

CITY OF BEND, OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
JUNE 30, 2016



CITY OF BEND

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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

Prepared by the City of Bend Finance Department

Sharon Wojda, Finance Director

City of Bend, Oregon

For the Year Ended June 30, 2016

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INTRODUCTORY SECTION



CITY OF BEND

March 20, 2017

Honorable Mayor Casey Roats
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, 2016 is hereby submitted. Due to the implementation of a new Enterprise Resource Planning (ERP) system including its core financials, the City requested and received approval from the Oregon Secretary of State, grantors, debt holders (as applicable), and the Government Finance Officers Association (GFOA) for a three month delay in filing its fiscal year 2015-16 CAFR to 270 days after fiscal year end.

This report presents the City's financial position as of June 30, 2016 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.

Talbot, Korvola & Warwick LLP, Certified Public Accountants, has issued an unmodified or "clean" opinion on the City's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report 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 5 immediately following the independent auditor's report.

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Justin Livingston
Bill Moseley
Bruce Abernethy
Nathan Boddie
Barb Campbell

CITY MANAGER
Eric King

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 and it is undergoing an Urban Growth Boundary (UGB) expansion process that will bring an additional 2,380 acres of property into the City's boundary. Bend is the largest city east of the Cascades in Oregon and is the commercial, recreational, social and innovation center of Central Oregon. The certified population estimate is 83,500 as of July 2016 (Portland State University's Certified Population Estimates). 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 City 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 along with two Assistant City Managers are responsible for the administration of the City and manages a staff of 14 department heads with approximately 601 full-time equivalent employees (FTE).

The City provides a full range of municipal services which include police, fire protection and suppression, emergency medical services, construction and maintenance of streets, sidewalks and other public facilities, a municipal court, community development and planning, building permit and inspection activities, economic development, water, water reclamation and stormwater infrastructure construction and operations. The City also operates an airport, cemetery and downtown parking.

In addition to the above general government activities, the City has an urban renewal agency. The Bend Urban Renewal Agency (BURA) is a legally separate entity first established in 1984 to address redevelopment of the Central Bend Development Program Area Plan (the Downtown District), a 236 acre area of downtown Bend. The Downtown District was closed out in January 2012 following completion of that work. 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 at the category level with the exception of the General Fund and the Internal Service Fund which are appropriated by program. Budgeted expenditures may not legally be overspent at the appropriation level.

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 approves a resolution that adopts the budget and sets appropriations. A separate resolution is also adopted that authorizes the levying of property taxes. The adopted 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-tech and research and microbreweries. Over the last 16 years, Bend experienced a large influx of new residents drawn by the lifestyle. Population grew significantly as a result of this influx, growing more than 58% from 2000 to 2016 (52,800 in 2000 to 83,500 as of July 2016).

Between 2008 and 2011, the City and the rest of the nation experienced an economic recession. The City was hit particularly hard, largely due to the downturn in the housing market and related industries. During the recession, unemployment (seasonally adjusted) in the Bend MSA reached a high of 15.5% in June 2009 and home foreclosure activity was the highest in the state. Since then, the City has made significant improvement and diversification in its economy.

The region is seeing increases in the local housing market as well as rapidly increasing home prices, making affordable housing a significant challenge for home buyers in the area. Rental vacancy rates continue to be approximately 1.04% as of August 2016 (Economic Development for Central Oregon, EDCO) significantly lower than the national average of 6.7%, and home prices have increased approximately 18% during the same period. In fiscal year 2015-16, City staff processed 1,400 new residential permit applications compared to 1,192 in the prior fiscal year.

Central Oregon's commercial real estate market is also seeing positive trends. According to EDCO's 2016 Central Oregon Profile, retail and office sectors are experiencing strong growth and low vacancy rates. Absorption of Bend's 2.48 million square feet of office space has picked up, with the current vacancy rate at 6.26%. Building space in Bend, often driven by high-demand areas such as the Old Mill and downtown, has a very low vacancy rate, currently around 4.7% for retail space. Activity in the industrial market has also been strong with a vacancy rate of 3.36% as of the first quarter 2016. Building activity is steadily increasing throughout Central Oregon and the number of building permits issued for new commercial construction, remodels, additions, and repurposing is increasing rapidly. Construction prices are also on the increase and rents, particularly for newer properties, are climbing. Comparable national vacancy rates are higher with office, retail and industrial rates at approximately 13%, 8% and 8.7%, respectively according to CBRE Group, Inc. research.

Unemployment improved from 6.2% as of June 2015 to 4.4% as of December 2016 (Bureau of Labor and Statistics) and according to the Oregon Employment Division, Bend has reached the "natural" rate of unemployment in the City, an economic condition known as full employment. Sectors with the largest employment numbers in Bend include healthcare, tourism-focused businesses, local city and county government, the school district, and large retailers. Some of the key growing traded-sector industries in Bend include: bioscience, aviation and aerospace, outdoor recreation equipment and apparel, software, specialty manufacturing, corporate administrative and back office centers, and brewing and distilling.

In Milken Institutes 2016 Best-Performing Cities report, Bend-Redmond ranked the best-performing small city in the U.S. up from eighth place last year. The area improved in seven of the nine indicators including ranking first in job growth from 2014 to 2015 and its job growth indicators for one- and five-year changes outpaced national averages, at 4.5 percent and 11.1 percent, respectively. The report stated that Bend-Redmond has been able to continually diversify its economy, with seven high-tech industries concentrated in the metro. The central Oregon economy is vibrant and has been able to diversify its economic base with new waves of innovation.

With the economic recovery described above, the area is seeing significant growth and the City has hired additional staff to meet the growing workload. Staffing reached pre-recession levels last fiscal year and continued to grow in fiscal year 2015-16 from a low of approximately 440 FTE in 2010 to 601 FTE at June 30, 2016. The greatest staffing increases have been in the public safety, building, planning, and engineering departments.

Long-Term Financial Planning

The City updates its twenty year utility rate models for water, water reclamation and stormwater annually. During fiscal year 2014-15 the Council adopted a new water and water reclamation rate structure that went into effect July 1, 2015. The goal of the new rate structure was to incentivize water conservation by rewarding those who use less and to more equitably distribute the cost of running drinking water and sewer systems based on use. In addition, water and water reclamation rates increased by 3% and 4% respectively in 2015-16. These increases are needed to help finance construction of new and replacement water and sewer infrastructure.

The City maintains Capital Improvement Program (CIP) that identifies infrastructure improvement projects within a 5-year time period which are necessary to enhance service levels, fix existing deficiencies, and provide for future growth. The 5-year CIP is updated annually along with the biennial budget and is coordinated with other

departments within the City, various committees, and stakeholders. The City continues to refine its CIP process as a means to enhance both financial planning and management decisions. A number of CIP projects were identified for funding during the 2015-2017 biennium. These include complex, multi-year projects involving improvements to water, water reclamation, stormwater and transportation infrastructure.

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 and discuss funding issues to ensure the long term financial stability of the City. It also reviews and updates its fiscal policy and investment policy at least annually and updates it as needed with Council approval.

Debt Issuances

In fiscal year 2015-16 the City entered into three Clean Water State Revolving Fund Loans (CWSRF) through the Oregon Department of Environmental Quality (DEQ) totaling \$62.7 million. These loans will be used for:

- improvements to the wastewater treatment system, Secondary Expansion Project for up to \$21 million in addition to \$18.8 million previously awarded for this project;
- the Southeast Interceptor project for \$28.1 million with an additional \$63 million authorized if needed for this project at the same loan terms; and,
- design and construction of the Colorado lift station and force main for \$13.6 million.

These loans all offered low interest rates of 1.93%, 1% and 2% respectively.

In October of fiscal year 2016-17, the City also entered into additional CWSRF loans for the North Area Force Main project for \$7.9 million and the Plant Interceptor project for \$5.5 million. These DEQ loans provide the funding needed for improvements to critical water reclamation infrastructure.

In addition, the City issued Water Revenue Bonds in July 2016 and Full Faith and Credit and Refunding Bonds in December 2016. Proceeds from the water revenue bonds were used to currently refund the City's \$30 million water system interim financing note, series 2015 and the balance of the 2009 Safe Drinking Water Loan for \$2.4 million. The remaining revenue bond proceeds were used to finance the costs of additions, replacements, expansions and improvements to the City's water system infrastructure. These bonds will be paid with water system revenues.

The Full Faith and Credit and Refunding Bonds issued in December 2016 were used to acquire property adjacent to City Hall, reimburse the City for the acquisition of property adjacent to the Utilities campus, reimburse costs associated with the acquisition of ambulances and public safety equipment, and refund outstanding 2006 and 2008 obligations.

Major Initiatives

In 2015-16 the City Council's top goals and priorities included improving the transportation system, managing growth, neighborhood livability, economic health and diversification and protecting natural resources to sustain Bend's quality of life. With several new Council members taking office in January 2017, priorities may change in the upcoming goal setting sessions. 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 as well as achieve the Council's goals and vision for the future. The following is a description of the City's major projects and initiatives currently underway.

Urban Growth Boundary (UGB) – The City has been working with a team of planning experts and advisors to address requirements of a “Remand” of the City's previously proposed UGB expansion. The City recently completed a two-year process addressing a variety of specific technical issues and planning requirements established by the Oregon Land Conservation and Development Commission (LCDC) in the Remand. In June 2015, the Bend Urban Growth Boundary Steering Committee (USC) approved three UGB expansion scenarios that were evaluated based on the State of Oregon's Land Use Planning requirements including: Efficient accommodation of identified land needs, orderly and economic provision of public facilities and services,

comparative environmental, social, economic and energy consequences, and compatibility of proposed urban uses with nearby agricultural and forest activities occurring on farm and forest land outside the UGB. The project included extensive community outreach and involvement including thousands of citizens, and more than 70 public hearings over a five year period and resulted in the public having input on all of the work products and process used to evaluate potential areas for UGB expansion. The proposal approved by the City Council and the Deschutes County Board of Commissioners included a UGB expansion of 2,380 acres in size, of which 1,142 acres are for residential land (including schools and parks), 815 acres for employment, 285 acres for public facilities in district ownership, and 138 acres in existing rights of way. The proposal was approved by the LCDC in December 2016. Plans are underway to prioritize and implement the vision outlined in this plan.

Transportation Funding – Many of the City’s roads are in need of repair brought on by years of inadequate street construction standards, rural to urban roads, deferred maintenance and significant increases in material costs. In 2015, the City created a Street Maintenance Funding Committee tasked with providing recommendations to Council on street maintenance funding solutions. The committee expressed a preference for a fuel tax, and Council adopted a resolution to put a \$0.05 fuel tax on the ballot in 2016. The ballot measure was rejected by voters in a March 2016 special election. In December 2015, the City Council adopted a resolution readopting the City’s Fiscal Policies which included changes to allow 75% of the franchise fee revenues that are currently recorded in the General Fund be to be recorded directly in the Transportation Operations Fund beginning in fiscal year 2017-18. Reallocating these revenues replaces an annual subsidy from the General Fund and provides more certainty in the amount of support from the City for street maintenance and preservation.

Multi-Modal Transportation System Improvements – The City has developed a program of projects to enhance alternative modes of transportation, accessibility and safety for bicycles and pedestrians. Several of these projects are currently under design or construction and are scheduled to be completed in 2017 or 2018. Projects include South Third Street Pedestrian Improvements, Citywide Accessibility and Safety Improvements, Neff and Purcell Sidewalks, and Future Accessibility and Sidewalk Improvements yet to be determined. Other projects include NW 14th Street and NW Galveston Avenue reconstruction, which are currently under design.

Transportation Infrastructure Improvements – In July 2016 the Murphy Road and Parrell Road Roundabout was completed, which is the final phase of the Murphy extension project that increases vehicle and pedestrian safety at one of the highest crash rate intersections in the City. Scoping and preliminary design are underway for the NW 14th Street corridor, which is the final part of the City’s Transportation General Obligation Bond program. Planning and design efforts are currently underway for various accessibility, bicycle/pedestrian, and safety project throughout the City. Finally, construction is underway on the South 3rd Street sidewalk and accessibility improvement project.

Bridge Creek Intake, Pipeline, and Water Treatment Project – 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, known as the LT2 rule. During fiscal year 2015-16, the City completed construction on the Bridge Creek Intake Structure, Pipeline, and Water Treatment Project which replaced an aging intake facility, two aging pipelines of ten miles each that transport water from its surface water source to the City’s Outback site, and completed installation of a new water treatment system at the Outback site.

Secondary Treatment Expansion Project – The City completed construction of the initial phase of the Secondary Treatment Expansion Project which provides additional treatment capacity at the Water Reclamation Facility (WRF). The on-going project supports residents, businesses, and industry by increasing treatment plant capacity from the current 6 million gallons per day to 8.5 million gallons per day. Scoping is currently underway to complete design and construction for additional WRF improvements including retro-fit of existing aeration basins, yard piping, and final treatment improvements. Future plans include headworks, and solids handling improvements.

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 has updated its Collection System Master Plan (CSMP), which includes various projects to address both short and long term sewer solutions. The

Colorado Pump Station/Force Main projects were substantially complete in January 2017. The Valhalla Odor Control and Sewer Relocation project construction was substantially complete in November 2016. The South East Interceptor is currently under construction and is scheduled to be substantially complete by the first quarter of 2018. Design has been completed for the North Area Capacity Improvements and construction is scheduled to be completed by the end of 2017. The Existing Plant Interceptor Rehabilitation project is in the preliminary design stages. Design is scheduled to be completed by November 2017 and construction is scheduled to be completed in 2018.

Airport Development – The County approved the first of two land use actions necessary for the adoption of the Airport Master Plan in the fall of 2016. The second is expected to be submitted this spring. Approval of the second submittal will complete the County approval process for the Airport Master Plan. Adoption of this plan allows us to continue our work with the Federal Aviation Administration (FAA) and the County to meet the operational and safety needs of pilots, lease tenants and businesses at the Bend Municipal Airport. In addition, the Airport completed a flight pattern change in 2016 to improve safety.

The City will begin construction on the helicopter operations area during fiscal year 2016-17 primarily funded by the FAA and ConnectOregon VI administered by Oregon Department of Transportation (ODOT). Construction is expected to continue through the end of calendar year 2017. The Wildlife Hazard Assessment is nearly finished and on schedule to be complete in the summer of 2017. Construction of the West Apron is not yet awarded. The contract will be award in summer/fall of 2017 and the construction will begin in the fall.

Accessibility Program – The City is dedicated to improving accessibility for citizens and visitors with disabilities by improving curb ramps, sidewalks, and other pedestrian facilities. The City also ensures the accessibility of City programs, services or activities as mandated by Title II of the Americans with Disabilities Act (ADA). The City strives to have all significant infrastructure projects consider and improve pedestrian access where required. The Accessibility Program continually develops and funds projects throughout the City that include installation and rehabilitation of sidewalks, ADA compliant curb ramps, and other ADA compliant pedestrian features.

Transit Expansion – The City transferred operations of a fixed route and on demand transit system to the Central Oregon Intergovernmental Council (COIC) in 2010. In 2015, the fixed route system was expanded through a partnership with the City of Bend, Oregon State University-Cascades, Central Oregon Community College, and St. Charles Medical Center. Through this partnership, each of these organizations provided a three year funding commitment that resulted in the creation of two additional routes, extended hours and more frequent service. Additionally, the City extended its intergovernmental agreement with COIC to cover this additional 3-year commitment, with the ultimate need and goal of establishing a more sustainable funding source for transit in Bend and in the Central Oregon region. This work includes coordination efforts needed for COIC to potentially become a property tax levying organization.

Affordable Housing – The City Council approved a number of actions and additional tools to increase the supply of affordable housing in Bend. Bend is one of the few cities in Oregon that has an affordable housing fee and therefore allocates more local revenue to affordable housing projects than any other city in the state. Recent actions include allocation of funds to build housing units, expedited review and permitting for affordable housing projects and low income rental housing property tax exemptions. New tools introduced during fiscal year 2015-16 included System Development Charge (SDC) exemptions for affordable housing projects, identification and use of surplus properties for affordable housing and changes to the City's development code to allow for the development of additional accessory dwelling units (ADUs) in more residential neighborhoods.

