-	47,879	11,069
2028-29	215,769	30,070	245,839	-	-	48,224	8,974
2029-30	221,155	22,934	244,089	-	-	48,584	6,864
2030-31	231,707	15,631	247,338	-	-	53,959	4,739
2031-32	239,696	7,938	247,634	-	-	54,351	2,378
	\$ 3,905,239	\$ 1,486,575	\$ 5,391,814	\$ 344,584	\$ 63,928	\$ 754,155	\$ 385,639

**Safe Drinking Water
 Revolving Loan Fund Loan**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012-13	\$ 103,154	\$ 153,911
2013-14	107,541	81,100
2014-15	110,767	77,874
2015-16	114,090	74,551
2016-17	117,512	71,128
2017-18	121,038	67,603
2018-19	124,669	63,972
2019-20	128,409	60,232
2020-21	132,261	56,380
2021-22	136,229	52,412
2022-23	140,316	48,325
2023-24	144,525	44,115
2024-25	148,861	39,780
2025-26	153,327	35,314
2026-27	157,927	30,714
2027-28	162,665	25,976
2028-29	167,545	21,096
2029-30	172,571	16,070
2030-31	177,748	10,893
2031-32	185,345	5,560
	\$ 2,806,500	\$ 1,037,007

Note: Debt service requirements for the Sewer Clean Water Loan (\$1,662,419) is not included in the schedule above. The debt service schedules for those obligations will be determined when the project is complete.

City of Bend, Oregon

Schedule of Future Debt Service Requirements of Lines of Credit

For the fiscal year ended June 30, 2012

<u>Fiscal Year</u>	<u>Bank of America</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012-13	\$ 5,208,850	\$ 88,000	\$ 5,296,850
	\$ 5,208,850	\$ 88,000	\$ 5,296,850

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Bend'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 (pages 171 to 180)

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

Revenue Capacity (pages 181 to 184)

These schedules contain information to help readers assess the City's most significant local revenue source, property tax.

Debt Capacity (pages 185 to 190)

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

Demographic and Economic Information (pages 191 to 193)

These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.

Operating Information (pages 194 to 196)

These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Bend, Oregon
Net Assets by Component

Last ten fiscal years
 (accrual basis of accounting; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Governmental activities</u>					
Invested in capital assets, net of related debt	\$ 173,115	\$ 199,118	\$ 201,948	\$ 228,481	\$ 501,420
Restricted	3,818	3,006	4,031	4,405	5,522
Unrestricted	28,834	13,632	29,622	28,248	35,884
Total Governmental Activities Net Assets	205,767	215,756	235,601	261,134	542,826
<u>Business-type activities</u>					
Invested in capital assets, net of related debt	104,973	113,133	131,031	155,014	186,218
Restricted	1,732	1,381	1,207	844	844
Unrestricted	10,360	12,082	16,400	11,905	10,028
Total Business-type Activities Net Assets	117,065	126,596	148,638	167,763	197,090
<u>Primary government</u>					
Invested in capital assets, net of related debt	278,088	312,251	332,979	383,495	687,638
Restricted	5,550	4,387	5,238	5,249	6,366
Unrestricted	39,194	25,714	46,022	40,153	45,912
Total Primary Government Net Assets	\$ 322,832	\$ 342,352	\$ 384,239	\$ 428,897	\$ 739,916

City of Bend, Oregon

Net Assets by Component (Continued)

Last ten fiscal years

(accrual basis of accounting; amounts expressed in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Governmental activities</u>					
Invested in capital assets, net of related debt	\$ 491,487	\$ 493,230	\$ 485,325	\$ 484,814	\$ 474,505
Restricted	6,782	13,119	15,370	13,915	13,637
Unrestricted	29,912	20,823	24,295	27,398	30,167
Total Governmental Activities Net Assets	528,181	527,172	524,991	526,127	518,309
<u>Business-type activities</u>					
Invested in capital assets, net of related debt	237,030	237,706	242,003	241,176	256,230
Restricted	844	844	936	-	676
Unrestricted	8,329	20,638	23,050	32,522	33,405
Total Business-type Activities Net Assets	246,203	259,188	265,988	273,698	290,311
<u>Primary government</u>					
Invested in capital assets, net of related debt	728,517	730,935	727,328	725,990	730,736
Restricted	7,626	13,963	16,307	13,915	14,313
Unrestricted	38,241	41,461	47,345	59,920	63,572
Total Primary Government Net Assets	\$ 774,384	\$ 786,360	\$ 790,979	\$ 799,825	\$ 808,620

City of Bend, Oregon
Changes in Net Assets

Last ten fiscal years

(accrual basis of accounting; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses					
Governmental activities:					
General government	\$ 9,020	\$ 10,305	\$ 10,706	\$ 12,177	\$ 14,010
Public safety	16,989	18,646	20,007	22,447	24,178
Public ways and facilities	5,498	7,716	7,624	9,030	11,679
Community and economic development	4,143	5,061	6,527	7,854	8,673
Urban renewal	747	797	578	640	302
Transit	921	1,245	1,622	1,513	1,854
Interest on long-term debt	1,408	1,729	2,875	2,864	2,936
Total Governmental Activities Expenses	38,726	45,499	49,939	56,525	63,632
Business-type activities:					
Water	7,291	8,811	8,082	8,960	11,519
Water reclamation	6,864	7,390	7,580	8,380	10,250
Airport	419	428	516	675	690
Cemetery	131	135	140	167	151
Downtown parking	226	267	348	502	744
Stormwater	-	-	-	178	222
Other business activities	357	-	-	-	-
Total Business-type Activities Expenses	15,288	17,032	16,666	18,862	23,576
Total Primary Government Expenses	\$ 54,014	\$ 62,531	\$ 66,605	\$ 75,387	\$ 87,208
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 3,681	\$ 4,683	\$ 5,032	\$ 5,678	\$ 5,875
Public safety	1,939	2,130	2,713	3,265	4,303
Public ways and facilities	2,460	2,724	2,607	3,204	3,165
Community and economic development	4,276	4,997	6,896	8,110	8,177
Permanent maintenance	-	-	-	-	-
Urban renewal	106	108	67	71	64
Transit	78	76	257	110	208
Operating grants and contributions	6,223	7,897	8,019	8,966	10,219
Capital grants and contributions	15,472	10,098	19,179	22,513	17,014
Total Governmental Activities Program Revenues	34,235	32,713	44,770	51,917	49,025
Business-type activities:					
Charges for services:					
Water	6,818	8,079	8,767	10,405	10,676
Water reclamation	5,928	6,594	7,824	8,718	9,099
Airport	318	449	467	557	702
Cemetery	135	114	153	92	111
Downtown parking	222	313	325	328	387
Stormwater	-	-	-	-	-
Other business activities	357	-	-	-	-
Capital grants and contributions	6,051	10,847	20,758	17,867	20,148
Total Business-type Activities Program Revenues	19,829	26,397	38,294	37,967	41,123
Total Primary Government Program Revenues	\$ 54,064	\$ 59,110	\$ 83,064	\$ 89,884	\$ 90,148
Net Revenues (Expenses)					
Governmental activities	\$ (4,491)	\$ (12,786)	\$ (5,169)	\$ (4,608)	\$ (14,607)
Business-type activities	4,540	9,365	21,628	19,105	21,203
Total Primary Government Net Revenues (Expenses)	\$ 49	\$ (3,421)	\$ 16,459	\$ 14,497	\$ 6,596