Enterprise Resource Planning (ERP) – The City is in the midst of an ERP replacement project to replace the current 26 year old system to a modern integrated ERP system to improve efficiency and effectiveness. The first module, Core Financials, had a successful go-live date of November 1, 2016. The remaining modules in process or to be implemented include Human Resources and Payroll, Work Orders, Licensing, Permitting, Inspections and Land Management, Municipal Court, General Billing and Accounts Receivable, Cash Receipting and Utility Billing. The entire project is expected to be completed by the end of the 2017-2019 biennium.

Parking Study – The City recently began a two-year Downtown Parking, Circulation, and Access Study to develop a parking plan for the downtown area, update citywide policies for future parking standards across all land uses and to complete a feasibility study for future parking strategies for the neighborhoods along Galveston Avenue and Century Drive. Final strategies are expected to be adopted by the City Council in late spring or early summer of 2017 and work towards implementing the recommendations in the following year.

Marijuana Business Licensing and Taxation – Following the legalization of recreational marijuana in the state of Oregon, the City Council established a Marijuana Technical Advisory Committee (MTAC) to act as a temporary committee to provide input to the Planning Commission and City Council regarding the reasonable time, place and manner for regulation of marijuana growing, processing and retailing. Based on recommendations from the MTAC the City created specific Development Code Regulations and a licensing program. The City also included a ballot measure on the November 2016 election to include a 3% local tax on recreational marijuana sales. The ballot measure was passed by the voters and the 3% tax went into effect January 1, 2017. The City entered into an Intergovernmental Agreement with the State of Oregon Department of Revenue (DOR) to allow the DOR to collect the tax on the City's behalf.

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, 2016. 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 (CAFR) for the fiscal year ended June 30, 2015. 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 23 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 has also received the Distinguished Budget Presentation Award for every budget document from the GFOA since 1998. 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 Heidi Faller, Dillon Jenkins, Rose Schaefer, and Brooks Slyter 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,


Sharon Wojda
Finance Director


Eric King
City Manager

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Government Finance Officers Association

**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, 2015

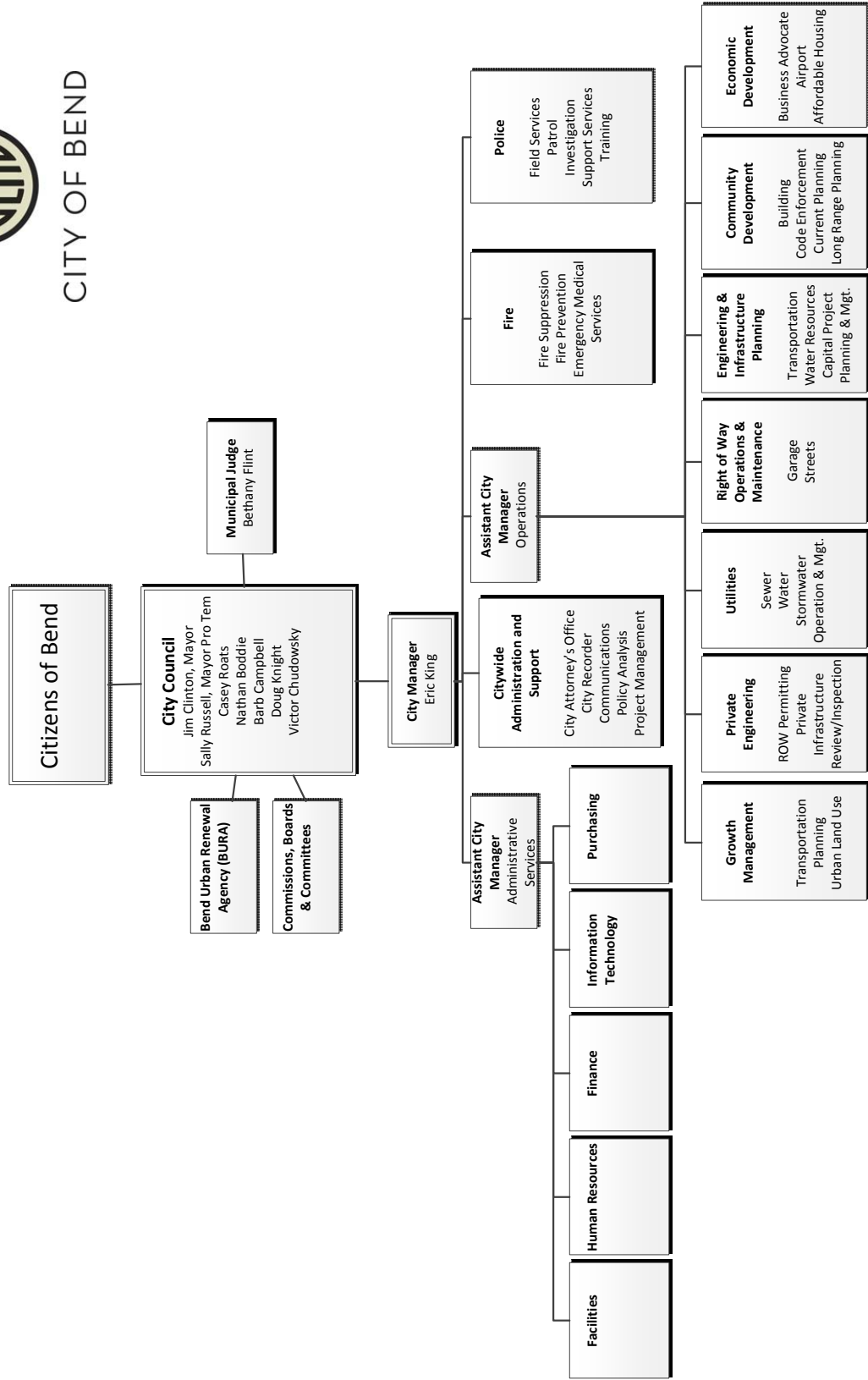
Executive Director/CEO

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Organization Chart



CITY OF BEND



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THE CITY OF BEND, OREGON

City Officials as of June 30, 2016

Mayor

Jim Clinton

Mayor Pro-Tem

Sally Russell

Council Members

Term Expiration

Barb Campbell

December 2018

Victor Chudowsky

December 2016

Doug Knight

December 2016

Casey Roats

December 2018

Nathan Boddie

December 2018

City Manager

Eric King

Finance Director

Sharon Wojda

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, OR 97035

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

An independently owned member
RSM US Alliance



RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Honorable Mayor and City Council
City of Bend, Oregon
Page 2

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Funding Progress and Employer Contributions, Schedule of the City's Proportionate Share of Net Pension (Asset)/Liability, Schedule of the City's Pension Plan Contributions, and Notes to Required Supplementary Information, 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 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.

Accounting principles generally accepted in the United States require that the budgetary comparison information for the General Fund and major special revenue funds, as listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not 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. The required budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as whole.

Other Information

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 Other Supplementary Information and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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. The Other Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Honorable Mayor and City Council
City of Bend, Oregon
Page 3

OTHER MATTERS (Continued)

Other Information (Continued)

The Introductory section, Other Financial Schedules, and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

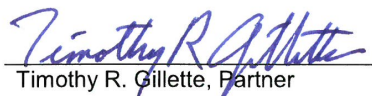
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated March 20, 2017, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

TALBOT, KORVOLA & WARWICK, LLP

By: 

Timothy R. Gillette, Partner

Lake Oswego, Oregon
March 20, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

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, 2016. 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 and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year by \$899.7 million (net position). As shown on Table 1-A, \$55.5 million is unrestricted and may be used to meet the City's ongoing obligations and pay for daily operations.
- The City's total net position increased by \$33.1 million from fiscal year 2014-15 consisting of an increase of \$5.4 million in the net position of governmental activities, and an increase in net position of the business-type activities of \$27.7 million.
- The City's liabilities and deferred inflows totaled \$249.6 million at fiscal year-end. This increase of \$24.7 million from the prior year is due mainly to an increase in long term debt of \$14.1 million, and an increase of \$21.6 million in net pension obligation, as discussed in the Analysis of Net Position section.
- The City's governmental funds reported combined ending fund balances of \$85.3 million, an increase of \$11.1 million, in comparison to fiscal year 2014-15. Of the combined ending governmental fund balances, \$36.4 million, or 42.7%, is available for spending at the City's discretion subject to Council approved policies (assigned and unassigned fund balances).
- The unassigned fund balance for the General Fund was \$9.4 million or 37.1% of total General Fund expenditures.

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, and Other Post Employment Benefit Plan and Oregon Public Employee Retirement Pension Plan Schedules.
 - 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements (Continued)

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 compliance section.

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

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 Position includes all assets (including infrastructure), and deferred inflows of the City as well as all liabilities (including long-term debt), and deferred outflows. Net Position is the difference between assets and deferred inflows and liabilities and deferred outflows, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position 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).

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.
- *Community and economic development* – includes the City's community development, building inspection, planning, growth management, community development block grant, affordable housing, tourist promotion, and economic improvement district activities.
- *Permanent Maintenance* – includes the City's cemetery permanent maintenance collections.
- *Urban renewal* – consists of the activities of the Bend Urban Renewal Agency.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements (Continued)

1. Government-wide Financial Statements (Continued)

Business-type activities include the following:

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

The government-wide financial statements can be found on pages 19 - 21 of this report.

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental Funds are used for essentially the same functions as governmental activities in the government-wide financial statements. Governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. They are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term funding decisions.

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 position reported on the government-wide Statement of Net Position, 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 position reported in the government-wide Statement of Activities.

The City has 27 governmental funds. The governmental fund statements present six major funds separately: General Fund, Transportation Operations Fund, Fire/Emergency Medical Services Fund, System Development Charges (SDC) Fund, the Community Development Block Grant Fund, and the Transportation Construction Fund. The other 21 nonmajor funds are combined and presented in a single column as nonmajor governmental funds.

The basic governmental fund financial statements can be found on pages 22 - 31 of this report.

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.

The basic proprietary fund financial statements can be found on pages 32 - 36 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements (Continued)

2. Fund Financial Statements (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 the costs of the City's central services to all operating departments. 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, and 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. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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's only fiduciary fund is to collect and pass-through park system development charges (SDC's) for Bend Parks and Recreation District, and state assessments for building permits. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 37 of this report.

3. Notes to the Basic Financial Statements

The notes to the basic financial statements 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, liabilities, and deferred inflows/outflows are included in the notes, which should be read in conjunction with the basic financial statements. The notes to the financial statements can be found on pages 38 - 68 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Analysis of Net Position

As previously mentioned, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$899.7 million at June 30, 2016, an increase of \$33.1 million from the prior year. The following is a condensed statement of net position and an analysis of the change in the City's financial position from the previous year.

Table 1-A
Net Position as of June 30th
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 119.9	\$ 114.3	\$ 64.1	\$ 63.1	\$ 184.0	\$ 177.4
Capital assets	523.0	518.2	436.3	392.2	959.3	910.4
Total assets	<u>642.9</u>	<u>632.5</u>	<u>500.4</u>	<u>455.3</u>	<u>1,143.3</u>	<u>1,087.8</u>
Deferred outflows of resources from pensions	5.3	3.2	0.9	0.5	6.2	3.7
Total deferred outflows of resources	<u>5.3</u>	<u>3.2</u>	<u>0.9</u>	<u>0.5</u>	<u>6.2</u>	<u>3.7</u>
Long-term debt	67.0	69.3	114.8	98.4	181.8	167.7
Non-current liabilities	46.3	26.8	16.7	13.9	63.0	40.7
Total liabilities	<u>113.3</u>	<u>96.1</u>	<u>131.5</u>	<u>112.3</u>	<u>244.8</u>	<u>208.4</u>
Deferred inflows of resources from pensions	4.1	14.1	0.7	2.4	4.8	16.5
Total deferred inflows of resources	<u>4.1</u>	<u>14.1</u>	<u>0.7</u>	<u>2.4</u>	<u>4.8</u>	<u>16.5</u>
Net position						
Net investment in capital assets	476.8	477.8	321.5	293.8	798.3	771.6
Restricted	42.4	29.3	3.5	1.7	46.0	31.0
Unrestricted	11.6	18.4	43.8	45.7	55.5	64.0
Total net position	<u>\$ 530.9</u>	<u>\$ 525.5</u>	<u>\$ 368.8</u>	<u>\$ 341.2</u>	<u>\$ 899.7</u>	<u>\$ 866.6</u>

Actual amounts may vary due to rounding

Capital assets increased \$48.9 million as a result of extensive work on the City's water and water reclamation infrastructure as discussed on page 16. Included in Current and other assets above, restricted and unrestricted cash and investments increased \$9.6 million in large part due to increased revenues from street system development charges that were unspent at year end. Non-current liabilities had a \$3.3 million increase in due from other governments due to the timing of reimbursement requests from the State of Oregon related to the Department of Environmental Quality loans.

In the spring of 2015, an Oregon Supreme Court decision overturned the vast majority of legislative pension system cost saving provisions. The result in the City's updated actuarial report was the elimination of the net pension asset of \$8.5 million, and replacement with a net pension liability of \$21.6 million. In addition, total deferred inflows decreased \$11.7 million related to pensions. Long-term debt increased by \$14.1 million as discussed in further detail in the debt administration section on pages 16 - 17.

The majority of the net position, (88.7%), is invested in capital assets (land, buildings, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Analysis of Changes in Net Position

The following is a comparison between the June 30, 2016 and 2015 Statement of Activities.