City of Bend, Oregon
Changes in Net Assets (Continued)

Last ten fiscal years

(accrual basis of accounting; amounts expressed in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses					
Governmental activities:					
General government	\$ 15,155	\$ 17,159	\$ 16,732	\$ 18,530	\$ 21,164
Public safety	26,176	27,812	28,025	27,958	28,952
Public ways and facilities	16,928	15,691	15,699	16,042	17,318
Community and economic development	8,728	8,087	6,216	8,012	7,031
Urban renewal	585	1,841	358	192	1,567
Transit	1,902	1,941	1,851	1,800	-
Interest on long-term debt	2,909	2,373	2,287	1,973	1,772
Total Governmental Activities Expenses	72,383	74,904	71,168	74,506	77,804
Business-type activities:					
Water	9,776	10,690	12,686	12,757	11,701
Water reclamation	10,184	10,844	11,832	12,045	12,528
Airport	733	731	746	951	1,010
Cemetery	182	141	110	75	85
Downtown parking	816	881	889	878	875
Stormwater	1,378	1,744	2,159	2,425	2,216
Other business activities	-	-	-	-	-
Total Business-type Activities Expenses	23,069	25,032	28,422	29,131	28,415
Total Primary Government Expenses	\$ 95,452	\$ 99,936	\$ 99,590	\$ 103,637	\$ 106,218
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 7,599	\$ 7,064	\$ 7,598	\$ 9,661	\$ 5,404
Public safety	4,057	3,396	3,615	3,389	3,615
Public ways and facilities	2,761	1,368	1,253	1,052	1,736
Community and economic development	7,869	5,282	3,083	4,015	3,853
Permanent maintenance	-	-	-	11	4
Urban renewal	98	1,611	57	35	18
Transit	172	234	269	74	-
Operating grants and contributions	9,372	9,209	11,610	15,714	12,175
Capital grants and contributions	16,641	11,208	4,176	6,659	7,075
Total Governmental Activities Program Revenues	48,569	39,373	31,660	40,609	33,879
Business-type activities:					
Charges for services:					
Water	11,012	12,020	12,689	14,068	14,809
Water reclamation	10,206	12,393	13,257	13,920	15,973
Airport	684	700	773	777	833
Cemetery	102	69	50	45	58
Downtown parking	610	606	551	643	569
Stormwater	2,458	2,405	2,465	2,515	2,519
Other business activities	-	-	-	139	10
Capital grants and contributions	16,373	9,282	3,914	2,670	7,815
Total Business-type Activities Program Revenues	41,446	37,475	33,699	34,777	42,587
Total Primary Government Program Revenues	\$ 90,015	\$ 76,848	\$ 65,359	\$ 75,386	\$ 76,465
Net Revenues (Expenses)					
Governmental activities	\$ (23,814)	\$ (35,532)	\$ (39,507)	\$ (33,897)	\$ (43,925)
Business-type activities	18,378	12,443	5,276	5,646	14,172
Total Primary Government Net Revenues (Expenses)	\$ (5,436)	\$ (23,088)	\$ (34,231)	\$ (28,251)	\$ (29,753)

City of Bend, Oregon
Changes in Net Assets (Continued)
 Last ten fiscal years
 (accrual basis of accounting; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 13,760	\$ 15,079	\$ 16,701	\$ 18,563	\$ 20,752
Transient room taxes	2,120	2,502	2,799	3,107	3,303
Franchise fees	3,635	3,735	4,283	5,018	5,644
Unrestricted investment income	657	367	1,169	1,799	2,245
Other revenues	720	1,092	107	688	1,029
Transfers	(2,158)	-	(45)	966	(9,980)
Total Governmental Activities	18,734	22,775	25,014	30,141	22,993
Business-type activities:					
Franchise fees	-	-	-	175	556
Unrestricted investment income	445	166	368	811	1,243
Other revenues	-	-	-	-	-
Transfers	2,158	-	45	(966)	9,980
Total Business-type Activities	2,603	166	413	20	11,779
Total Primary Government	\$ 21,337	\$ 22,941	\$ 25,427	\$ 30,161	\$ 34,772
Change in Net Assets					
Governmental activities	\$ 14,243	\$ 9,989	\$ 19,845	\$ 25,533	\$ 8,386
Business-type activities	7,143	9,531	22,041	19,125	29,327
Total Primary Government	\$ 21,386	\$ 19,520	\$ 41,886	\$ 44,658	\$ 41,368

City of Bend, Oregon

Changes in Net Assets (Continued)

Last ten fiscal years

(accrual basis of accounting; amounts expressed in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 22,656	\$ 24,140	\$ 25,428	\$ 25,979	\$ 25,751
Transient room taxes	3,427	2,938	2,966	3,407	3,575
Franchise fees	6,158	6,386	7,447	7,241	7,204
Unrestricted investment income	2,204	968	412	425	338
Other revenues	3,976	-	2,293	15	1,456
Transfers	(29,253)	91	(1,220)	(2,035)	(2,216)
Total Governmental Activities	9,168	34,523	37,327	35,032	36,108
Business-type activities:					
Franchise fees	604	-	-	-	-
Unrestricted investment income	853	626	304	322	225
Other revenues	27	5	-	-	-
Transfers	29,253	(91)	1,220	2,035	2,216
Total Business-type Activities	30,737	541	1,524	2,357	2,441
Total Primary Government	\$ 39,905	\$ 35,063	\$ 38,850	\$ 37,389	\$ 38,549
Change in Net Assets					
Governmental activities	\$ (14,646)	\$ (1,009)	\$ (2,181)	\$ 1,136	\$ (7,818)
Business-type activities	49,114	12,984	6,800	8,003	16,613
Total Primary Government	\$ 34,469	\$ 11,975	\$ 4,619	\$ 9,138	\$ 8,796

City of Bend, Oregon

Fund Balances (Deficits), Governmental Funds

Last ten fiscal years

(modified accrual basis of accounting; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>General Fund</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	220	270	80	-	-
Unreserved	4,906	6,240	7,132	9,012	8,722
Total General Fund	\$ 5,126	\$ 6,510	\$ 7,212	\$ 9,012	\$ 8,722

<u>All Other Governmental Funds</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved for:					
Debt service	3,818	3,006	4,031	4,405	5,522
Long-term loans and advances	2,013	119	119	49	-
Construction	-	-	-	-	-
Building program	-	-	-	-	-
Designations reported in:					
Special revenue funds	11,535	12,786	15,077	14,213	15,833
Capital projects funds	6	10,599	7,535	304	(1,312)
Total All Other Governmental Funds	\$ 17,372	\$ 26,510	\$ 26,762	\$ 18,971	\$ 20,043

Note: The City of Bend implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ending June 30, 2011.

City of Bend, Oregon

Fund Balances (Deficits), Governmental Funds (Continued)

Last ten fiscal years

(modified accrual basis of accounting; amounts expressed in thousands)

	<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>	
<u>General Fund</u>										
Nonspendable	\$	-	\$	-	\$	-	\$	4,639	\$	4,594
Committed		-		-		-		1,263		1,483
Assigned		-		-		-		-		-
Unassigned		-		-		-		9,251		10,669
Reserved		-		36		4,469		-		-
Unreserved		6,449		6,766		8,033		-		-
Total General Fund	\$	6,449	\$	6,802	\$	12,502	\$	15,154	\$	16,747

All Other Governmental Funds

Nonspendable	\$	-	\$	-	\$	-	\$	621	\$	591
Restricted		-		-		-		7,644		6,903
Committed		-		-		-		10,869		11,032
Assigned		-		-		-		2,553		5,642
Unassigned		-		-		-		(316)		(340)
Reserved for:										
Debt service		6,782		7,893		5,686		-		-
Long-term loans and advances		-		967		34		-		-
Construction		-		4,271		9,858		-		-
Building program		-		955		497		-		-
Designations reported in:										
Special revenue funds		7,659		5,123		7,209		-		-
Capital projects funds		5,139		-		(223)		-		-
Total All Other Governmental Funds	\$	19,580	\$	19,210	\$	23,061	\$	21,371	\$	23,828

City of Bend, Oregon
Changes in Fund Balances (Deficits), Governmental Funds

Last ten fiscal years

(modified accrual basis of accounting; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues					
Taxes	\$ 15,888	\$ 17,635	\$ 19,519	\$ 21,731	\$ 23,856
Franchise fees	3,635	3,735	4,283	5,018	5,645
Intergovernmental	7,156	8,308	8,819	13,181	11,645
Assessments	3,856	669	678	576	332
Licenses and permits	2,929	3,796	5,059	5,501	4,105
Charges for services	3,215	3,174	4,668	6,259	8,408
System development charges	4,202	5,388	6,415	7,311	5,616
Contributions	-	-	-	-	451
Fines and forfeitures	492	616	685	917	1,119
Loan repayments	-	-	-	-	23
Permanent maintenance fees	-	-	-	-	-
Investment income	518	317	995	1,610	1,723
Issuance of short-term debt	-	2,000	-	1,043	-
Miscellaneous	830	641	218	197	167
Total Revenues	42,721	46,279	51,339	63,344	63,090
Expenditures					
General government	902	362	428	889	481
Public safety	18,191	19,758	21,472	24,133	26,430
Public ways and facilities	5,256	4,988	5,866	6,813	5,390
Community and economic development	4,894	5,974	7,407	8,990	11,210
Urban renewal	432	535	380	705	511
Transit	1,075	1,372	1,946	1,893	2,700
Debt service:					
Principal	1,404	4,311	2,442	3,784	2,852
Interest	972	1,468	1,744	2,369	2,310
Capital outlay	16,313	8,512	8,662	22,056	12,228
Total Expenditures	49,439	47,280	50,347	71,632	64,112
Other Financing Sources (Uses)					
Proceeds from sale of assets	720	1,171	7	1,231	1,029
Proceeds from leases	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Issuance of short-term debt	-	-	-	-	-
Issuance of long-term debt	15,509	10,500	-	-	1,775
Premium on issuance of long-term debt	-	-	-	-	36
Discount on issuance of long-term debt	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Interfund loan repayments	-	-	-	-	-
Transfers in	2,082	213	795	12,040	13,827
Transfers out	(4,390)	(361)	(840)	(10,973)	(14,864)
Total Other Financing Sources (Uses)	13,921	11,523	(38)	2,298	1,803
Net Change in Fund Balances (Deficits)	\$ 7,203	\$ 10,522	\$ 954	\$ (5,990)	\$ 781
Debt service as a percentage of noncapital expenditures	7.2%	14.9%	10.0%	12.4%	9.9%

City of Bend, Oregon

Changes in Fund Balances (Deficits), Governmental Funds (Continued)

Last ten fiscal years

(modified accrual basis of accounting; amounts expressed in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues					
Taxes	\$ 25,619	\$ 26,500	\$ 28,340	\$ 29,446	\$ 29,684
Franchise fees	6,157	6,386	7,447	7,211	7,188
Intergovernmental	9,746	10,171	11,347	14,439	12,444
Assessments	263	204	201	154	145
Licenses and permits	4,589	2,397	2,181	2,850	2,991
Charges for services	7,420	6,259	5,772	6,159	6,136
System development charges	8,126	2,726	2,262	3,341	4,133
Contributions	-	325	92	55	261
Fines and forfeitures	1,235	1,041	1,059	1,231	1,108
Loan repayments	72	180	1,039	476	1,131
Permanent maintenance fees	-	-	-	11	4
Investment income	1,547	730	313	341	269
Issuance of short-term debt	-	-	-	-	-
Miscellaneous	323	146	99	126	83
Total Revenues	65,097	57,065	60,152	65,839	65,576
Expenditures					
General government	661	651	988	1,993	2,208
Public safety	29,160	28,790	29,375	29,925	31,307
Public ways and facilities	6,436	6,214	6,462	6,458	7,714
Community and economic development	11,639	9,044	7,063	8,948	8,039
Urban renewal	886	1,590	581	405	871
Transit	2,600	2,483	2,442	1,744	-
Debt service:					
Principal	2,984	2,693	10,068	5,993	5,372
Interest	2,320	2,429	2,167	1,981	1,755
Capital outlay	17,869	7,094	4,589	4,231	6,078
Total Expenditures	74,555	60,989	63,735	61,678	63,344
Other Financing Sources (Uses)					
Proceeds from sale of assets	4,145	20	2,293	15	816
Proceeds from leases	-	1,550	-	-	-
Insurance proceeds	-	-	55	40	25
Issuance of short-term debt	-	-	-	-	3,000
Issuance of long-term debt	6,425	2,700	10,602	-	1,425
Premium on issuance of long-term debt	15	-	244	-	103
Discount on issuance of long-term debt	-	-	(1)	-	-
Payment to bond escrow agent	-	-	(4,215)	-	-
Interfund loan repayments	-	-	-	1	1
Transfers in	29,951	19,558	23,754	15,527	15,040
Transfers out	(33,814)	(19,923)	(25,520)	(18,783)	(18,591)
Total Other Financing Sources (Uses)	6,722	3,905	7,211	(3,201)	1,818
Net Change in Fund Balances (Deficits)	\$ (2,736)	\$ (18)	\$ 3,628	\$ 960	\$ 4,050
Debt service as a percentage of noncapital expenditures	9.4%	9.5%	20.7%	14%	12%

Note - In 2010, the City refunded \$10.9 million in outstanding debt. In 2012, the City refunded \$7.9 million in outstanding debt.

City of Bend, Oregon
Assessed and Estimated Actual Value of Taxable Property
 Last ten fiscal years
 (amounts expressed in thousands)

Fiscal Year	Real Property		Personal Property		Public Utilities		Total		Total Direct Tax Rate	Percent of TAV to RMV
	RMV	TAV	RMV	TAV	RMV	TAV	RMV	TAV		
2003	\$ 5,742,199	\$ 4,184,189	\$ 173,871	\$ 173,705	\$ 93,422	\$ 93,288	\$ 6,009,492	\$ 4,451,182	\$ 3.00	74.1%
2004	6,572,581	4,602,246	177,321	177,310	95,810	95,722	6,845,712	4,875,278	3.16	71.2%
2005	7,426,197	5,103,393	185,854	185,850	104,835	104,619	7,716,886	5,393,862	3.17	69.9%
2006	8,946,076	5,712,230	213,276	210,382	92,809	92,621	9,252,161	6,015,233	3.15	65.0%
2007	12,525,855	6,369,945	244,131	237,308	97,149	95,837	12,867,135	6,703,090	3.15	52.1%
2008	16,406,331	6,919,574	262,202	261,192	116,469	113,748	16,785,002	7,294,514	3.18	43.5%
2009	16,681,314	7,363,016	278,212	277,511	124,738	123,844	17,084,264	7,764,371	3.19	45.4%
2010	14,609,907	7,713,718	264,817	264,789	130,071	129,652	15,004,795	8,108,159	3.21	54.0%
2011	10,394,261	7,821,267	251,702	251,697	146,568	145,422	10,792,531	8,218,386	3.24	76.1%
2012	9,470,814	7,800,935	240,955	240,950	153,200	151,612	9,864,969	8,193,497	3.23	83.1%