Table 2-A
Changes in Net Position for the Year Ended June 30th
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 28.7	\$ 25.6	\$ 45.5	\$ 42.5	\$ 74.2	\$ 68.1
Operating grants and contributions	13.3	12.0	-	-	13.3	12.0
Capital grants and contributions	27.3	15.7	11.0	6.6	38.3	22.2
General revenues:						
Taxes	39.9	36.6	-	-	39.9	36.6
Franchise fees	8.3	7.8	-	-	8.3	7.8
Unrestricted investment income	1.1	0.6	0.5	0.2	1.6	0.8
Total revenues	118.6	98.3	56.8	49.3	175.6	147.5
Expenses						
Governmental Activities:						
General government	23.0	17.2	-	-	23.0	17.2
Public safety	44.4	26.3	-	-	44.4	26.3
Public ways and facilities	20.7	19.6	-	-	20.7	19.6
Community and economic development	14.2	7.2	-	-	14.2	7.2
Permanent maintenance	- *	- *	-	-	-	-
Urban renewal	- *	- *	-	-	-	-
Interest on long-term debt	2.2	2.2	-	-	2.2	2.2
Business-type activities:						
Water	-	-	14.9	12.8	14.9	12.8
Water reclamation	-	-	17.2	13.2	17.2	13.2
Airport	-	-	1.4	1.3	1.4	1.3
Cemetery	-	-	0.1	0.1	0.1	0.1
Downtown parking	-	-	1.1	0.9	1.1	0.9
Stormwater	-	-	3.3	2.7	3.3	2.7
Total expenses	104.5	72.5	37.9	31.0	142.5	103.5
Revenues over expenses	14.1	25.8	19.0	18.3	33.1	44.0
Transfers	(8.8)	(6.1)	8.8	6.1	-	-
Change in net position	5.3	19.7	27.7	24.4	33.1	44.0
Net position, beginning	525.5	506.0	341.1	316.7	866.6	822.7
Net position, ending	<u>\$ 530.9</u>	<u>\$ 525.5</u>	<u>\$ 368.8</u>	<u>\$ 341.1</u>	<u>\$ 899.7</u>	<u>\$ 866.6</u>

* Actual amount is too small to report

Governmental Activities

Governmental activities increased the City's net position by \$5.4 million for the year ended June 30, 2016. Key elements of the increase are as follows:

- Program revenues increased by \$16.0 million. This is mainly due to increased charges for services and capital grants and contributions. Charges for services increased \$3.1 million due to increased building permit charges

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

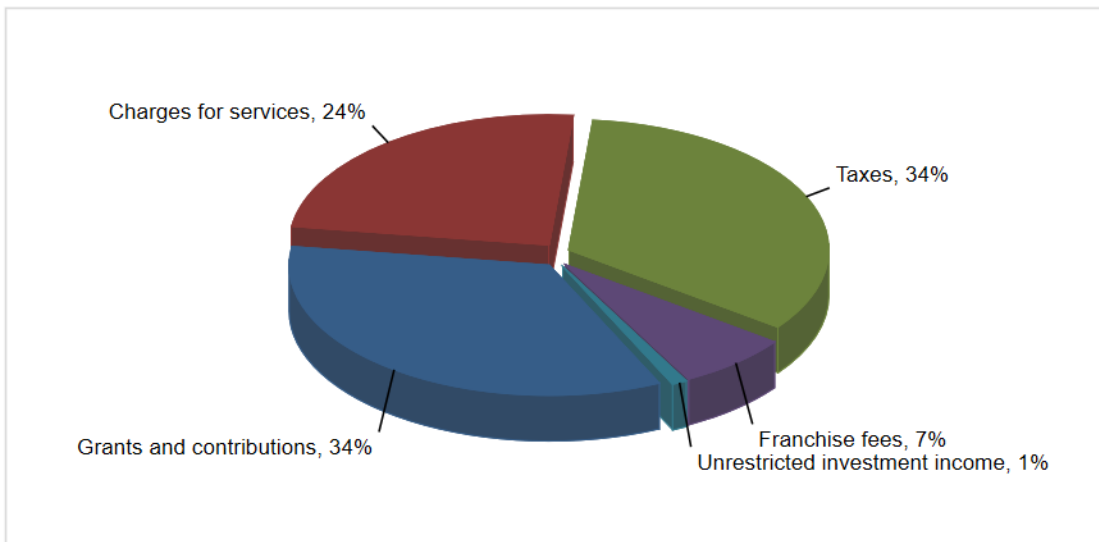
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

and planning fees. Capital and operating grants and contributions increased \$12.9 million due mainly to an increase in public ways and facilities. The public ways and facilities increase is caused, in part, by increased contributions from developers and SDC's collected. Developer contributions arise when a developer, working with the City's Private Development Engineering Department, installs agreed upon infrastructure to mitigate the impact the development will have on the existing area and then contributes those assets to the City.

- Taxes, franchise fees, and investment income increased \$4.3 million. In June 2015, the transient room tax rate increased 0.4%. This rate increase, in conjunction with high levels of nightly rentals, resulted in \$1.5 million of revenue growth.
- Governmental expenses increased by \$32.0 million mainly due to across the board increases in general government, public safety, public ways and facilities, community and economic development, and urban renewal, due primarily to increased pension expenses as a result of the Oregon Supreme Court decision, as previously discussed.

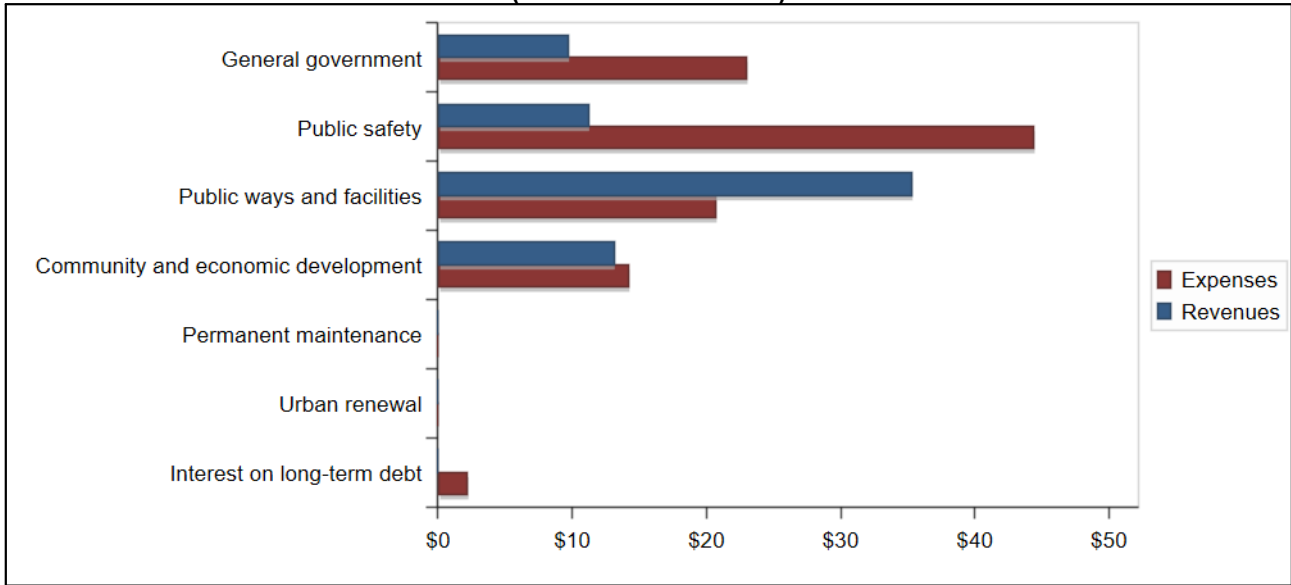
GOVERNMENTAL REVENUES BY TYPE



MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

GOVERNMENTAL ACTIVITIES PROGRAM REVENUES AND EXPENSES
(in millions of dollars)



* The actual amount for Permanent maintenance and Urban Renewal is too small to report

The chart above compares the revenues, not including any subsidies from the general fund, and expenses 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.

General government activities include central services such as garage, information technology, facility management, engineering, public works administration, public works laboratory, insurance, administration and financial services, and legal and risk management. These programs generate some external revenues but are primarily funded from charges to the city functions they support.

The Public Safety function (police, fire, and emergency services) generates program revenues as well, but property taxes and state shared revenues fund the majority of its costs.

Public Ways and Facilities are funded with intergovernmental revenues (primarily state gas taxes), developer contributions, SDC's, grant revenue, and franchise fees.

Community and Economic Development programs are funded with Federal Housing and Urban Development Department grant revenues, loan repayments, charges for building permits, and development planning and inspections fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

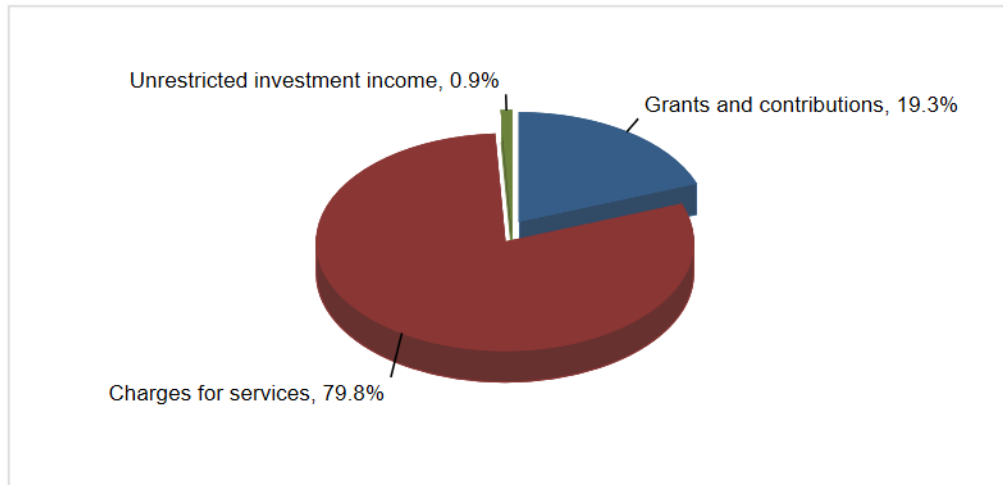
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-type Activities

As shown in Table 2-A, total revenues from business-type activities increased by \$7.5 million from the prior year. Increases in charges for services of \$3.0 million are due to higher water reclamation rates (4.0%) and water rates (3.0%). Capital grants and contributions increased by \$4.4 million primarily from developer contributions as discussed in the Governmental Activities section.

Business-type expenses increased overall by \$6.9 million due to increases in all activities. The largest increase stems from increased expenses in the Water Reclamation Fund related to sewer system construction. In addition, all activities had increased pension expenses related to the Oregon Supreme Court decision, as previously discussed.

BUSINESS-TYPE ACTIVITIES REVENUES BY TYPE



As shown in the pie chart above, charges for services accounted for 79.8% of total business-type revenue in fiscal year 2015-16 compared to 86.2% in fiscal year 2014-15. This shift resulted from an increase in capital grants and contributions of \$4.4 million primarily from increased contributions of water and water reclamation infrastructure.

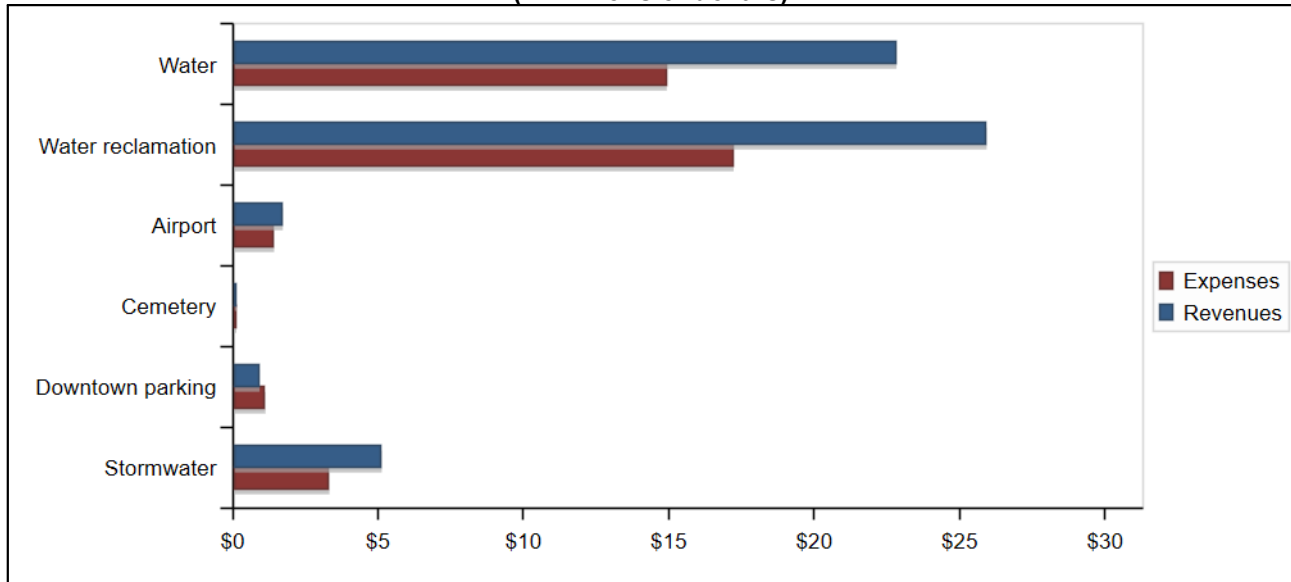
Business-type activities are self-supporting and revenues are expected to cover expenses. The following chart shows the sufficiency of revenues generated to cover expenses for each type of business activity.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Business-type Activities (Continued)

BUSINESS-TYPE ACTIVITIES REVENUES AND EXPENSES (in millions of dollars)



The graph above shows that revenues for water and water reclamation operations are significantly higher than their respective direct expenses because water and water reclamation rates have been increased to generate revenues for infrastructure spending and stabilize rate adjustments over the next five years, and developer contributed assets are recognized as contribution revenue. 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 Position. 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. Stormwater operations are funded by a monthly customer fee 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, unassigned 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 fiscal year, the City's governmental funds had combined ending fund balances of \$85.3 million which is an increase of \$11.1 million from the prior fiscal year. This increase is due mainly to the increased program revenues for system development charges, and increased tax revenues.

Of the combined ending fund balance of \$85.3 million, \$5.2 million was nonspendable related to the assets held for resale and the Cemetery Permanent Maintenance Fund; \$22.6 million was restricted by creditors, grantors or by law; \$21.2 million was committed to specific purposes through City Council adopted resolution or ordinance; \$27.3 million was assigned by intent of the City to a specific purpose; and \$9.0 million 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 \$9.4 million, down \$1.4 million (13.0%) from the previous year. The unassigned

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FUND ANALYSIS (Continued)

Governmental Funds (Continued)

fund balance represents 43.5% of total General Fund requirements.

The other major governmental funds are the Transportation Operations Fund, Fire/Emergency Medical Services (EMS) Fund, System Development Charges (SDC) Fund, the Community Development Block Grant (CDBG) Fund, and the Transportation Construction Fund. The Transportation Operation Fund's ending fund balance increased by \$3.4 million due primarily to subsidies from the General Fund to prepare for the upcoming summer road maintenance season. The Fire/EMS Fund's ending fund balance increased by \$0.5 million due to increased revenue from charges for services. The SDC Fund's ending fund balance increased by \$5.3 million due to increased SDC fees being collected from developers for new construction. The CDBG fund balance decreased by \$0.3 million due to increased payments to loan recipients. The Transportation Construction Fund's ending fund balance increased by \$1.1. Transportation Construction Fund projects and other eligible expenses are funded by SDC's, resulting in other revenue received continuing to increase fund balance.

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. The City's two major proprietary funds are the Water Fund, and the Water Reclamation Fund.

The unrestricted net position of the Water Fund at the end of the year amounted to \$4.5 million, a reduction of \$(6.3) million. In the Water Fund, the net investment in capital assets increased due to an increase in capital assets constructed, thereby decreasing the unrestricted fund balance. System development charges generated \$3.8 million of revenue and developer contributed infrastructure totaled \$4.0 million.

In the Water Reclamation Fund, the unrestricted net position at the end of the year amounted to \$33.7 million, an increase of \$4.2 million. In the Water Reclamation Fund, the increase can be attributed to charges for services. In addition, system development charges generated \$6.3 million of revenue and developer contributed infrastructure totaled \$4.4 million.

System development charges are received in the System Development Charges Fund (a major 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 31.0% and 103.2% respectively in fiscal year 2015-16 over fiscal year 2014-15.

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

Original budget compared to final budget

The budgetary statement for the General Fund, which is located on page 69, shows the original budget, final budget, actual revenues and expenditures, and transfers in and out for the fiscal year ended June 30, 2016. During the 2015-17 biennial budget, General Fund budgeted resources were increased by \$1.0 million for additional beginning working capital, additional property tax collections, increased transient room tax collections due to a rate increase and increased tourism activity, and an increase in interfund transfer revenue from the Internal Service Fund for personnel support related to the implementation of the enterprise resource planning software. Budgeted expenditures were increased by \$2.5 million for increased transfers to the Fire/EMS Fund based on contractual obligations with the Deschutes County Rural Fire Protection District #2, and a reduction in contingency to provide for the increase in interfund transfers to the Transportation Operations Fund.

There were no revenue or expense categories in the General Fund which exceeded the biennial budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSETS

As of June 30, 2016 the City had invested \$959.4 million in capital assets, net of depreciation, as reflected in the following table. This represents a net increase (additions, disposals and depreciation) of \$48.9 million. Governmental capital assets totaled \$523.1 million while business-type capital assets totaled \$436.3 million.