Source:
 Deschutes County Assessor's Office

City of Bend, Oregon

Property Tax Rates - Direct and Overlapping Governments

Last ten fiscal years

(amounts expressed per \$1,000 of assessed value)

<u>Fiscal Year</u>	<u>City Direct Rates</u>			<u>Overlapping Rates</u>						<u>Total</u>
	<u>City of Bend</u>	<u>Bend Urban Renewal District</u>	<u>Total Direct</u>	<u>Bend Metro Parks and Recreation District</u>	<u>Deschutes County</u>	<u>Education Service District</u>	<u>Central Oregon Community College</u>	<u>Bend La-Pine Administrative School District #1</u>		
2003	\$ 2.77	\$ 0.23	\$ 3.00	\$ 1.46	\$ 3.29	\$ 0.10	\$ 0.74	\$ 6.58	\$ 15.17	
2004	2.77	0.39	3.16	1.45	3.31	0.09	0.73	6.43	15.16	
2005	2.77	0.40	3.17	1.45	3.31	0.09	0.72	6.38	15.10	
2006	2.78	0.37	3.15	1.45	3.31	0.09	0.72	6.34	15.05	
2007	2.77	0.38	3.15	1.46	3.26	0.09	0.71	6.31	14.98	
2008	2.78	0.40	3.18	1.45	3.28	0.09	0.71	6.26	14.97	
2009	2.78	0.41	3.19	1.45	3.52	0.09	0.70	6.30	15.25	
2010	2.77	0.44	3.21	1.45	3.52	0.09	0.61	6.44	15.32	
2011	2.76	0.48	3.24	1.45	3.48	0.09	0.72	6.49	15.48	
2012	3.00	0.23	3.23	1.45	3.46	0.10	0.74	6.26	15.23	

Source:

Deschutes County Assessor's Office

Notes:

Property tax rates are for a representative tax code area (1-001) within the City and include operating and debt service levies.

City of Bend, Oregon
Principal Taxpayers

For the fiscal years ended June 30, 2012 and June 30, 2003
(amounts expressed in thousands)

		2012			2003		
		Rank	Net Assessed Valuation	Percentage of Total Net Assessed Valuation (1)	Rank	Net Assessed Valuation	Percentage of Total Net Assessed Valuation (1)
Pacificorp (PP& L)	Electric utility	1	\$ 38,811	0.5%	4	\$ 19,492	0.4%
Touchmark at Mount Bachelor Village LLC	Retirement community	2	34,092	0.4%	-	-	-
CVSC LLC	Shopping center	3	32,148	0.4%	-	-	-
Suterra LLC	Biorational Products	4	31,859	0.4%	-	-	-
Deschutes Brewery Inc	Microbrew manufacturer	5	28,982	0.4%	-	-	-
Deschutes Properties LLC	Real estate developer	6	27,647	0.4%	-	-	-
Qwest Corporation	Telephone utility	7	27,226	0.3%	1	39,645	0.9%
West Bend Property Company LLC	Real estate developer	8	10,740	0.1%	-	-	-
Bend Cable Communications LLC	Cable utility	9	23,542	0.3%	-	-	-
Forum Holdings LLC	Shopping center	10	23,063	0.3%	8	15,446	0.3%
Sima Mountain View LLC	Shopping center	-	-	-	2	15,750	0.4%
Brooks Resources Corporation	Real estate developer	-	-	-	3	17,229	0.4%
Cascade Natural Gas Corporation	Gas utility	-	-	-	5	13,688	0.3%
River Bend Limited Partnership	Real estate developer	-	-	-	6	14,060	0.3%
Bend River Mall, LLC	Shopping center	-	-	-	7	15,965	0.4%
Rivers Edge Investments, LLC	Real estate developer	-	-	-	9	15,262	0.3%
Bend Millwork Systems, Inc.	Construction products	-	-	-	10	16,894	0.4%
Total			\$ 278,110	3.6%		\$ 183,431	4.1%

Source:

Deschutes County Assessor's Office

Notes:

(1) Percent of total net assessed valuation represents percent of taxpayer's net assessed value to City's total net assessed value of \$7,800,935 for 2012 and \$4,451,182 for 2003.

City of Bend, Oregon
Property Tax Levies and Collections

Last ten fiscal years

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>			<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
	<u>Total Tax Levy</u>	<u>Amount Collected</u>	<u>Percent of Levy Collected</u>		<u>Amount</u>	<u>Percent of Levy Collected</u>
2003	\$ 14,093	\$ 13,177	93.5%	\$ 486	\$ 13,663	96.9%
2004	15,411	14,610	94.8%	546	15,156	98.3%
2005	17,154	16,164	94.2%	516	16,680	97.2%
2006	18,939	17,941	94.7%	528	18,469	97.5%
2007	21,198	19,973	94.2%	808	20,781	98.0%
2008	23,200	21,443	92.4%	1,212	22,655	97.7%
2009	24,715	22,491	91.0%	1,571	24,062	97.4%
2010	26,040	23,896	91.8%	1,294	25,190	96.7%
2011	26,642	24,690	92.7%	631	25,321	95.0%
2012	26,393	24,843	94.1%	-	24,843	94.1%

Source:

Deschutes County Assessor's Office

City of Bend, Oregon
Ratios of Outstanding Debt by Type

Last ten fiscal years
(amounts expressed in thousands)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Debt Percentage of Personal Income (1)	Total Debt Per Capita (1)		
	Full Faith & Credit Obligation	Certificates of Participation	Limited Tax Improvement Bonds	Urban Renewal Tax Increment Bonds	Urban Renewal Line of Credit	Full Faith & Credit Obligation Bonds	Certificates of Participation	Revenue Bonds			Notes Payable	Primary Government
2003	\$ 29,776	\$ 1,535	\$ 2,605	\$ 6,150	\$ -	\$ 1,679	\$ 285	\$ 20,580	\$ 905	\$ 63,515	3.75%	\$ 1,100
2004	42,358	1,210	1,836	16,350	-	1,612	-	19,765	875	84,006	4.39%	1,336
2005	41,110	925	1,413	15,690	-	1,540	-	17,655	845	79,178	3.82%	1,214
2006	44,609	625	904	14,865	-	1,461	-	17,475	809	80,748	3.46%	1,148
2007	48,242	325	552	13,800	-	1,383	-	16,580	1,641	82,523	3.07%	1,096
2008	51,317	-	261	12,595	2,500	1,573	-	15,650	1,587	85,483	2.98%	1,099
2009	49,781	-	164	11,240	5,200	1,434	-	24,690	1,515	94,024	3.12%	1,161
2010	50,255	-	-	5,960	5,209	1,260	-	23,355	4,324	90,363	3.03%	1,098
2011	48,097	-	-	1,710	5,209	16,303	-	19,490	6,778	97,587	3.47%	1,273
2012	46,809	-	-	-	5,209	18,621	-	14,960	5,568	91,167	3.23%	1,185

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population and personal income data can be found in the Demographic and Economic Statistics schedule. Per capita income figures are for the Bend Metropolitan Statistical Area and are obtained from the U.S. Department of Commerce, Bureau of Economic Analysis. Starting in 2012 the advanced estimate formerly released in August of each year was discontinued since the complete set of local area estimates will now be released annually at the end of November.

City of Bend, Oregon

Ratios of General Bonded Debt Outstanding

Last ten fiscal years

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	<u>General Bonded Debt Outstanding</u>			Amounts		Ratio of Bonded Debt to Assessed Value (1)	General Bonded Debt Per Capita (2)
	Full Faith & Credit Obligation Bonds	Limited Tax Improvement Bonds	Total	Restricted for Debt Service	Net General Bonded Debt Outstanding		
2003	\$ 31,455	\$ 2,605	\$ 34,060	\$ 947	\$ 33,113	0.77%	\$ 590
2004	43,970	1,836	45,806	824	44,982	0.94%	728
2005	42,650	1,413	44,063	1,031	43,032	0.82%	676
2006	46,070	904	46,974	1,656	45,318	0.78%	668
2007	49,625	552	50,177	1,846	48,331	0.75%	666
2008	52,890	261	53,151	1,878	51,273	0.73%	683
2009	51,215	164	51,379	1,878	49,501	0.66%	634
2010	51,515	-	51,515	1,918	49,597	0.64%	626
2011	64,400	-	64,400	1,911	62,489	0.78%	840
2012	65,430	-	65,430	1,997	63,433	0.80%	851

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Assessed value data can be found in the schedule of Assessed and Estimated Actual Value of Taxable Property.

(2) Population and personal income data can be found in the Demographic and Economic Statistics schedule. Per capita income figures are for the Bend Metropolitan Statistical Area and are obtained from the US. Department of Commerce, Bureau of Economic Analysis. Starting in 2012 the advanced estimate formerly released in August of each year was discontinued since the complete set of local area estimates will now be released annually at the end of November.

City of Bend, Oregon
Computation of Direct and Overlapping Debt
 For the fiscal year ended June 30, 2012

<u>Jurisdiction</u>	Net Property- Tax Backed Debt Outstanding (1)	Percent Applicable to City of Bend (2)	Amount Applicable to City of Bend
Direct Debt			
City of Bend	\$ 28,019,450	100.0%	\$ 28,019,450
Overlapping Debt			
Deschutes County	27,340,000	45.6%	12,452,905
Bend Library District	1,660,000	82.6%	1,370,770
Bend-LaPine Administrative School District No. 1	210,168,308	64.6%	135,719,547
Central Oregon Community College	40,390,000	37.7%	15,217,781
Total Overlapping Debt	<u>279,558,308</u>	<u>58.9%</u>	<u>164,761,003</u>
Total Direct and Overlapping Debt	<u>\$ 307,577,758</u>	<u>62.7%</u>	<u>\$ 192,780,454</u>

Source:

State of Oregon, Treasury Department

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Bend. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

(1) Net property-tax backed debt includes all limited-tax general obligation bonds and unlimited-tax general obligation bonds less self-supporting limited and unlimited general obligation bonds.

(2) Percent applicable to City of Bend represents the City's real market value as a percent of the real market value of the respective jurisdictions.

City of Bend, Oregon
Legal Debt Margin Information

June 30, 2012

Real market value	\$ 9,864,969,078
	x <u>3%</u>
General obligation debt limit at 3% of real market value	295,949,072
General obligation debt subject to limit per ORS 287.001(1)	65,430,000
Less: Funds applicable to the payment of principal thereof per ORS 287.004(2) General obligation debt service fund	<u>(1,997,132)</u>
Net debt subject to 3% limitation	<u>63,432,868</u>
Legal debt margin	<u>\$ 232,516,204</u>
Debt capacity percent	79%

<u>Fiscal Year</u>	<u>3% Debt</u>	<u>Net Debt</u>	<u>Legal Debt</u>	<u>Debt Capacity</u>
	<u>Limit (1)</u>	<u>Subject to</u> <u>3% Limit (1)</u>	<u>Margin (1)</u>	<u>Percent</u>
2003	\$ 180,285	\$ 33,113	\$ 147,172	82%
2004	205,371	44,982	160,389	78%
2005	231,506	43,957	187,549	81%
2006	277,565	45,943	231,622	83%
2007	386,014	48,656	337,358	87%
2008	503,550	51,273	452,277	90%
2009	512,528	49,501	463,027	90%
2010	450,144	49,597	400,547	89%
2011	323,776	62,489	261,287	81%
2012	295,949	63,433	232,516	79%

Source:

Real Market Value obtained from Deschutes County Assessor's Office

Notes:

(1) Amounts expressed in thousands.

Oregon Revised Statutes (ORS) 287.004(2) states: "Unless a lesser limitation upon the issuance of bonds has otherwise been provided by law or charter, no city shall issue or have outstanding at any one time bonds in excess of three percent of real market value of all taxable property within its boundaries, computed in accordance with ORS 308.207, after deducting from outstanding bonds such cash funds and sinking funds as are applicable to the payment of principal thereof."

City of Bend, Oregon
Rate Covenant - Water Revenue Bonds

Last ten fiscal years
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Annual Debt Service (3)</u>			<u>Coverage Ratio</u>	<u>Monthly Metered Rate (4)</u>	<u>Monthly Flat Rate (5)</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>			
2003	\$ 7,058	\$ 6,002	\$ 1,056	\$ 170	\$ 237	\$ 407	2.6	\$ 11.92	\$ 12.91
2004	8,162	7,346	816	180	228	408	2.0	12.84	13.91
2005	8,953	6,499	2,454	820	189	1,009	2.4	13.84	14.98
2006	10,865	7,029	3,836	145	172	317	12.1	14.48	15.67
2007	11,578	7,483	4,095	155	167	322	12.7	15.20	16.45
2008	11,776	7,790	3,986	160	158	318	12.5	16.04	17.35
2009	11,958	8,246	3,712	170	150	320	11.6	15.87	18.78
2010	12,819	9,670	3,149	175	142	317	9.9	17.18	20.33
2011	14,189	10,373	3,816	185	124	309	12.4	18.40	21.77
2012	14,879	9,139	5,740	700	232	932	6.2	19.69	23.29

Notes:

(1) As defined under the Water Revenue Bonds Master Resolution No. 2121, gross revenues includes all fees, charges, interest earnings and other revenues (except for system development charges) from the operation of the water system. Gross revenues do not include payments of assessments made with respect to a local improvement levied against benefited properties, any restricted gifts, donations or grants received from any State, Federal agency or other person, proceeds from borrowings for capital improvements, proceeds from any liability or insurance, proceeds derived from the sale of assets and ad valorem taxes received which are pledged to other debt.

(2) Operating expenses means all expenses incurred for operation, maintenance and repairs of the water system including overhead expenses. Operating expenses do not include rebates or penalties paid from gross revenues, litigation settlements, depreciation and amortization, debt service payments, capital transfers and capital outlays and expenses of owning and operating any separate utility system.

(3) Annual debt service on revenue bonds issued pursuant to Master Resolution No. 2121.

(4) The metered charge represents the minimum water charge for a 3/4" meter for the first 400 cubic feet of consumption within the City. Other charges apply according to meter size and usage over 400 cubic feet.