Capital Assets as of June 30th (in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land including right-of-way	\$ 148.2	\$ 152.9	\$ 7.0	\$ 7.0	\$ 155.2	\$ 159.9
Land use rights	-	-	1.4	1.4	1.4	1.4
Works of art	0.7	0.7	-	-	0.7	0.7
Buildings and improvements	14.8	15.7	16.7	17.2	31.5	32.9
Infrastructure	325.0	324.6	240.4	235.3	565.4	559.9
Equipment	3.2	2.7	2.5	2.3	5.7	5.0
Vehicles	6.8	3.6	0.9	0.8	7.7	4.4
Software	0.1	0.2	-	0.1	0.1	0.3
Construction in progress	24.3	17.8	167.4	128.2	191.7	146.0
	<u>\$ 523.1</u>	<u>\$ 518.2</u>	<u>\$ 436.3</u>	<u>\$ 392.3</u>	<u>\$ 959.4</u>	<u>\$ 910.5</u>

Major construction projects affecting capital assets for fiscal year 2015-16 are as follows:

- Street Construction - Construction of various street improvements added \$11.8 million to capital assets. The majority of these costs were related to the construction of Reed Market Road. Developer constructed infrastructure contributed to the City totaled \$7.9 million in the current year.
- Water Improvements - Improvements to the City's water system added \$20.2 million to capital assets. Projects included the major upgrade in water meter infrastructure of \$1.2 million, and improvements to the Bridge Creek Pipeline and Treatment project of \$14.5 million. Developer constructed infrastructure contributed to the City totaled \$4.0 million in the current year.
- Water Reclamation Improvements - Improvements to the water reclamation system added \$28.0 million to capital assets. Major projects included construction work on the Colorado Lift Station of \$7.9 million, work on the Secondary Expansion of \$3.5 million, and work on the Southeast Interceptor of \$10.8 million. Developer constructed infrastructure contributed to the City totaled \$4.3 million.
- Stormwater Improvements - Improvements to the City's stormwater system added \$2.1 million to capital assets. This included continued work on various stormwater improvement projects of \$0.2 million. Developer constructed infrastructure contributed to the City totaled \$1.9 million in the current year.

Please refer to Note 5 on page 49 of the basic financial statements for further detailed information on capital assets.

DEBT ADMINISTRATION

As of June 30, 2016, the City had \$181.9 million in long-term debt and unamortized premiums and discounts, an increase of \$14.2 million from the prior year. The City has an unamortized balance of premiums and discounts on long-term debt issuances of \$1.9 million that are amortized over the life of the associated debt. Debt outstanding by type at year-end is as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

DEBT ADMINISTRATION (Continued)

Outstanding Debt as of June 30th (in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Full faith & credit obligations	\$ 64.0	\$ 67.1	\$ 13.9	\$ 14.9	\$ 77.9	\$ 82.0
Revenue bonds	-	-	7.4	11.5	7.4	11.5
Notes payable	-	-	63.4	41.8	63.4	41.8
Line of credit	1.3	0.4	30.0	30.0	31.3	30.4
	<u>65.3</u>	<u>67.5</u>	<u>114.7</u>	<u>98.2</u>	<u>180.0</u>	<u>165.7</u>
Unamortized premiums & discounts	1.7	1.8	0.2	0.2	1.9	2.0
Total Outstanding Debt	<u>\$ 67.0</u>	<u>\$ 69.3</u>	<u>\$ 114.9</u>	<u>\$ 98.4</u>	<u>\$ 181.9</u>	<u>\$ 167.7</u>

The significant changes in long-term debt include the drawdown of \$22.0 million of notes payable from the State of Oregon Department of Environmental Quality to fund construction on the water reclamation system, and the drawdown of \$2.9 million to finance the purchase of fire engines. This increase was offset by \$11.6 million in scheduled principal payments.

Debt Limitation Ratings

Oregon Revised Status 287A.050 provides a limit on general obligation bonded indebtedness in excess of 3% of the real market value of all taxable property within the City. Based on the fiscal year 2015-16 value, the City's debt limitation is \$431.5 million. The City is well within its debt limitation with an amount of outstanding debt subject to this limitation of \$22.8 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.

Issue Type	Global Scale Rating
Unlimited Tax General Obligation Bonds	Aa2
Full Faith and Credit Obligations	Aa2
Sewer Revenue Bonds	Aa2
Water Revenue Bonds	Aa2

Please refer to Note 11 on pages 52-57 of the basic financial statements for further detailed information on long-term debt.

ECONOMIC FACTORS

The population of the City of Bend as of July 1, 2016, was 83,500, which is 47.3% of Deschutes County's population of 176,635. Between July 1, 2002 and July 1, 2016, Deschutes County population increased by 39.6%. With the growth in population, the City experienced significant building activity in both residential and commercial developments from 2002 through 2008 that dramatically fell off with the national housing market crisis. In 2012, the City began recovering from the impacts of the nationwide recession and neared pre-recession levels last year. In fiscal year 2015-16, the City continued to experience an increase in building activity and related revenues. Property values and property tax revenues also increased.

The City is dependent on property taxes, charges for services, and grants and contributions to support its operations. Property taxes make up approximately 18.2% 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 permanent tax rate for the City of Bend is \$2.8035 per \$1,000 of assessed value (AV) which

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS (Continued)

is one of the lowest in Oregon. In recent years, the gap between real market value and maximum assessed value has been increasing, with 94.6% of properties experiencing the 3% AV increase limit as allowed by Measure 50. The growth in AV for existing properties coupled with the significant increases in development activity resulted in an overall increase in AV of 7.1% during fiscal year 2015-16. Despite these increases, the low permanent tax rate will continue to present challenges in providing services at the current rate without additional sources of revenue.

In fiscal year 2015-16, charges for services made up approximately 42.3% of the City's total revenue sources. In June 2016, Council approved the 2016-17 fee resolution which included fee increases for many of the City's fee bases services. These increases were needed to cover the rising costs of providing these services.

The City's long-term twenty year utility rate models are updated on an annual basis. In fiscal year 2014-15, City Council adopted a new water and water reclamation rate structure that went into effect on July 1, 2015. The new rate structure incentivizes water conservation by rewarding those who use less and more equitably distributes the cost of running the drinking water and sewer systems based on use. Water and water reclamation rates also increased by 3.0% and 4.0%, respectively. These increases help finance construction of new and replacement infrastructure.

The city continues to face an imbalance between the service-delivery expectations of its residents and businesses and the human and financial resources available to provide those services.

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 Sharon Wojda, City of Bend Finance Director, at 710 NW Wall Street, Bend, Oregon 97703. The telephone number for the City's Finance Department is 541-388-5521.

BASIC FINANCIAL STATEMENTS

City of Bend, Oregon
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Pooled cash and investments	\$ 58,543,296	\$ 42,317,951	\$ 100,861,247
Receivables, net	6,804,050	6,759,392	13,563,442
Due from other governments	1,095,864	10,995,707	12,091,571
Restricted cash and investments	39,110,530	3,773,905	42,884,435
Other assets	109,332	74,889	184,221
Assessments receivable	15,158	74,266	89,424
Loans and notes receivable	9,684,153	9,069	9,693,222
Assets held for resale	4,554,943	-	4,554,943
Non-depreciable capital assets	173,230,983	175,669,823	348,900,806
Depreciable capital assets, net	349,827,797	260,602,387	610,430,184
Total Assets	642,976,106	500,277,389	1,143,253,495
<u>Deferred Outflows of Resources</u>			
Deferred outflows from pensions	5,263,114	928,787	6,191,901
Total Deferred Outflows of Resources	5,263,114	928,787	6,191,901
<u>Liabilities</u>			
Accounts payable	4,450,814	5,345,641	9,796,455
Accrued liabilities	6,463,636	6,297,725	12,761,361
Due to developers	524,457	-	524,457
Deposits	767,226	238,360	1,005,586
Unearned revenue	2,650	-	2,650
Net pension obligation	18,393,489	3,245,909	21,639,398
Other post-employment benefits payable	15,596,001	1,718,543	17,314,544
Long-term debt, net			
Portion due or payable within one year	5,090,217	31,931,330	37,021,547
Portion due or payable after one year	61,911,255	82,884,055	144,795,310
Total Liabilities	113,199,745	131,661,563	244,861,308
<u>Deferred Inflows of Resources</u>			
Deferred inflows from pensions	4,139,586	730,514	4,870,100
Total Deferred Inflows of Resources	4,139,586	730,514	4,870,100
<u>Net Position</u>			
Net investment in capital assets	476,816,696	321,456,825	798,273,521
Restricted for:			
Debt service	5,026,628	3,535,545	8,562,173
Capital projects	24,665,375	-	24,665,375
Building program	10,914,041	-	10,914,041
Tourism	549,524	-	549,524
Permanent maintenance	628,926	-	628,926
Urban renewal	362,267	-	362,267
Grant activity	304,149	-	304,149
Unrestricted	11,632,283	43,821,729	55,454,012
Total Net Position	\$ 530,899,889	\$ 368,814,099	\$ 899,713,988

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, 2016

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Direct Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Function/Programs							
Governmental Activities:							
General government	\$ 23,006,297	\$ 9,515,563	\$ 184,746	\$ -	\$ (13,305,988)	\$ -	\$ (13,305,988)
Public safety	44,350,359	4,864,601	6,323,734	-	(33,162,024)	-	(33,162,024)
Public ways and facilities	20,630,829	3,091,418	4,895,031	27,301,430	14,657,050	-	14,657,050
Community and economic development	14,247,947	11,192,233	1,945,565	-	(1,110,149)	-	(1,110,149)
Permanent maintenance	5,091	12,530	-	-	7,439	-	7,439
Urban renewal	40,305	-	-	-	(40,305)	-	(40,305)
Interest on long-term debt	2,163,741	-	-	-	(2,163,741)	-	(2,163,741)
Total Governmental Activities	104,444,569	28,676,345	13,349,076	27,301,430	(35,117,718)	-	(35,117,718)
Business-Type Activities:							
Water	14,889,031	18,707,520	-	4,021,616	-	7,840,105	7,840,105
Water reclamation	17,196,719	21,542,734	-	4,361,566	-	8,707,581	8,707,581
Airport	1,358,771	952,793	-	653,057	-	247,079	247,079
Cemetery	149,144	107,174	-	-	-	(41,970)	(41,970)
Downtown parking	1,090,663	918,942	-	-	-	(171,721)	(171,721)
Stormwater	3,255,518	3,228,136	-	1,879,247	-	1,851,865	1,851,865
Total Business-Type Activities	37,939,846	45,457,299	-	10,915,486	-	18,432,939	18,432,939
Total Activities	\$ 142,384,415	\$ 74,133,644	\$ 13,349,076	\$ 38,216,916	(35,117,718)	18,432,939	(16,684,779)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					28,785,453	-	28,785,453
Property taxes, levied for debt service					3,185,926	-	3,185,926
Transient room taxes					7,930,560	-	7,930,560
Franchise fees					8,279,861	-	8,279,861
Unrestricted investment income					1,117,840	453,206	1,571,046
Transfers					(8,821,270)	8,821,270	-
Total General Revenues and Transfers					40,478,370	9,274,476	49,752,846
Change in Net Position					5,360,652	27,707,415	33,068,067
Net Position, July 1, 2015					525,539,237	341,106,684	866,645,921
Net Position, June 30, 2016					<u>\$ 530,899,889</u>	<u>\$ 368,814,099</u>	<u>\$ 899,713,988</u>

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

City of Bend, Oregon
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund*	Transportation Operations Fund	Fire / Emergency Medical Services Fund	System Development Charges (SDC) Fund
Assets				
Pooled cash and investments	\$ 17,283,112	\$ 7,218,592	\$ 4,394,389	\$ -
Restricted cash and investments	157,642	28,790	-	11,377,796
Receivables:				
Property taxes	832,765	-	50,300	-
Accounts, net	3,352,442	75,287	1,246,570	203,695
Assessments receivable, net	-	-	-	-
Loans and notes receivable, net	639,656	-	-	1,041,744
Interest	326,019	-	-	-
Due from other funds	47,944	-	28,292	-
Due from other governments	597,729	426,291	-	-
Assets held for resale	4,554,943	-	-	-
Total Assets	\$ 27,792,252	\$ 7,748,960	\$ 5,719,551	\$ 12,623,235
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 1,759,297	\$ 1,047,618	\$ 213,568	\$ 4,928
Salaries and benefits payable	216,226	39,133	209,754	-
Retainage payable	-	18,935	-	-
Due to developers	-	-	-	524,457
Other accrued liabilities	837,899	-	-	-
Deposits - restricted	157,642	28,790	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	2,971,064	1,134,476	423,322	529,385
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	617,909	-	37,439	-
Unavailable revenue - ambulance billings	-	-	850,011	-
Unavailable revenue - assessments & loans receivable	2,578,569	10,781	-	1,245,439
Total Deferred Inflows of Resources	3,196,478	10,781	887,450	1,245,439

* The General Fund presented here includes the General Fund Stabilization Fund. Details of the combination are at page 167.

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

Continued on next page

City of Bend, Oregon
Balance Sheet (Continued)
Governmental Funds
June 30, 2016

	Community Development Block Grant Fund	Transportation Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and investments	\$ -	\$ 8,921,346	\$ 6,817,034	\$ 44,634,473
Restricted cash and investments	174,311	1,350	26,968,035	38,707,924
Receivables:				
Property taxes	-	-	99,329	982,394
Accounts, net	-	88,091	506,143	5,472,228
Assessments receivable, net	-	-	15,158	15,158
Loans and notes receivable, net	5,277,111	-	2,725,643	9,684,154
Interest	-	-	62	326,081
Due from other funds	-	-	-	76,236
Due from other governments	71,843	-	-	1,095,863
Assets held for resale	-	-	-	4,554,943
Total Assets	\$ 5,523,265	\$ 9,010,787	\$ 37,131,404	\$ 105,549,454
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 29,702	\$ 103,573	\$ 783,728	\$ 3,942,414
Salaries and benefits payable	1,663	5,382	68,595	540,753
Retainage payable	-	-	504,481	523,416
Due to developers	-	-	-	524,457
Other accrued liabilities	-	-	-	837,899
Deposits - restricted	-	1,350	176,837	364,619
Unearned revenue	-	-	4,401	4,401
Due to other funds	-	-	76,236	76,236
Total Liabilities	31,365	110,305	1,614,278	6,814,195
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	-	-	73,323	728,671
Unavailable revenue - ambulance billings	-	-	-	850,011
Unavailable revenue - assessments & loans receivable	5,277,111	-	2,727,760	11,839,660
Total Deferred Inflows of Resources	5,277,111	-	2,801,083	13,418,342

* The General Fund presented here includes the General Fund Stabilization Fund. Details of the combination are at page 167.