(5) The monthly flat rate represents the per unit service charge for flat rate accounts. One unit service is considered to be 1 tap, 1 bath, 1 sink, 1 toilet or a combination thereof.

City of Bend, Oregon
Rate Covenant - Sewer Revenue Bonds

Last ten fiscal years
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Annual Debt Service (3)</u>			<u>Coverage Ratio</u>	<u>Monthly Sewer Rate (4)</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2003	\$ 7,466	\$ 4,489	\$ 2,977	\$ 415	\$ 650	\$ 1,065	2.8	\$ 19.38
2004	8,252	4,737	3,515	635	749	1,384	2.5	20.54
2005	9,788	4,763	5,025	1,290	699	1,989	2.5	21.77
2006	11,146	5,675	5,471	630	443	1,073	5.1	22.41
2007	11,389	5,759	5,630	740	534	1,274	4.4	23.75
2008	11,933	6,984	4,949	782	506	1,288	3.8	25.18
2009	12,396	7,043	5,353	802	834	1,636	3.3	28.83
2010	13,213	7,634	5,579	1,172	843	2,015	2.8	33.01
2011	14,071	8,130	5,941	1,405	1,089	2,494	2.4	35.90
2012	16,082	8,595	7,487	1,230	1,180	2,410	3.1	39.49

Notes:

(1) As defined under the Sewer Revenue Bonds Master Resolution No. 2122, gross revenues includes all fees, charges, interest earnings and other revenues (except for the improvement fee portion of system development charges) from the operation of the sewer system. Gross revenues do not include payments of assessments made with respect to a local improvement levied against benefited properties, any restricted gifts, donations or grants received from any State, Federal agency or other person, proceeds from borrowings for capital improvements, proceeds from any liability or insurance, proceeds derived from the sale of assets, and ad valorem taxes received which are pledged to other debt.

(2) Operating expenses means all expenses incurred for operation, maintenance and repairs of the sewer system including overhead expenses. Operating expenses do not include rebates or penalties paid from gross Revenues, litigation settlements, depreciation and amortization, debt service payments, capital transfers and capital outlays and expenses of owning and operating any separate utility system.

(3) Annual debt service on revenue bonds issued pursuant to Master Resolution No. 2122.

(4) The monthly sewer charge represents the general service charge for single and multi-family residential and also the monthly sewer charge for the first 1,000 cubic feet of water used for non-residential customers. Other charges may apply for usage in excess of the first 1,000 cubic feet and septic sewer dumping.

City of Bend, Oregon
Demographic and Economic Statistics

Last ten fiscal years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Area (Square Miles)</u>	<u>Average Density (person / square miles)</u>	<u>Personal Income (2) (expressed in thousands)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (3)</u>
2003	57,750	32.5	1,777	\$ 1,695,829	\$ 29,365	13,729	8.0%
2004	62,900	32.5	1,935	1,912,663	30,408	13,729	6.5%
2005	65,210	32.5	2,006	2,073,482	31,797	14,888	5.5%
2006	70,330	32.5	2,164	2,333,268	33,176	15,482	4.3%
2007	75,290	32.5	2,317	2,685,519	35,669	15,837	4.5%
2008	77,780	32.5	2,393	2,865,415	36,840	16,025	6.9%
2009	80,995	32.5	2,492	3,016,578	37,244	15,834	14.7%
2010	82,280	32.5	2,532	2,983,473	36,260	15,719	13.4%
2011	76,639	32.5	2,358	2,811,195	36,681	15,818	12.0%
2012	76,925	32.5	2,367	2,821,686	36,681	15,519	10.5%

Source:

(1) Population figures obtained from Portland State University Population Research Center

(2) Per capita income figures are for the Bend Metropolitan Statistical Area and are obtained from the US. Department of Commerce, Bureau of Economic Analysis. Starting in 2012 the advanced estimate formerly released in August of each year was discontinued since the complete set of local area estimates will now be released annually at the end of November, therefore, the 2011 amount was used for 2012.

(3) Unemployment rates represent June seasonally adjusted unemployment rates for the Bend Metropolitan Statistical Area obtained from the US Department of Labor, Bureau of Labor Statistics.

(4) School enrollment figures obtained from Bend-LaPine Administrative School District No. 1 and does not include alternative schools.

City of Bend, Oregon
Principal Employers

For the fiscal years ended June 30, 2012 and June 30, 2003

Employer	Product or Service	2012			2003		
		Rank	Employees	Percent of Total City Employment (1)	Rank	Employees	Percent of Total City Employment (1)
St. Charles Medical Center	Health care	1	2,842	4.0%	1	1,868	2.9%
Bend-LaPine School Dist. No. 1	Education	2	1,686	2.4%	2	1,512	2.4%
Deschutes County	Government	3	904	1.3%	4	920	1.4%
Sunriver Resort	Resort	4	900	1.3%	6	841	1.3%
Les Schwab	Tire Manufacturer	5	870	1.2%	3	1,000	1.6%
Mt. Bachelor Ski Resort	Recreation	6	749	1.0%	7	800	1.3%
Bend Memorial Clinic	Health care	7	575	0.8%	-	-	0.0%
Safeway	Grocery Retailer	8	575	0.8%	-	-	0.0%
City of Bend	Government	9	450	0.6%	-	-	0.0%
TRG Customer Solutions	Call center	10	442	0.6%	-	-	0.0%
iSky	Call center	-	-	-	5	850	1.3%
Eagle Crest Partners Ltd	Resort	-	-	-	8	660	1.0%
Beaver Motor Coaches	Motor Home Manufacturer	-	-	-	9	575	0.9%
Pozzi Window Company	Window Manufacturer	-	-	-	10	500	0.8%
	Total		9,993	14.0%		9,526	14.9%

Source:

Economic Development for Central Oregon, Central Oregon Profile.

Note:

The above listing of principal employers represents major employers in Central Oregon

(1) Percent of total city employment represents percent of employer's employees to total employment for the Bend Metropolitan Statistical Area of 71,556 for June 2012 and 63,870 for June 2003 (obtained from the US Department of Labor, Bureau of Labor Statistics).

City of Bend, Oregon
Construction Activity and Bank Deposits
 Last ten fiscal years
 (value and deposit amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Construction Activity</u>				<u>Bank Deposits (1)</u>
	<u>Commercial</u>		<u>Residential</u>		
	<u>Units</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>	
2003	239	\$ 48,519	1,682	\$ 221,370	\$ 1,023,168
2004	280	94,257	2,003	301,037	1,239,042
2005	160	95,727	2,465	480,649	1,469,066
2006	98	38,732	2,485	541,157	1,702,870
2007	337	140,259	1,364	241,724	1,657,194
2008	381	185,715	495	127,012	1,623,137
2009	277	107,294	594	116,999	2,716,450
2010	213	64,690	397	52,481	2,635,087
2011	213	64,203	445	65,961	2,354,513
2012	212	46,875	538	87,138	2,351,130

Source:

City of Bend Community Development Department and Federal Depository Insurance Corporation (FDIC).

Notes:

(1) Bank deposits obtained from FDIC and represent total deposits at June 30 for all bank branches in Bend.