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

Continued on next page

City of Bend, Oregon
Balance Sheet (Continued)
Governmental Funds
June 30, 2016

	General Fund*	Transportation Operations Fund	Fire / Emergency Medical Services Fund	System Development Charges (SDC) Fund
Fund Balances (Deficits)				
Nonspendable:				
Assets held for resale	\$ 4,554,943	\$ -	\$ -	-
Permanent maintenance funds	-	-	-	-
Restricted for:				
External grantor covenant	-	-	-	-
Outside debt covenant	-	-	-	-
Outside construction covenant	-	-	-	-
State law revenue restriction	-	-	-	-
Committed:				
Reserves for General Fund Stabilization	2,280,990	-	-	-
Fire service agreements	-	-	4,408,779	-
Affordable housing	-	-	-	-
Construction activities	-	-	-	10,848,411
Reserves for police operations	-	-	-	-
Assigned:				
Other post employment benefit liability	5,411,124	-	-	-
Construction activities	-	6,603,703	-	-
Planning support services	-	-	-	-
Community development contracts	-	-	-	-
Debt service	-	-	-	-
Unassigned	9,377,653	-	-	-
Total Fund Balances (Deficits)	<u>21,624,710</u>	<u>6,603,703</u>	<u>4,408,779</u>	<u>10,848,411</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 27,792,252</u>	<u>\$ 7,748,960</u>	<u>\$ 5,719,551</u>	<u>\$ 12,623,235</u>

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

Continued on next page

City of Bend, Oregon
Balance Sheet (Continued)
Governmental Funds
June 30, 2016

	Community Development Block Grant Fund	Transportation Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances (Deficits)				
Nonspendable:				
Assets held for resale	\$ -	\$ -	\$ -	\$ 4,554,943
Permanent maintenance funds	-	-	628,926	628,926
Restricted for:				
External grantor covenant	214,789	-	87,593	302,382
Outside debt covenant	-	-	3,287,040	3,287,040
Outside construction covenant	-	1,357,696	5,851,817	7,209,513
State law revenue restriction	-	-	11,752,016	11,752,016
Committed:				
Reserves for General Fund Stabilization	-	-	-	2,280,990
Fire service agreements	-	-	-	4,408,779
Affordable housing	-	-	2,692,573	2,692,573
Construction activities	-	-	360,000	11,208,411
Reserves for police operations	-	-	637,048	637,048
Assigned:				
Other post employment benefit liability	-	-	-	5,411,124
Construction activities	-	7,542,786	1,741,775	15,888,264
Planning support services	-	-	3,209,205	3,209,205
Community development contracts	-	-	145,691	145,691
Debt service	-	-	2,682,319	2,682,319
Unassigned	-	-	(359,960)	9,017,693
Total Fund Balances (Deficits)	<u>214,789</u>	<u>8,900,482</u>	<u>32,716,043</u>	<u>85,316,917</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 5,523,265</u>	<u>\$ 9,010,787</u>	<u>\$ 37,131,404</u>	<u>\$ 105,549,454</u>

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 Position
June 30, 2016

Total Fund Balances (Deficits)	\$	85,316,917
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds.		503,277,018
Other assets are not available to pay for current-period expenditures and therefore, are not reported in the funds:		
Interest Receivable		8,886
Liabilities and deferred inflows of resources that are not due and payable in the current period, are not reported in the funds:		
Unavailable property taxes		728,671
Unavailable assessments and loans		6,701,774
Other unavailable revenues		5,989,645
Interest payable		(205,725)
Accrued compensated absences		(2,834,601)
Net pension activity		(13,826,125)
Other post-employment benefits		(13,359,764)
Accrued health insurance benefits		(32,301)
Long-term debt		(59,015,936)
The internal service fund is used by management to charge costs of certain activities such as garage, information technology, facility management, engineering, public works administration, public works laboratory, insurance, legal and risk management, and administration and financial services to individual funds. The net position of the internal service fund is reported with governmental activities.		<u>18,151,430</u>
Total Net Position	\$	<u><u>530,899,889</u></u>

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, 2016

	General Fund*	Transportation Operations Fund	Fire / Emergency Medical Services Fund	System Development Charges (SDC) Fund
<u>Revenues</u>				
Taxes	\$ 31,851,887	\$ -	\$ 2,083,592	\$ -
Franchise fees	6,275,941	714,368	-	-
Intergovernmental	2,464,800	5,459,781	3,621,089	-
Assessments	-	-	-	-
Licenses and permits	133,468	40,112	-	-
Charges for services	1,575,358	283,531	3,261,814	-
System development charges	-	-	-	18,414,176
Contributions	-	-	970	-
Fines and forfeitures	946,649	-	-	-
Loan repayments	-	-	-	242,950
Permanent maintenance fees	-	-	-	-
Investment income	213,736	42,000	42,803	166,736
Miscellaneous	49,096	20,323	9,333	-
Total Revenues	43,510,935	6,560,115	9,019,601	18,823,862
<u>Expenditures</u>				
Current:				
General government	2,216,284	-	-	-
Public safety	19,982,269	-	19,367,306	-
Public ways and facilities	-	6,895,689	-	232,271
Community and economic development	2,424,910	-	-	-
Permanent maintenance	-	-	-	-
Urban renewal	-	-	-	-
Debt service:				
Principal	-	175,000	359,801	-
Interest	-	25,425	78,598	-
Capital outlay	730,341	2,100,678	3,538,421	-
Total Expenditures	25,353,804	9,196,792	23,344,126	232,271
Excess (deficiency) of revenues over (under) expenditures	18,157,131	(2,636,677)	(14,324,525)	18,591,591

*The General Fund presented here includes the General Fund Stabilization Fund. Details of the combination are at page 168.

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

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City of Bend, Oregon
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) (Continued)
Governmental Funds
For the fiscal year ended June 30, 2016

	Community Development Block Grant Fund	Transportation Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ 5,981,279	\$ 39,916,758
Franchise fees	-	605,845	683,707	8,279,861
Intergovernmental	690,322	-	278,987	12,514,979
Assessments	-	-	170,958	170,958
Licenses and permits	-	-	8,073,887	8,247,467
Charges for services	-	116,606	4,996,550	10,233,859
System development charges	-	-	-	18,414,176
Contributions	-	81,248	76,236	158,454
Fines and forfeitures	-	-	-	946,649
Loan repayments	147,800	-	346,845	737,595
Permanent maintenance fees	-	-	12,530	12,530
Investment income	2,515	106,470	393,987	968,247
Miscellaneous	206	9,472	5,926	94,356
Total Revenues	840,843	919,641	21,020,892	100,695,889
<u>Expenditures</u>				
Current:				
General government	-	-	23,801	2,240,085
Public safety	-	-	7,377	39,356,952
Public ways and facilities	-	1,487,129	220,224	8,835,313
Community and economic development	1,168,139	-	10,910,449	14,503,498
Permanent maintenance	-	-	5,092	5,092
Urban renewal	-	-	41,011	41,011
Debt service:				
Principal	-	1,146,111	2,571,138	4,252,050
Interest	-	160,976	1,902,552	2,167,551
Capital outlay	-	354,730	5,242,481	11,966,651
Total Expenditures	1,168,139	3,148,946	20,924,125	83,368,203
Excess (deficiency) of revenues over (under) expenditures	(327,296)	(2,229,305)	96,767	17,327,686

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) (Continued)
Governmental Funds
For the fiscal year ended June 30, 2016

	<u>General Fund*</u>	<u>Transportation Operations Fund</u>	<u>Fire / Emergency Medical Services Fund</u>	<u>System Development Charges (SDC) Fund</u>
<u>Other Financing Sources (Uses)</u>				
Insurance proceeds	\$ -	\$ 7,500	\$ 6,911	\$ -
Issuance of long-term debt	-	-	2,945,000	-
Proceeds from sale of assets	500	9,487	43,000	-
Transfers in	792,030	6,063,312	11,870,492	-
Transfers out	<u>(18,979,062)</u>	<u>-</u>	<u>(23,548)</u>	<u>(13,268,382)</u>
Total Other Financing Sources (Uses)	<u>(18,186,532)</u>	<u>6,080,299</u>	<u>14,841,855</u>	<u>(13,268,382)</u>
Net change in fund balances	(29,401)	3,443,622	517,330	5,323,209
Fund Balances (Deficits), July 1, 2015	<u>21,654,111</u>	<u>3,160,081</u>	<u>3,891,449</u>	<u>5,525,202</u>
Fund Balances (Deficits), June 30, 2016	<u>\$ 21,624,710</u>	<u>\$ 6,603,703</u>	<u>\$ 4,408,779</u>	<u>\$ 10,848,411</u>

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

Continued on next page

City of Bend, Oregon
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) (Continued)
Governmental Funds
For the fiscal year ended June 30, 2016

	Community Development Block Grant Fund	Transportation Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses)</u>				
Insurance proceeds	\$ -	\$ -	\$ -	\$ 14,411
Issuance of long-term debt	-	-	-	2,945,000
Proceeds from sale of assets	-	-	-	52,987
Transfers in	75,000	3,321,138	1,094,600	23,216,572
Transfers out	-	-	(192,972)	(32,463,964)
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>3,321,138</u>	<u>901,628</u>	<u>(6,234,994)</u>
Net change in fund balances	(252,296)	1,091,833	998,395	11,092,692
Fund Balances (Deficits), July 1, 2015	<u>467,085</u>	<u>7,808,649</u>	<u>31,717,648</u>	<u>74,224,225</u>
Fund Balances (Deficits), June 30, 2016	<u>\$ 214,789</u>	<u>\$ 8,900,482</u>	<u>\$ 32,716,043</u>	<u>\$ 85,316,917</u>

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, 2016

Net Change in Fund Balance		\$ 11,092,692
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 net of disposals/transfers	\$ 12,348,210	
Depreciation	<u>(12,891,307)</u>	(543,097)
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		8,894,780
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 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		(2,945,000)
Long-term debt principal repayments		4,252,052
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 the governmental funds.		
Accrued interest payable		3,810
Amortization of bond premium and discounts		104,423
Accrued pension obligation		(11,006,505)
Accrued compensated absences		(207,880)
Accrued other postemployment benefit obligations		(1,617,260)
Accrued health insurance benefits		(3,049)
The internal service fund is used by management to charge costs of certain activities such as garage, information technology, facility management, engineering, public works administration, public works laboratory, insurance, legal and risk management, and administration and financial services to individual funds. The net revenues and expenses of the internal service fund are reported with governmental activities.		
		<u>(2,664,314)</u>
Change in Net Position		<u>\$ 5,360,652</u>

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

City of Bend, Oregon
Statement of Fund Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities Enterprise Funds			Governmental	
	Water Fund*	Water Reclamation Fund**	Nonmajor Enterprise Funds	Total Proprietary Funds	Internal Service Fund
Assets					
Current assets:					
Pooled cash and investments	\$ 7,122,888	\$ 28,972,376	\$ 6,222,686	\$ 42,317,950	\$ 13,908,824
Receivables:					
Accounts, net	2,810,379	3,257,739	616,753	6,684,871	14,460
Interest	-	74,522	-	74,522	-
Due from other governments	-	10,965,028	30,678	10,995,706	-
Other assets	30,083	-	-	30,083	592
Prepays and deposits	44,806	-	-	44,806	108,739
Total Current Assets	10,008,156	43,269,665	6,870,117	60,147,938	14,032,615
Noncurrent assets:					
Restricted cash and investments	197,727	3,535,545	40,633	3,773,905	402,608
Assessments receivable, net	-	74,266	-	74,266	-
Loans and notes receivable, net	-	9,069	-	9,069	-
Capital assets, net	165,439,555	206,159,103	64,673,553	436,272,211	19,781,763
Total Noncurrent Assets	165,637,282	209,777,983	64,714,186	440,129,451	20,184,371
Total Assets	175,645,438	253,047,648	71,584,303	500,277,389	34,216,986
Deferred Outflows of Resources					
Deferred outflows from pensions	360,369	435,292	133,126	928,787	1,049,525
Total Deferred Outflows of Resources	360,369	435,292	133,126	928,787	1,049,525
Liabilities					
Current liabilities:					
Accounts payable	1,555,593	3,326,483	463,564	5,345,640	508,399
Salaries and benefits payable	46,385	60,007	16,760	123,152	165,343
Retainage payable	1,553,943	2,102,314	847	3,657,104	-
Other accrued liabilities:					
Compensated absences	239,762	280,283	39,991	560,036	689,803
Interest payable	86,808	1,473,523	21,106	1,581,437	23,422
Insurance claims	5,462	5,964	857	12,283	610,373
Other	243,737	114,314	5,661	363,712	-
Deposits - restricted	197,727	-	40,633	238,360	402,608
Current portion of long term debt, net	30,227,834	1,483,714	219,782	31,931,330	431,321
Total Current Liabilities	34,157,251	8,846,602	809,201	43,813,054	2,831,269

* The Water Fund presented here includes the Bridge Creek Pipe Fund. Details of the combination are at page 170.

** The Water Reclamation Fund presented here includes the Secondary Expansion Project and Southeast Interceptor. Details of the combinations are at page 173.

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

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

Continued on next page

City of Bend, Oregon
Statement of Fund Net Position (Continued)
Proprietary Funds
June 30, 2016

	Business-Type Activities Enterprise Funds			Governmental Activities	
	Water Fund*	Water Reclamation Fund**	Nonmajor Enterprise Funds	Total Proprietary Funds	Internal Service Fund
Noncurrent liabilities:					
Other post-employment benefits payable	\$ 623,962	\$ 827,828	\$ 266,753	\$ 1,718,543	\$ 2,236,237
Long-term debt, net	4,121,856	77,812,771	949,429	82,884,056	7,554,215
Net pension obligation	1,259,413	1,521,248	465,248	3,245,909	3,667,879
Total Noncurrent Liabilities	<u>6,005,231</u>	<u>80,161,847</u>	<u>1,681,430</u>	<u>87,848,508</u>	<u>13,458,331</u>
Total Liabilities	<u>40,162,482</u>	<u>89,008,449</u>	<u>2,490,631</u>	<u>131,661,562</u>	<u>16,289,600</u>
Deferred Inflows of Resources					
Deferred inflows from pensions	283,440	342,368	104,706	730,514	825,482
Total Deferred Inflows of Resources	<u>283,440</u>	<u>342,368</u>	<u>104,706</u>	<u>730,514</u>	<u>825,482</u>
Net Position (Deficit)					
Net investment in capital assets	131,089,865	126,862,619	63,504,342	321,456,826	11,794,314
Restricted for:					
Outside construction covenant	7,381	5,065	-	12,446	-
Debt service	-	3,535,545	-	3,535,545	-
Unrestricted (deficit)	4,462,639	33,728,894	5,617,750	43,809,282	6,357,115
Total Net Position	<u>\$ 135,559,885</u>	<u>\$ 164,132,123</u>	<u>\$ 69,122,092</u>	<u>\$ 368,814,099</u>	<u>\$ 18,151,429</u>

* The Water Fund presented here includes the Bridge Creek Pipe Fund. Details of the combination are at page 170.

** The Water Reclamation Fund presented here includes the Secondary Expansion Project and Southeast Interceptor. Details of the combinations are at page 173.

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

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

City of Bend, Oregon
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the fiscal year ended June 30, 2016

	Business-Type Activities Enterprise Funds			Governmental	
	Water Fund*	Water Reclamation Fund**	Nonmajor Enterprise Funds	Total Proprietary Funds	Internal Service Fund
<u>Operating Revenues</u>					
Charges for services	\$ 18,667,533	\$ 21,516,000	\$ 5,201,310	\$ 45,384,843	\$ 20,651,845
Rental income	-	-	-	-	2,614,468
Loan repayments	-	12,974	-	12,974	-
Insurance settlements and refunds	-	-	-	-	936,197
Miscellaneous	46,368	16,358	10,096	72,822	25,361
Total Operating Revenues	<u>18,713,901</u>	<u>21,545,332</u>	<u>5,211,406</u>	<u>45,470,639</u>	<u>24,227,871</u>
<u>Operating Expenses</u>					
Salaries and benefits	4,972,564	6,001,874	1,726,458	12,700,896	13,035,221
Materials and supplies	3,451,119	2,783,541	854,673	7,089,333	5,189,564
Internal services	3,372,244	4,110,606	1,385,506	8,868,356	3,435,178
Insurance premiums and claims	-	-	-	-	1,646,915
Depreciation	2,997,758	3,101,392	1,847,942	7,947,092	1,049,418
Total Operating Expenses	<u>14,793,685</u>	<u>15,997,413</u>	<u>5,814,579</u>	<u>36,605,677</u>	<u>24,356,296</u>
Operating income (loss)	3,920,216	5,547,919	(603,173)	8,864,962	(128,425)
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	82,101	303,325	67,780	453,206	148,991
Interest expense	(72,083)	(1,179,325)	(53,570)	(1,304,978)	(295,951)
Insurance settlements and refunds	-	1,597	-	1,597	-
Amortization	-	7,336	3,968	11,304	(63,400)
Gain (loss) on disposal of assets	(26,076)	(29,355)	-	(55,431)	(2,728,963)
Total Nonoperating Revenues (Expenses)	<u>(16,058)</u>	<u>(896,422)</u>	<u>18,178</u>	<u>(894,302)</u>	<u>(2,939,323)</u>
Income (loss) before contributions and transfers	3,904,158	4,651,497	(584,995)	7,970,660	(3,067,748)
<u>Contributions and Transfers</u>					
Capital grants and contributions	4,021,616	4,361,566	2,532,304	10,915,486	5,000
Transfers in	8,261,387	8,277,567	31,393	16,570,347	1,818,918
Transfers out	(4,927,900)	(2,687,178)	(134,000)	(7,749,078)	(1,420,484)
Total Contributions and Transfers	<u>7,355,103</u>	<u>9,951,955</u>	<u>2,429,697</u>	<u>19,736,755</u>	<u>403,434</u>
Change in net position	11,259,261	14,603,452	1,844,702	27,707,414	(2,664,314)
Net Position, July 1, 2015	<u>124,300,624</u>	<u>149,528,671</u>	<u>67,277,390</u>	<u>341,106,685</u>	<u>20,815,743</u>
Net Position, June 30, 2016	<u>\$ 135,559,885</u>	<u>\$ 164,132,123</u>	<u>\$ 69,122,092</u>	<u>\$ 368,814,099</u>	<u>\$ 18,151,429</u>

* The Water Fund presented here includes the Bridge Creek Pipe Fund. Details of the combination are at page 171.

** The Water Reclamation Fund presented here includes the Secondary Expansion Project and Southeast Interceptor. Details of the combinations are at page 174.

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

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, 2016

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Fund
	Water Fund	Water Reclamation Fund	Nonmajor Enterprise Funds	Total	
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 18,249,156	\$ 21,073,684	\$ 5,062,613	\$ 44,385,453	\$ 2,681,860
Cash received from interfund services provided	146,374	22,545	18,442	187,361	21,278,716
Cash paid to employees for services	(3,884,538)	(4,717,541)	(1,357,901)	(9,959,980)	(10,370,045)
Cash paid to suppliers for goods and services	(2,809,351)	(2,693,015)	(866,499)	(6,368,865)	(6,884,482)
Cash paid for interfund services used	(3,372,244)	(4,110,606)	(1,385,506)	(8,868,356)	(3,435,178)
Net Cash From Operating Activities	<u>8,329,397</u>	<u>9,575,067</u>	<u>1,471,149</u>	<u>19,375,613</u>	<u>3,270,871</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers from other funds	8,261,387	8,277,567	31,393	16,570,347	1,818,918
Transfers to other funds	(4,927,900)	(2,687,178)	(134,000)	(7,749,078)	(1,420,484)
Interfund loan repayments	-	-	(40,000)	(40,000)	-
Net Cash from Noncapital Financing Activities	<u>3,333,487</u>	<u>5,590,389</u>	<u>(142,607)</u>	<u>8,781,269</u>	<u>398,434</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Issuance of debt	-	18,623,999	-	18,623,999	928,620
Principal payments on capital debt	(222,647)	(5,167,082)	(215,105)	(5,604,834)	(1,785,000)
Interest payments on capital debt	(74,551)	(470,905)	(56,338)	(601,794)	(324,760)
Acquisition and construction of capital assets	(20,407,095)	(22,399,249)	(984,319)	(43,790,663)	(3,425,885)
Capital grants and contributions	6,840	25,000	677,228	709,068	5,000
Insurance proceeds	-	1,597	-	1,597	-
Proceeds from retirement of assets	-	-	-	-	2,008,287
Net Cash from Capital and Related Financing Activities	<u>(20,697,453)</u>	<u>(9,386,640)</u>	<u>(578,534)</u>	<u>(30,662,627)</u>	<u>(2,593,738)</u>
<u>Cash Flows from Investing Activities</u>					
Investment income	82,101	303,325	67,780	453,206	148,991
Net Cash from Investing Activities	<u>82,101</u>	<u>303,325</u>	<u>67,780</u>	<u>453,206</u>	<u>148,991</u>
Net change in pooled cash and investments	(8,952,468)	6,082,141	817,788	(2,052,539)	1,224,558
Pooled Cash and Investments, July 1, 2015	16,273,083	26,425,779	5,445,531	48,144,393	13,086,874
Pooled Cash and Investments, June 30, 2016	<u>\$ 7,320,615</u>	<u>\$ 32,507,920</u>	<u>\$ 6,263,319</u>	<u>\$ 46,091,854</u>	<u>\$ 14,311,432</u>

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

Continued on next page

City of Bend, Oregon
Statement of Cash Flows (Continued)
Proprietary Funds
For the fiscal year ended June 30, 2016

Business-type Activities - Enterprise Funds

	Water Fund	Water Reclamation Fund	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>					
Operating income (loss)	\$ 3,920,216	\$ 5,547,919	\$ (603,173)	\$ 8,864,962	\$ (128,425)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	2,997,758	3,101,392	1,847,942	7,947,092	1,049,418
Change in:					
Accounts receivable	(278,773)	(508,069)	(120,502)	(907,344)	5,140
Loan, notes and assessments receivable	-	29,575	-	29,575	-
Inventories	2,050	-	-	2,050	23,554
Prepays and deposits	(8,771)	-	-	(8,771)	(1,991)
Accounts payable	639,718	90,527	(11,823)	718,422	(68,470)
Salaries and benefits payable	1,128	7,097	2,539	10,764	18,295
Pension benefits	969,590	1,128,943	352,420	2,450,953	2,702,026
Other post-employment benefits	112,071	116,672	29,600	258,343	(18,861)
Compensated absences payable	4,829	31,213	(16,096)	19,946	(21,018)
Insurance claims payable	408	408	91	907	(15,265)
Prepays and deposits payable	(30,827)	29,390	(9,849)	(11,286)	(273,532)
Net Cash from Operating Activities	<u>\$ 8,329,397</u>	<u>\$ 9,575,067</u>	<u>\$ 1,471,149</u>	<u>\$ 19,375,613</u>	<u>\$ 3,270,871</u>

Noncash Capital and Related Financing Activities

The City received donated Water, Water Reclamation, and Nonmajor Enterprise Funds infrastructure totaling \$4,014,776, \$4,336,566, \$1,879,247, respectively, in the current year.

Acquisition of capital assets financed through accounts payable and retainage payable for the current year totaled \$2,136,389 in the Water Fund, \$5,133,394 in the Water Reclamation Fund, \$357,729 in the Nonmajor Enterprise Funds, and \$234,187 in the Internal Service Fund.

The net book value of capital assets contributed to other funds, or gain/(loss) on disposal was \$(25,126) in the Water Fund, \$(29,341) in the Water Reclamation Fund, and \$(4,737,250) in the Internal Service Fund in the current year.

The Clean Water Loans in the Water Reclamation Fund are received on a reimbursement basis. As of year end, \$10,965,028 was not received.

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

City of Bend, Oregon
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and investments	\$ 638,990
Total Assets	<u>638,990</u>
<u>Liabilities</u>	
Amounts held for others	638,990
Total Liabilities	<u>638,990</u>
Net Position	<u>\$ -</u>

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

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 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 (BURA), is a legally separate public body corporate and politic, created by ordinance of the City. The BURA board consists exclusively of members of the City Council. The City can impose its will on BURA through its ability to modify and approve the budget and govern the overall policies. The services of BURA are exclusively for the benefit of the City, and the assets, liabilities, revenues and expenses related to BURA are reported in the government-wide financial statements. BURA 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.

BURA receives funds through tax increment financing pursuant to Oregon Revised Statutes (ORS) 457.420 through 457.450. Separate financial statements for BURA can be obtained from the finance department of the City of Bend, 710 NW Wall Street, Bend, OR 97703.

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. The City operates under a council/manager form of government and provides the following services: police, fire, ambulance, municipal court, community and economic development, building, planning, growth management, street construction and maintenance, transportation facilities and airport, cemetery, public works and general government services, and water, water reclamation and stormwater utilities.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The Statement of Financial Position 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, which is used to account for money collected on behalf of the Bend Park and Recreation District and the State of Oregon, 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, franchise fees and investment income and other items not included among program revenues are reported as general revenues.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

1 - Summary of Significant Accounting Policies (Continued)

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

Government-wide Financial Statements (Continued)

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 non-exchange 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 business-type activities.

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 where 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).

"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 taxes and franchise fees available and susceptible to accrual if they are collected within 60 days after fiscal 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.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

The following are the City's major governmental funds:

General Fund – The General Fund accounts for the following operations: police, municipal court, code enforcement, growth management, accessibility, as well as 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.

Transportation Operations Fund – This fund accounts for the City's street and transportation operations, including street preservation, repair and maintenance, street lighting and landscaping. 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 suppression, prevention and emergency medical services. Revenues include General Fund support, the May 2014 voter approved fire local option levy, charges for emergency medical services, Firemed memberships and fire protection contracts.

System Development Charges (SDC) Fund – This fund accounts for the collection of SDC's for the City's street, water, and water reclamation systems. SDC's are fees collected for capital improvements to increase city-wide capacities for water, water reclamation, and transportation. Revenues are used to fund eligible construction projects.

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

Transportation Construction Fund – This fund accounts for the City's construction of transportation improvements funded by system development charges, franchise fees and proceeds from borrowings.

In addition, the City also reports the following governmental 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, general obligation bonds, fire station bonds and pension 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 the Financial Statements
For the Year Ended June 30, 2016

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 materials and supplies, 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, liabilities, and deferred inflows/outflows 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. The 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, Legal and Risk Management. The Facility Management, Engineering, Public Works Laboratory and Administration and Financial Services divisions also 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 Park and Recreation District and the State of Oregon. 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows of resources, liabilities, deferred outflows of resources, 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 the Financial Statements
For the Year Ended June 30, 2016

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 of Oregon'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, 2016, the City had \$42,884,435 of cash and investments restricted for debt service, construction, building, tourism, permanent maintenance, Urban Renewal, grant activity, and deposits.

Receivables

Property taxes are assessed on a July 1st - June 30th fiscal year basis. Assessed valuation and tax levies are certified by the County Assessor in mid-October and property owners have the option of paying the full amount by November 15th or prior to February 15th and receiving a discount or paying in three installments, November 15th, February 15th and May 15th. Property taxes attach as an enforceable lien on July 1st and are considered delinquent if not paid by the following May 15th. The Deschutes 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 30th, less tax collections received within sixty days subsequent to year end, are recorded as unavailable revenue. Management has determined that an allowance for uncollectible accounts is not required for property taxes. All other receivables are shown net of an allowance for uncollectibles.

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 unavailable 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 unavailable 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.

Due from Other Governments

Due from other governments are amounts due primarily from granting agencies. The largest amount relates to a receivable from the State of Oregon for a Department of Environmental Quality loan related to the Secondary Expansion Project in the Water Reclamation Fund. Other amounts include receivables from the State of Oregon for state shared revenues, and a receivable from Bend - LaPine School District for school safety resource officers.

Inventories and Prepaid Items (Other Assets)

Within the proprietary funds, inventories are valued at lower of cost or market using the first-in/first-out (FIFO) method and are accounted for using the consumption method. Within the governmental funds, inventories are accounted for using the purchases method.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

1 - Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Items (Other Assets) (Continued)

Within the proprietary funds, prepaid items are accounted for using the consumption method. Within the governmental funds, prepaid items are accounted for using the purchases method.

Assets Held for Resale

Assets held for resale, including Juniper Ridge development costs, are recorded at cost.

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 in excess of one year. 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	5 to 75 years
Infrastructure	10 to 75 years
Vehicles and equipment	3 to 20 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, 2016 there was \$58,979 of interest incurred and capitalized in the Water Fund, \$345,800 of interest incurred and capitalized in the Bridge Creek Pipe Project Fund, and \$477,476 of interest incurred and capitalized in the Water Reclamation Fund. Total capitalized interest for the year ended June 30, 2016 was \$882,255.

Accounts Payable

Accounts payable to vendors and contractors include general accounts payable, retainage payable, and other accrued liabilities not included in short-term or long-term liabilities.

Accrued Liabilities

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave 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, and related payroll benefits, 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. The General, Fire/EMS, Transportation Operations, and Planning Funds are primarily responsible for payment of this liability for the Governmental Activities.

Due to Developers

Due to developers is a liability associated with the improvement fee portion of the System Development Charge that a developer can be granted a credit for on acceptance of a Qualified Public Improvement.

Pension Plan

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

1 - Summary of Significant Accounting Policies (Continued)

Pension Plan (Continued)

System (OPERS). For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, information about the fiduciary net position of OPERS and the additions to/deductions from PERS's fiduciary net position have remained on the same basis as reported by OPERS. For this purpose, benefit payments by PERS (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value by OPERS.

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. Refer to Note 16 for more information.

Long-term Debt

Long-term debt is reported as a liability in the Statement of Net Position and proprietary fund financial statements. The related bond discounts and premiums are deferred and amortized over the term of the bonds using the straight-line method. In the governmental fund financial statements, the bond discounts and premiums 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.

Adoption of New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statements No. 72 and 76. GASB Statement 72, *Fair Value Measurement and Application*, requires most investments to be measured at fair value. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2015. GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, replaces the current four-level GAAP hierarchy with a new two-level hierarchy of authoritative sources. The requirements of the Statement are effective for financial statements for fiscal years beginning after June 15, 2015.

Deferred Inflows and Outflows of Resources

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued March 2012. The objective of this statement is to evaluate and reclassify various financial statement items that have been previously reported as either assets or liabilities, and evaluate them against the definitions provided for deferred outflows and deferred inflows of resources.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. With the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the City now presents deferred inflows from pensions as a deferred inflow on the statement of financial position. The deferred inflows from pension are for investment differences between the pension liability and pension assets, as determined during the implementation of GASB Statement No. 68. The City also presents unavailable revenue as a deferred inflow of resources on the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: property taxes, ambulance billings, and assessments and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. With the implementation of GASB Statement No. 68, the City now presents deferred outflows from pensions as a deferred outflow on the statement of financial position. The deferred outflows from pension are for pension plan contributions made subsequent to the measurement date of the pension liability, as presented.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

1 - Summary of Significant Accounting Policies (Continued)

Deferred Inflows and Outflows of Resources (Continued)

GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. Additional information can be found in Note 15.

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 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

City Council authorized the establishment of 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 other funds. 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, 2016 was \$2,280,990.

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 the Financial Statements
For the Year Ended June 30, 2016

2 - Cash and Investments (Continued)

At June 30, 2016, the City's cash and investments are comprised of the following:

Cash on hand	\$	5,850
Deposits with financial institutions		14,647,004
Deposits with trust custodians		649,592
Investments:		
State of Oregon Local Government Investment Pool		35,573,882
U.S. agency obligations		81,783,901
Obligations of the States of Oregon, California and Washington		1,675,871
Corporate notes		10,048,572
Total pooled cash and investments	\$	<u><u>144,384,672</u></u>

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

	Governmental Activities	Business-Type Activities	Agency Funds	Total
Pooled cash and investments	\$ 58,543,296	\$ 42,317,951	\$ 638,990	\$ 101,500,237
Restricted cash and investments	39,110,530	3,773,905	-	42,884,435
	<u><u>\$ 97,653,826</u></u>	<u><u>\$ 46,091,856</u></u>	<u><u>\$ 638,990</u></u>	<u><u>\$ 144,384,672</u></u>

Deposits with Financial Institutions

The City's cash deposits with financial institutions are in a public funds checking account and a public funds savings account that is insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The total cash in bank as of June 30, 2016 was \$15,356,591, of these deposits \$15,106,591 was not insured by the FDIC. The uninsured cash deposits are part of the Public Funds Collateralization Program. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank loss. ORS Chapter 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS Chapter 295 creates a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.

Interest Rate Risk

As a means to limit exposure to fair value loss arising from interest rates, the City's investment policy requires that the City's investments mature within seven years. Actual investment maturities for the City are as follows:

<u>Maturity</u>	<u>Actual at June 30, 2016</u>
Less than 30 days	36 %
Less than 12 months	45 %
Less than 18 months	58 %
Less than 7 years	100 %

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

2 - Cash and Investments (Continued)

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, 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, Aa3 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, 2016, the City was in compliance with the above policy requirements with commercial paper and corporate bonds totaling 11% 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 5% held in any one issuer.