City of Bend, Oregon
Full Time Equivalent City Employees by Program

Last ten fiscal years

Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Administration, finance & legal	26.8	30.1	27.4	31.4	35.7	33.8	36.3	36.3	37.3	38.0
Information technology	6.5	7.0	8.0	8.5	11.0	11.0	12.5	12.5	13.0	13.0
Public works administration/laboratory	22.0	28.0	27.0	23.5	25.5	16.0	16.0	18.0	18.0	14.0
Facility management	-	-	-	3.0	4.0	5.0	5.0	5.0	5.0	4.5
Garage	7.0	7.0	7.0	7.0	7.0	9.0	8.0	8.0	8.0	8.0
Accessibility program	-	-	-	-	-	4.0	1.0	1.0	1.0	1.5
Economic development administration	-	-	2.0	3.0	3.5	3.5	2.5	2.0	1.8	2.0
Public Safety										
Police	94.0	96.0	95.0	105.5	111.5	110.0	110.0	110.0	110.0	108.0
Fire/EMS	72.0	76.0	74.0	79.0	84.0	87.8	85.8	85.8	89.8	87.8
Municipal court	3.0	3.0	3.0	3.0	4.0	5.0	5.0	4.0	4.0	4.0
Public Ways and Facilities										
Street operations	28.0	28.0	30.0	29.0	32.0	31.0	32.0	31.0	31.0	31.0
Engineering	22.0	25.0	25.0	33.0	36.0	36.0	15.0	8.0	8.0	16.0
Community and Economic Development										
Community development administration	4.5	5.0	4.0	5.0	8.0	6.0	4.0	1.0	1.0	1.0
Planning	16.5	19.0	20.0	23.0	28.0	33.0	16.0	13.0	13.0	13.0
Building	20.5	25.5	32.5	45.5	57.5	42.0	24.0	17.0	17.0	18.0
Private development engineering	-	-	-	-	-	-	-	2.0	2.0	1.0
Code enforcement	-	-	-	-	-	-	-	1.0	1.0	1.0
Community development block grant program	1.0	1.0	-	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Other										
Urban renewal	2.0	2.0	1.0	1.0	1.0	2.0	1.0	-	-	-
Transit	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Airport	-	-	0.5	1.0	1.0	1.0	1.0	1.5	1.6	1.5
Water	22.0	21.0	21.0	24.0	26.0	30.0	31.0	26.5	26.5	29.5
Water reclamation	21.0	20.0	21.0	23.0	27.0	37.5	32.0	21.5	21.5	34.0
Stormwater	-	-	-	-	-	5.0	4.0	3.0	6.0	6.0
Utility support division	-	-	-	-	-	-	12.5	30.5	32.5	14.5
Other business-type	1.0	2.0	2.0	3.0	3.0	1.0	1.0	1.0	1.0	1.0
Total	370.8	396.6	401.4	453.4	507.7	511.5	457.5	441.5	452.9	450.3

City of Bend, Oregon
Operating Indicators by Program
 Last ten fiscal years

Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police:										
Physical arrest	3,778	3,778	4,009	unavailable	2,050	4,302	3,841	3,616	3,744	3,843
Traffic violations	12,406	15,339	16,000	unavailable	8,472	12,324	9,355	9,563	13,143	10,119
Calls for service	53,610	56,957	57,249	57,079	57,184	58,010	56,168	51,336	55,229	53,973
Fire/EMS:										
Fire responses	359	334	324	454	1,954	1,880	1,787	1,380	2,110	1,535
Ambulance responses	4,144	4,249	4,614	5,570	5,764	5,842	5,785	6,096	6,649	6,484
Inspections conducted	1,000	1,321	2,995	2,940	3,229	3,382	3,473	2,919	2,298	2,073
Public Ways and Facilities										
Streets resurfaced (lane miles)	6.50	7.60	10.70	13.56	20.07	15.05	11.87	12.90	13.60	39.00
Streets cleaned (lane miles)	34,689	35,369	33,688	32,467	34,573	34,628	36,058	35,850	31,165	29,000
Street signs repaired/replaced	2,620	2,290	2,297	2,479	2,502	2,531	2,426	1,850	559	665
Community and Economic Development										
Permits issued	11,726	13,388	16,985	17,897	12,174	8,968	5,651	4,443	4,901	5,919
Building inspections performed	35,172	55,051	72,891	79,567	59,407	41,137	22,869	16,262	17,552	20,221
Transit (in thousands)										
Total miles	306	307	304	353	413	365	318	414	416	-
Total service hours	32	32	unavailable	33	40	40	35	35	36	-
Total rides	92	97	unavailable	108	301	326	354	377	434	-
Water										
New connections	4,672	2,647	632	562	998	514	122	107	419	147
Average daily consumption (million gallons):										
Winter	5.07	5.20	6.00	6.00	5.50	6.46	6.55	5.18	6.15	5.03
Summer	19.67	19.70	16.00	16.00	18.40	18.80	20.20	19.43	17.79	16.60
Peak consumption (million gallons)	25.73	26.00	27.00	26.00	27.00	29.25	29.43	39.20	39.20	21.90
Water Reclamation										
New connections	2,057	2,757	681	1,825	1,006	483	208	216	260	373
Daily average treatment (million gallons)	4.60	4.96	5.40	5.40	5.80	6.20	5.80	5.55	5.40	5.48
Sewerlines cleaned (miles)	54	63.60	57.00	34.30	70.00	75.00	108.50	122.00	105.40	126.70
Downtown Parking										
Tickets issued	9,312	11,390	11,790	10,658	7,243	13,611	13,713	14,506	14,813	11,194
Permits issued	4,857	4,982	5,219	4,689	4,808	5,142	4,823	4,596	5,669	5,004

City of Bend, Oregon
Capital Asset Statistics by Program
 Last ten fiscal years

Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police:										
Main station	1	1	1	1	1	1	1	1	1	1
Patrol units	18	20	21	29	29	29	31	32	37	37
Fire/EMS stations	5	5	5	5	5	5	5	5	5	5
Public Ways and Facilities										
Street (lane miles)	623	667	704	729	736	748	783	825	825	831
Streetlights	1,925	1,925	2,020	2,040	2,051	2,102	2,051	2,051	2,051	2,051
Traffic signals	n/a	44	48	57	57	59	60	65	65	65
Transit										
Buses	21	25	25	31	27	27	28	27	32	-
Airport										
Runway (feet)	5,005	5,005	5,005	5,005	5,005	5,200	5,200	5,200	5,200	5,200
Hangars	13	14	14	14	14	14	14	15	15	15
Water										
Water mains (miles)	310	330	400	450	410	445	475	475	455	461
Reservoirs	13	13	13	13	13	15	15	18	16	16
Wells	16	16	16	16	16	16	16	16	23	22
Fire hydrants	3,700	3,879	4,345	5,200	4,900	4,945	4,984	5,074	5,061	5,073
Maximum daily capacity of plant (million gallons)	29.50	33.35	34.00	34.00	34.00	34.00	34.00	31.00	31.00	31.00
Service connections	17,474	20,121	20,753	21,315	22,313	22,827	22,949	23,056	23,475	23,622
Water Reclamation										
Treatment plant	1	1	1	1	1	1	1	1	1	1
Sewerlines (miles)	280	400	450	450	450	450	432	424	430	430
Large pump stations	62	80	86	82	92	93	93	88	88	88
Small pump stations	271	271	271	271	271	271	271	324	325	325
Maximum daily capacity of plant (million gallons)	11.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Service connections	20,104	22,861	23,542	25,367	26,373	26,856	27,064	27,280	27,540	27,913
Downtown Parking										
Parking Garages	-	-	-	-	1	1	1	1	1	1

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

December 21, 2012

Honorable Mayor and
members of City Council
City of Bend
Bend, 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 Bend, Oregon (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2012. We conducted our audit 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 the *Minimum Standards for Audits of Oregon Municipal Corporations*.

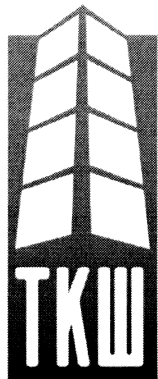
COMPLIANCE

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 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*, 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.

We performed the 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 the City 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*.



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

OAR 162-10-230 INTERNAL CONTROL

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 the City's internal control over financial reporting.

Our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards* is presented elsewhere in this report as listed in the Table of Contents.

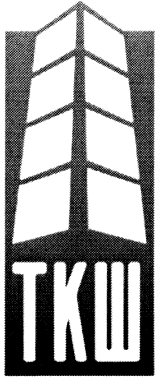
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This report is intended solely for the information and use of the City Council, management, the Oregon Secretary of State Audits Division, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Korvola & Warwick, LLP

Certified Public Accountants

SINGLE AUDIT COMPLIANCE



Talbot, Korvola
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& Consultants

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Lake Oswego, Oregon 97035-4293

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F 503.274.2853

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**INDEPENDENT AUDITOR'S 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**

December 21, 2012

Honorable Mayor and City Council
City of Bend
Bend, 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 Bend, Oregon (the City), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

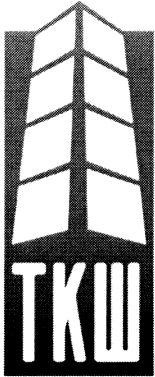
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)**

* * * * *

This report is intended solely for the information and use of management, City Council, others within the City, 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.

Talbot, Korvola & Warwick, LLP

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Lake Oswego, Oregon 97035-4293

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F 503.274.2853

www.tkw.com

**INDEPENDENT AUDITOR'S 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**

December 21, 2012

Honorable Mayor and City Council
City of Bend
Bend, Oregon

COMPLIANCE

We have audited the compliance of the City of Bend, Oregon (the City), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

INTERNAL CONTROL OVER COMPLIANCE

Management of City is responsible for establishing and maintaining effective internal control over compliance with 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.

INDEPENDENT AUDITOR'S 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 (Continued)

INTERNAL CONTROL OVER COMPLIANCE (Continued)

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 City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

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City of Bend, Oregon
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2012

<u>Federal Grantor/ Pass-through Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Total Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<u>Department of Transportation</u>				
Pass-through				
Transit Service Programs Cluster				
Oregon Department of Transportation				
Capital Assistance Program for Elderly Persons & Persons with Disabilities	20.513	IGA #26049/26579/26580	\$ 3,769	\$ -
Total Transit Service Programs Cluster			<u>3,769</u>	<u>-</u>
Pass-through				
Highway Safety Cluster				
Oregon Association of Chiefs of Police				
State and Community Highway Safety	20.600	SC-10-35-14/SC-11-35-14	2,953	-
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8-11-12-38	1,200	-
Total Highway Safety Cluster			<u>4,153</u>	<u>-</u>
Direct				
Federal Transit Cluster				
Federal Transit Administration				
Federal Transit Capital Investment Grants	20.500	n/a	333	-
Total Federal Transit Cluster			<u>333</u>	<u>-</u>
Direct				
Federal Aviation Administration				
Airport Improvement Program	20.106	n/a	2,212,907	-
Total Department of Transportation			2,221,161	-
<u>Department of Justice</u>				
Direct				
Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	n/a	15,923	-
JAG Program Cluster				
ARRA - Edward Byrne Memorial Justice Assistance Grant Program (Recovery Act Funded)				
Edward Byrne Memorial Justice Assistance Grant Program	16.803	n/a	17,380	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	n/a	54,121	-
Total JAG Program Cluster			<u>71,502</u>	<u>-</u>
Pass-through				
Oregon Department of Justice/Deschutes County				
Office of National Drug Crime Prevention - High Intensity Drug Traffic Area Grant				
	16.XXX	LOA #2007-98	18,626	-
Total Department of Justice			106,050	-
<u>Department of Energy</u>				
Direct				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) (Recovery Act Funded)				
	81.128	n/a	301,588	-
Total Department of Energy			301,588	-

Schedule of Expenditures of Federal Awards (Continued)

For the fiscal year ended June 30, 2012

<u>Federal Grantor/ Pass-through Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Total Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<u>Department of Homeland Security</u>				
Direct				
State Homeland Security Program (SHSP)	97.073	n/a	\$ 39,755	\$ -
USDA - Forest Service				
Fire Management Assistance Grant	97.046	n/a	27,445	-
Staffing for Adequate Fire and Emergency Response	97.083	n/a	238,931	-
Total Department of Homeland Security			306,131	-
<u>Department of Housing and Urban Development</u>				
Direct				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	n/a	669,401	56,620
ARRA - Community Development Block Grants ARRA Entitlement Grants (Recovery Act Funded)	14.253	n/a	37,733	37,733
Total CDBG - Entitlement Grants Cluster			<u>707,134</u>	<u>94,353</u>
Direct				
Oregon Housing and Community Services				
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)	14.256	n/a	106,470	25,992
Total Department of Housing and Urban Development			813,604	120,345
Total Federal Expenditures			\$ 3,748,533	\$ 120,345

Notes:

The schedule above is prepared on the accrual basis of accounting. Grant revenues are recorded when the City has met the qualifications for the respective grants. Expenditures are recorded when the liability is incurred.

The City has an outstanding loan balance of \$2,806,500 in Oregon Business Development Department Capitalization Grants for Drinking Water State Revolving Funds (Federal CFDA Number 66.468)

CITY OF BEND, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of <i>Circular A-133</i> ?	No

Identification of major programs:

<u>CFDA NUMBER(S)</u>	<u>NAME OF PROGRAM OR CLUSTER</u>
14.256	ARRA – Neighborhood Stabilization Program
20.106	Airport Improvement Program

CITY OF BEND, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS (Continued)

Dollar threshold used to distinguish between type A and B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted

CITY OF BEND, OREGON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2012

Finding 2011-01

Condition: The City should have a system of internal controls over inventory such that misstatements of the accounting records would be prevented, or detected and corrected by management or employees in the normal course of their duties.

The City prepared an inventory count of water meters and parts at year end and made a material adjustment to these inventory balances without sufficient supporting documentation.

Corrective Action Taken: The City has implemented a system of controls and processes to track water meters and parts to accurately record the inventory held by the City. The City has and will continue to perform periodic checks to ensure appropriate controls are in place and the system is accounting for all inventory held.

Finding 2011-02

Federal Program: Neighborhood Stabilization Program - ARRA (CFDA 14.256)

Federal Agency: Department of Housing and Urban Development

Condition: In accordance with OMB Circular A-102, the City is required to ensure that subrecipients are not on the excluded parties list maintained by the General Services Administration. In accordance with Circular A-133, the City is required to maintain a structure of internal control to ensure compliance with the above requirement. The authoritative requirement for maintaining internal controls is in OMB Circular A-133 §____.300(b)

The City did not sufficiently document that it performed procedures to ensure the subrecipient was not suspended or debarred before entering into a contract with a subrecipient.

Corrective Action Taken: The City has enhanced procedures and contract documents to ensure that subrecipients are not suspended or debarred before entering into a contract. The City has and will continue to document the review of the Excluded Parties Listing System before a formal award to a subrecipient.

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