The State of Oregon Local Government Investment Pool and money market account are unrated. Investments held at June 30, 2016 are categorized by rating as follows:

<u>Investor Service Rating</u>	<u>U.S. Agency Obligations</u>	<u>State / Local Obligations</u>	<u>Corporate Notes</u>
Prime (AAA, Aaa, AAA)*	\$ 81,783,901	\$ -	\$ 3,266,550
High Grade (AA, Aa, AA)*	-	1,000,000	4,370,199
Upper Medium Grade (A, A, A)*	-	675,871	2,411,823
	<u>\$ 81,783,901</u>	<u>\$ 1,675,871</u>	<u>\$ 10,048,572</u>

* Respectively, the rating agencies are as follows: 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, 2016, the City does not have investments exposed to custodial credit risk.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three broad levels listed below:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as exchange rates, financing terms, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risk and default rates).
- Level 3 – Valuations derived from valuation techniques in which significant inputs or significant valuation drivers are unobservable.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

2 - Cash and Investments (Continued)

Fair Value Measurement (Continued)

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2016				
US Treasury Securities	\$ 52,839,181	\$ 52,839,181	\$ -	\$ -
Federal Agency Securities	28,944,721	-	28,944,721	-
Corporate Notes	10,048,572	-	10,048,572	-
Municipal Bonds	1,675,871	-	1,675,871	-
Total assets	<u>\$ 93,508,345</u>	<u>\$ 52,839,181</u>	<u>\$ 40,669,164</u>	<u>\$ -</u>

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 1.5% to 7.00%. Promissory notes consist of System Development Charge (SDC) deferrals and loans over a period of 9 months to 10 years and bear interest ranging from 0% 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, 2016:

	Governmental Activities	Business-type Activities
<u>Assessments Receivable</u>		
Assessments receivable for downtown economic improvements	\$ 15,158	\$ -
Assessments receivable for local improvements, 10 year terms with 5% to 7.0% interest	-	109,364
Allowance for uncollectible assessments	-	(35,098)
Total assessments receivable	<u>15,158</u>	<u>74,266</u>
<u>Loans and Notes Receivable</u>		
Promissory notes receivable for system development charges, 1 to 10 year terms with 1.5% to 7.0% interest	921,979	15,211
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	82,333	-
Promissory notes receivable for system development charges due upon sale/transfer, 0% interest	37,432	-
Promissory notes receivable for building permits and energy efficiency upgrade deferrals due upon property sale/transfer, 0% interest	175,418	-
Community development block grant loans to qualified individuals or organizations, various terms with 0% to 2% interest	5,277,111	-
Affordable housing loans to qualified organizations, various terms with various interest	2,550,225	-
Promissory note receivable for sale of transit facilities to Central Oregon Intergovernmental Council (C.O.I.C.), 20 year term, 0% interest	639,655	-
Allowance for uncollectible loans and notes receivable	-	(6,142)
Total loans and notes receivable	<u>9,684,153</u>	<u>9,069</u>
Total assessments, loans and notes receivables	<u>\$ 9,699,311</u>	<u>\$ 83,335</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

4 - Assets Held for Resale

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

<u>Governmental activities</u>	Balance July 1, 2015	Increases	Decreases	Adjustments	Balance June 30, 2016
Assets held for resale	\$ 4,554,943	\$ -	\$ -	\$ -	\$ 4,554,943

5 - Capital Assets

Governmental capital asset activity for the year ended June 30, 2016 was as follows:

<u>Governmental activities</u>	Balance July 1, 2015	Increases	Decreases	Adjustments	Balance June 30, 2016
Capital assets not depreciated:					
Land including right-of-way	\$ 152,874,829	\$ -	\$ (4,716,306)	\$ -	\$ 148,158,523
Land use rights	9,994	-	-	-	9,994
Works of art	719,215	-	-	-	719,215
Construction in progress	17,803,125	10,674,811	-	(4,134,685)	24,343,251
Total capital assets not depreciated	171,407,163	10,674,811	(4,716,306)	(4,134,685)	173,230,983
Capital assets being depreciated:					
Buildings and improvements	24,807,466	-	-	-	24,807,466
Infrastructure	522,361,042	7,924,921	(61,863)	4,134,685	534,358,785
Equipment	8,087,323	1,057,004	(468,522)	(158,518)	8,517,287
Vehicles	12,890,032	4,053,458	(516,916)	(80,624)	16,345,950
Software	1,782,993	-	(9,174)	-	1,773,819
Total capital assets being depreciated	569,928,856	13,035,383	(1,056,475)	3,895,543	585,803,307
Less accumulated depreciation for:					
Buildings and improvements	9,139,163	874,799	-	-	10,013,962
Infrastructure	197,763,660	11,615,167	(13,892)	-	209,364,935
Equipment	5,396,605	542,056	(434,327)	(158,517)	5,345,817
Vehicles	9,310,023	889,920	(297,088)	(308,397)	9,594,458
Software	1,557,009	108,503	(9,174)	-	1,656,338
Total accumulated depreciation	223,166,460	14,030,445	(754,481)	(466,914)	235,975,510
Total capital assets being depreciated, net	346,762,396	(995,062)	(301,994)	4,362,457	349,827,797
Governmental activities capital assets, net	\$ 518,169,559	\$ 9,679,749	\$ (5,018,300)	\$ 227,772	\$ 523,058,780

Depreciation and amortization expense was charged to governmental activities as follows:

<u>Governmental activities</u>	
General government	\$ 1,112,592
Public safety	876,565
Public ways and facilities	11,991,452
Community and economic development	48,025
Urban renewal	1,811
Governmental activities depreciation expense	<u>\$ 14,030,445</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

5 - Capital Assets (Continued)

Business-type capital asset activity for the year ended June 30, 2016 was as follows:

<u>Business-type activities</u>	Balance July 1, 2015	Increases	Decreases	Adjustments	Balance June 30, 2016
Capital assets not depreciated:					
Land including right-of-way	\$ 6,952,082	\$ -	\$ -	\$ -	\$ 6,952,082
Land use rights	1,365,423	-	-	-	1,365,423
Construction in progress	128,170,135	40,843,044	-	(1,660,860)	167,352,319
Total capital assets not depreciated	<u>136,487,640</u>	<u>40,843,044</u>	<u>-</u>	<u>(1,660,860)</u>	<u>175,669,824</u>
Capital assets being depreciated:					
Buildings and improvements	24,272,353	-	-	-	24,272,353
Equipment	7,510,051	582,010	(8,050)	158,518	8,242,529
Vehicles	4,096,234	366,879	(30,948)	80,624	4,512,789
Software	698,111	-	-	-	698,111
Water infrastructure	116,080,638	4,014,776	(36,328)	1,199,311	121,258,397
Water reclamation infrastructure	155,154,216	4,394,353	(35,452)	351,903	159,865,020
Stormwater infrastructure	40,580,057	1,879,247	-	109,645	42,568,949
Other infrastructure	20,457,930	-	-	-	20,457,930
Total capital assets being depreciated	<u>368,849,590</u>	<u>11,237,265</u>	<u>(110,778)</u>	<u>1,900,001</u>	<u>381,876,078</u>
Less accumulated depreciation for:					
Buildings and improvements	7,028,286	507,645	-	-	7,535,931
Equipment	5,216,814	381,574	(7,100)	158,504	5,749,792
Vehicles	3,299,605	235,175	(30,948)	80,624	3,584,456
Software	643,297	21,672	-	-	664,969
Water infrastructure	31,476,918	2,819,745	(10,538)	-	34,286,125
Water reclamation infrastructure	49,045,802	2,718,363	(6,761)	-	51,757,404
Stormwater infrastructure	14,222,238	835,722	-	-	15,057,960
Other infrastructure	2,209,844	427,211	-	-	2,637,055
Total accumulated depreciation	<u>113,142,804</u>	<u>7,947,107</u>	<u>(55,347)</u>	<u>239,128</u>	<u>121,273,692</u>
Total capital assets being depreciated, net	<u>255,706,786</u>	<u>3,290,158</u>	<u>(55,431)</u>	<u>1,660,873</u>	<u>260,602,386</u>
Business-type activities capital assets, net	<u>\$ 392,194,426</u>	<u>\$ 44,133,202</u>	<u>\$ (55,431)</u>	<u>\$ 13</u>	<u>\$ 436,272,210</u>

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

<u>Business-type activities</u>	
Water	\$ 2,997,758
Water reclamation	3,101,407
Nonmajor:	
Airport	574,072
Downtown Parking	356,346
Stormwater	910,947
Cemetery	6,577
Business-type activities depreciation expense	<u>\$ 7,947,107</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016 totaled \$236,875. Minimum future lease payments not including annual consumer price index adjustments are \$241,248 each fiscal year from 2017 through 2050.

The City leases a building from Wall Street-Cookson, LLC. The term of the lease is five years, expiring June 2019 with options to renew for two successive terms of two years each. Rental expense for the fiscal year ended June 30, 2016 totaled \$168,127 and lease payments are due monthly. Minimum future lease payments not including annual consumer price index adjustments total \$591,948.

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 2036. 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, 2016 is \$815,627. Cost of leased assets totaled \$1,947,061 at June 30, 2016 with a carrying amount of \$1,090,591 and current year depreciation of \$41,134.

8 - Due To / From Other Funds

The City provided interim financing for the following funds due to delayed grant funding reimbursements. These amounts are non-interest bearing and are repaid in the following fiscal year.

<u>Description</u>	<u>Amount</u>
Due to the Fire/Emergency Medical Services Fund from the Nonmajor Governmental Funds	\$ 28,292
Due to the General Fund from the Nonmajor Governmental Funds	47,944

9 - Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations. During the fiscal year ended June 30, 2016, the City made the following interfund transfers between its governmental activities and business-type activities:

<u>Description</u>	<u>Amount</u>
From the General Fund to the Nonmajor Enterprise Funds for general operations	\$ 1,407
From the Nonmajor Governmental Funds to the Water Fund to transfer system development charges for eligible expenses	7,756,286
From the Nonmajor Governmental Funds to the Water Reclamation Fund to transfer system development charges for eligible expenses	2,190,958
From the Nonmajor Governmental Funds to the Nonmajor Enterprise Funds for general operations	16,444
From the Water Fund to the Nonmajor Governmental Funds for transfer of assets	(429,117)
From the Sewer Fund to the Nonmajor Governmental Funds for transfer of assets	(594,251)
From the Nonmajor Enterprise Funds to the Nonmajor Governmental Funds for transfer of assets	(120,457)
Net transfers on the Statement of Activities	<u>\$ 8,821,270</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

10 - Compensated Absences

Changes in compensated absences during the fiscal year ended June 30, 2016 were as follows and are included in accrued liabilities on the Statement of Net Position:

	Balance July 1, 2015	Earned	Used	Balance June 30, 2016	Due within one year
Governmental activities	\$ 3,337,542	\$ 3,294,143	\$ (3,107,281)	\$ 3,524,404	\$ 3,524,404
Business-type activities	540,090	605,283	(585,337)	560,036	560,036
	<u>\$ 3,877,632</u>	<u>\$ 3,899,426</u>	<u>\$ (3,692,618)</u>	<u>\$ 4,084,440</u>	<u>\$ 4,084,440</u>

11 - 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>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>
Full faith & credit obligations:			
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 2002	3,600,000	3.65 %	12/31/15
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
General obligation bonds, series 2012	26,805,000	2.62 %	06/01/32
Transportation, series 2013, refinance series 2003	6,283,391	1.50 %	12/01/21
Juniper ridge, series 2013, refinance line of credit	3,700,000	1.50 %	12/01/23
Murphy crossing urban renewal, series 2015	3,000,000	2.65 %	12/01/29
Fire equipment, series 2015B	3,000,000	2.65 %	06/01/25
Line of credit:			
Enterprise resource project, series 2015	5,000,000	2.65 %	04/30/18

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

11 - Long-Term Debt (Continued)

<u>Governmental activities:</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>Balance June 30, 2016</u>	<u>Due within one year</u>
Full faith & credit obligations:					
Pension obligation bonds, series 2004	\$ 12,425,000	\$ -	\$ (410,000)	\$ 12,015,000	\$ 485,000
Police expansion and ambulance, series 2006	3,180,000	-	(295,000)	2,885,000	310,000
Cooley road, police expansion, and fire equipment, series 2008	3,265,000	-	(200,000)	3,065,000	210,000
Fire stations, series 2010, refinance series 1999	2,135,000	-	(200,000)	1,935,000	210,000
Transportation system, series 2010, refinance series 2000	2,358,000	-	(365,000)	1,993,000	370,000
Accessibility, series 2010	2,215,000	-	(210,000)	2,005,000	215,000
City hall land, series 2010, refinance series 2005	1,400,000	-	(1,400,000)	-	-
Street equipment, series 2012	935,000	-	(175,000)	760,000	180,000
Police facility, series 2012, refinance series 2002	3,870,000	-	(260,000)	3,610,000	270,000
General obligation bonds, series 2012	23,860,000	-	(1,080,000)	22,780,000	1,100,000
Transportation, series 2013, refinance series 2003	5,293,485	-	(781,111)	4,512,374	793,074
Juniper ridge, series 2013, refinance line of credit	3,180,682	-	(353,472)	2,827,210	358,917
Murphy crossing urban renewal, series 2015	2,905,023	-	(167,669)	2,737,354	172,272
Fire equipment, series 2015B	55,000	2,945,000	(139,801)	2,860,199	285,214
Line of credit:					
Enterprise resource project, series 2015	403,200	928,620	-	1,331,820	-
Long-term debt obligations	67,480,390	3,873,620	(6,037,053)	65,316,957	4,959,477
Premiums and discounts	1,815,258	-	(130,743)	1,684,515	130,742
	<u>\$ 69,295,648</u>	<u>\$ 3,873,620</u>	<u>\$ (6,167,796)</u>	<u>\$ 67,001,472</u>	<u>\$ 5,090,219</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

11 - Long-Term Debt (Continued)

<u>Business-type activities:</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>
Full faith & credit obligations:			
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
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 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	3.83 %	12/01/31
Clean Water State Revolving Fund Loan R14510	5,482,336	3.32 %	11/01/33
Clean Water State Revolving Fund Loan R14511	14,484,130	2.48 %	TBD
Clean Water State Revolving Fund Loan R14512	18,833,534	2.44 %	12/01/33
Clean Water State Revolving Fund Loan R14513	3,939,246	1.06 %	TBD
Clean Water State Revolving Fund Loan R14514	21,000,000	1.93 %	TBD
Clean Water State Revolving Fund Loan R14515	13,620,000	2.00 %	TBD
Clean Water State Revolving Fund Loan R14516	28,144,891	1.00 %	TBD
Line of credit:			
Water interim financing, series 2015	30,000,000	1.14 %	06/30/17

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

11 - Long-Term Debt (Continued)

<u>Business-type activities:</u>	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions/</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>one year</u>
Full faith & credit obligations:					
Airport, series 2010, refinance series 1999	\$ 512,000	\$ -	\$ (125,000)	\$ 387,000	\$ 125,000
Water RZEDB, series 2010	2,087,299	-	(108,557)	1,978,742	110,322
Sewer RZEDB, series 2010	9,737,701	-	(506,443)	9,231,258	514,679
Sewer, series 2012, refinance series 2002	2,565,000	-	(285,000)	2,280,000	295,000
Revenue bonds:					
Sewer, series 2005	3,740,000	-	(3,740,000)	-	-
Sewer, series 2008	7,790,000	-	(425,000)	7,365,000	440,000
Notes payable:					
Pacific Aviation Composites	187,451	-	(60,289)	127,162	60,805
Airport Eastside Improvement	675,789	-	(29,816)	645,973	30,009
Safe Drinking Water Revolving Loan Fund Loan	2,485,039	-	(114,090)	2,370,949	117,513
Clean Water State Revolving Fund Loan R14510	5,278,520	-	(210,639)	5,067,881	217,690
Clean Water State Revolving Fund Loan R14511	11,006,808	2,657,045	-	13,663,853	-
Clean Water State Revolving Fund Loan R14512	18,833,534	-	-	18,833,534	-
Clean Water State Revolving Fund Loan R14513	3,362,690	415,858	-	3,778,548	-
Clean Water State Revolving Fund Loan R14515	-	8,400,159	-	8,400,159	-
Clean Water State Revolving Fund Loan R14516	-	10,516,545	-	10,516,545	-
Line of credit:					
Water interim financing, series 2015	30,000,000	-	-	30,000,000	30,000,000
Long-term debt obligations	98,261,831	21,989,607	(5,604,834)	114,646,604	31,911,018
Premiums and discounts	180,083	-	(11,304)	168,779	20,314
	<u>\$98,441,914</u>	<u>\$21,989,607</u>	<u>\$ (5,616,138)</u>	<u>\$114,815,383</u>	<u>\$31,931,332</u>

<u>Total long-term debt obligations:</u>	<u>Governmental</u> <u>activities</u>	<u>Business-type</u> <u>activities</u>	<u>Total</u>	<u>Due within one</u> <u>year</u>
Full faith & credit	\$ 63,985,137	\$ 13,877,000	\$ 77,862,137	\$ 6,004,478
Revenue bonds	-	7,365,000	7,365,000	440,000
Notes payable	-	63,404,604	63,404,604	426,017
Line of credit	1,331,820	30,000,000	31,331,820	30,000,000
Long-term debt obligations	65,316,957	114,646,604	179,963,561	36,870,495
Premiums and discounts	1,684,515	168,779	1,853,294	151,056
Total long-term debt obligations	<u>\$ 67,001,472</u>	<u>\$ 114,815,383</u>	<u>\$ 181,816,855</u>	<u>\$ 37,021,551</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

11 - 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
2017	\$ 4,959,476	\$ 2,359,580	\$ 31,911,016	\$ 1,679,365	\$ 36,870,492	\$ 4,038,945
2018	6,335,844	2,207,646	2,968,966	1,422,998	9,304,810	3,630,644
2019	5,222,159	2,016,883	3,801,799	3,664,796	9,023,958	5,681,679
2020	5,444,474	1,848,446	4,909,039	2,318,673	10,353,513	4,167,119
2021	5,476,230	1,669,867	5,025,337	2,176,640	10,501,567	3,846,507
2022-2026	22,431,062	5,475,663	21,907,496	8,697,778	44,338,558	14,173,441
2027-2031	13,457,712	1,443,611	22,220,192	4,902,752	35,677,904	6,346,363
2032-2036	1,990,000	57,778	15,772,177	1,869,203	17,762,177	1,926,981
2037-2039	-	-	6,130,582	181,033	6,130,582	181,033
	<u>\$ 65,316,957</u>	<u>\$ 17,079,474</u>	<u>\$114,646,604</u>	<u>\$ 26,913,238</u>	<u>\$179,963,561</u>	<u>\$ 43,992,712</u>

The balance of unamortized premiums and discounts on long-term debt issuances is \$1,853,294, 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. The City is also in compliance with federal arbitrage regulations for applicable debt issuances.

Full Faith & Credit Obligations

The City issued full faith & credit obligations to provide financing for the construction of police and fire facilities, airport, 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 1.50% to 6.095% and maturities through fiscal year 2032.

Revenue Bonds

The City issued revenue bonds to provide funds for major expansions of the City's 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 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, 2016. The outstanding bonds have stated interest rates on specific maturities ranging from 3.5% to 4.5% and maturities through fiscal year 2029.

Notes Payable

The City has long-term notes payable to the State of Oregon Business Development Department (OBDD) and the Oregon Department of Environmental Quality (ODEQ) to provide funding for airport, water and water reclamation infrastructure improvements. The notes have maturities through fiscal year 2034 and stated interest rates on specific maturities of 1.00% to 5.01%. Revenues from the airport, water, and water reclamation operations are utilized to repay the respective notes.

New Debt Issuance

On December 4, 2015, the City secured a Clean Water State Revolving Fund (CWSRF) loan (R14516) of \$28,144,891 from ODEQ for the SE Interceptor Project. The loan is secured by sewer system revenues and has a repayment period of 20 years with no prepayment penalties. The loan has an interest rate of 1% and an annual fee of 0.5% of the outstanding loan amount. The loan is drawn on a reimbursement basis and as of June 30, 2016 there is an outstanding balance of \$10,516,545.

On December 11, 2015, the City secured a CWSRF loan (R14514) for up to \$21,000,000 from ODEQ for upgrades

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

11 - Long-Term Debt (Continued)

New Debt Issuance (Continued)

and improvements to the wastewater treatment system (Secondary Expansion Project). The loan is secured by sewer system revenues and has a repayment period of 20 years with no prepayment penalties. The loan has an interest rate of 1.93% and an annual fee of 0.5% of the outstanding loan amount. The loan is drawn on a reimbursement basis and as of June 30, 2016 there is no outstanding balance.

On March 3, 2016, the City secured a CWSRF loan (R14515) of \$13,620,000 from ODEQ for design and construction of the Colorado lift station and force main. The loan is secured by sewer system revenues and has a repayment period of 20 years with no prepayment penalties. The loan has an interest rate of 2% and an annual fee of 0.5% of the outstanding loan amount. The loan is drawn on a reimbursement basis and as of June 30, 2016 there is an outstanding balance of \$8,400,159.

12 - 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 purchases insurance policies from commercial carriers and pays annual premiums for the following coverages: general and automobile liability limit of \$9,800,000 per occurrence or \$29,400,000 in the aggregate; commercial property policy, including building and contents, of \$100,000,000; a cyber liability up to \$1,000,000; crime coverage in the amount of \$500,000; airport liability in the amount of \$10,000,000; and various real, personal and inland marine property coverage for actual replacement cost. The City carries a public employee dishonesty bond for claims up to \$100,000 covering the Finance Director. Additionally, the City carries a \$1,000,000 policy for workers' compensation. 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.

Fiscal Year	Balance at July 1	Claims Incurred and Changes in Estimate	Claims Paid	Balance at June 30
2013-14	\$ 295,670	\$ 792,391	\$ (403,547)	\$ 684,514
2014-15	684,514	150,098	(222,346)	612,266
2015-16	612,266	115,710	(130,068)	597,908

The City has a high-deductible health insurance plan. 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 \$57,004 for the probable and reasonable co-insurance claims.

13 - Pension Plan

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29,

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

13 - Pension Plan (Continued)

Plan Description (Continued)

2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

After retirement, members may choose to continue participation in a variable equities investment account and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

13 - Pension Plan (Continued)

Benefits provided (Continued)

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides a defined contribution plan to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2014-15 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

13 - Pension Plan (Continued)

Benefits provided (Continued)

3. OPSRP Individual Account Program (OPSRP IAP) (Continued)

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions.

The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$5,005,056. The rates in effect for the fiscal year ended June 30, 2016 were 15.78 percent for Tier One/Tier Two Members, 8.79 percent for OPSRP Pension Program General Service Members, 12.9 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program Members.

Pension Liabilities, Pension Expense, and Deferred Outflows/(Inflows) of Resources Related to Pensions

At June 30, 2016, the City reported a liability of \$21,639,397 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.3769 percent, which was unchanged from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City's recognized a pension expense of \$21,230,053. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,166,906	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,536,108
Changes in proportion and differences between contributions and proportionate share of contributions	-	110
Differences between employer contributions and proportionate share of contributions	19,935	333,881
Contributions subsequent to the measurement date	5,005,056	-
Total	<u>\$ 6,191,897</u>	<u>\$ 4,870,099</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

13 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/(Inflows) of Resources Related to Pensions
(Continued)

\$5,005,056 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflow/(Inflow) of Resources
2017	\$ 3,035,561
2018	(1,969,496)
2019	(1,969,496)
2020	2,149,510
2021	75,719
Total	<u>\$ 1,321,798</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The economic assumptions used for the actuarial valuation are shown below:

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries: RP-2000 sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

13 - Pension Plan (Continued)

Actuarial Assumptions (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20 %	4.50 %
Short-Term Bonds	8.00 %	3.70 %
Intermediate-Term Bonds	3.00 %	4.10 %
High Yield Bonds	1.80 %	6.66 %
Large Cap US Equities	11.65 %	7.20 %
Mid Cap US Equities	3.88 %	7.30 %
Small Cap US Equities	2.27 %	7.45 %
Developed Foreign Equities	14.21 %	6.90 %
Emerging Foreign Equities	5.49 %	7.40 %
Private Equities	20.00 %	8.26 %
Opportunity Funds/Absolute Return	5.00 %	6.01 %
Real Estate (Property)	13.75 %	6.51 %
Real Estate (REITS)	2.50 %	6.76 %
Commodities	1.25 %	6.07 %
Total	100.00 %	
Assumed Inflation - Mean		2.75 %

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

13 - Pension Plan (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Discount Rates (7.75%)</u>	<u>1% Increase (8.75%)</u>
The City's proportionate share of the net pension liability (asset)	\$ 52,225,878	\$ 21,639,397	\$ (4,136,972)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Funding Policy

Members of OPERS and OPSRP are required to contribute 6 percent 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 and OPSRP eligible employees. Effective January 1, 2004, this 6 percent 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 2015-16, the City's annual pension cost for OPERS was equal to the City's required and actual contributions and consisted of \$5,005,056 for the City's required share. The City also paid the employees' contribution of \$2,434,742. The following table presents the three-year trend information:

Three Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013-14	\$ 3,765,119	\$ 3,765,119	100 %	\$ -
2014-15	3,758,247	3,758,247	100 %	-
2015-16	5,005,056	5,005,056	100 %	-

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 5.9% in 2015 to 4.7% in 2083.
- An investment rate of return of 7.75% compounded annually.
- Interest crediting of 7.75% annually on regular account balances and 7.75% on variable account balances.
- Projected general wage inflation of 3.75% per year.

The actuarial valuation method used is the Entry Age Normal (EAN) 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 10 to 20 year closed period.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

14 - 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, City of Bend Employees Association (COBEA) members hired after August 31, 2011, Fire Association employees hired after June 30, 2012, and Police Association employees hired after June 30, 2013. As of July 1, 2014 the total number of plan participants is 613: 512 active, 101 inactive.

Funding Policy

The City has not established a trust fund to supplement the costs for 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.

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.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

14 - Other Post Employment Benefits (OPEB) (Continued)

Health Insurance Continuation and Stand Alone Plans (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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.

	For the Year Ended June 30, 2016
<u>Determination of Annual Required Contribution</u>	
Normal cost at year end	\$ 1,167,815
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	1,605,691
Annual required contribution (ARC)	\$ 2,773,506
<u>Determination of Net OPEB Obligation</u>	
Annual required contribution	\$ 2,773,506
Interest on prior year net OPEB obligation	695,602
Adjustment to annual required contribution	(1,083,239)
Annual OPEB expense	2,385,869
Benefit payments	(529,128)
Increase in net OPEB obligation	1,856,741
Net OPEB obligation - beginning of year	15,457,803
Net OPEB obligation - end of year	\$ 17,314,544

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014-16 were as follows.

Year ended June 30	Annual OPEB Cost	OPEB Contribution	Percentage of Cost Contributed	Net OPEB Obligation
2014	\$ 2,494,731	\$ 512,706	21 %	\$ 13,683,697
2015	2,330,110	556,004	24 %	15,457,803
2016	2,385,869	529,128	22 %	17,314,544

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014 was as follows:

Actuarial accrued liability (AAL):	\$ 20,557,572
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 20,557,572
Funded ratio (actuarial value of plan assets / AAL)	0 %
Covered payroll	\$ 31,848,035
UAAL/covered payroll	64.5 %

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

14 - Other Post Employment Benefits (OPEB) (Continued)

Health Insurance Continuation and Stand Alone Plans (Continued)

Funded Status and Funding Progress (Continued)

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, 2014 actuarial valuation, the projected unit credit cost method (PUC) was used. Plan assets are valued at market-value, excluding reserves. The actuarial assumptions included an assumed inflation rate of 2.5%, a discount rate of 4.5% for unfunded liabilities based on the expected long-term annual investment returns for Oregon's LGIP and comparable investments. An annual healthcare cost trend rate of 7.0%, 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 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.

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.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

14 - Other Post Employment Benefits (OPEB) (Continued)

OPERS Retirement Health Insurance Account (RHIA) (Continued)

Funding Policy (Continued)

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 0.49% 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, 2016, June 30, 2015, and June 30, 2014 were \$174,944, \$183,704, and \$164,227, respectively, which equaled 100% of the required contributions for each of the three years.

15 - 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.

16 - Commitment and Contingencies

At June 30, 2016 the City was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts as follows:

Governmental activities:	
General Fund	\$ 945,549
Transportation Operations Fund	1,849,814
Fire/Emergency Medical Services Fund	1,393,003
Community Development Block Grant Fund	8,252
Transportation Construction Fund	1,692,247
Internal Service Fund	1,774,406
Nonmajor Governmental Funds	1,920,677
	<u>\$ 9,583,948</u>
Business-type activities:	
Water Fund	\$ 689,153
Water Reclamation Fund	6,705,666
Nonmajor Business-type Funds	44,627,944
	<u>\$ 52,022,763</u>

The City has agreements to reimburse various developers for the construction of certain transportation, 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, 2016 amounts collected and potentially due to developers totaled \$524,457 and are recorded as a liability in the System Development Charges Fund.

The City has been involved in litigation with two of the tenants at the Bend Municipal Airport alleging Breach of Contract, Cancellation of Lease; Intentional Interference with Economic Relationship; Declaratory Relief; and Maintenance of Dangerous Nuisance/Injunctive Relief. Most of the claims are tort claims which are covered by insurance, but a few of the claims are contract claims which are not covered. The tenants are seeking damages of \$11,850,000 and declaratory relief. The City believes that the request for damages are unrealistic. The case is scheduled to go to trial in May 2017.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2016

16 - Commitment and Contingencies (Continued)

Two environmental groups have challenged the U. S. Forest Service's permit issued to the City for the surface water pipeline that takes water from the diversion point to the City's water treatment and storage facility. The federal district court ruled in favor of the Forest Service and the City, and the opponents appealed to the Ninth Circuit. The lawsuit does not seek damages, but an unfavorable decision could add costs to the project and could make water system operations more costly. Briefs have been scheduled but a date for oral argument has not been set. The City believes it has a good chance of prevailing on appeal.

The City is in a contract dispute with the general contractor, Apollo, Inc., on a major upgrade to the City's sewer treatment plant. Apollo has filed suit in Deschutes County Circuit Court seeking \$8 million in damages on a variety of claims. The parties had tried to mediate a resolution to the dispute, but remain millions apart. There is some chance of a judgment against the City, but any judgment would likely be substantially less than the claimed amount.

The City has had a few tort claims and court complaints filed against it that are being defended and covered by the City's insurance carrier, Citycounty Insurance Services (CIS). Some of these claims are substantial, mostly excessive force or wrongful death claims. Because of the insurance coverage, these cases do not create a risk of direct financial loss, other than the extent of the City's insurance deductible.

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.

17 - Subsequent Events

On July 27, 2016, the City issued long term water revenue bonds in the amount of \$49,910,000. Proceeds were used to currently refund the City's water system interim financing note, series 2015; the costs of additions, replacements, expansions and improvements to the City's water system infrastructure; and the safe drinking water loan. This debt will be paid with water system revenues.

On September 30, 2016, the City closed on a property adjacent to City Hall in downtown Bend with an intended use of providing additional office space to City Hall staff. The purchase price and settlement charges totaled \$1,151,327. The City paid \$201,327 at closing and will make deferred payments of \$475,000 in January 2017 and January 2018. The building will require remodeling prior to occupancy which is currently being scheduled.

On October 19, 2016, the City Council authorized and approved an ODEQ Clean Water State Revolving Fund Loan Agreement in the amount of \$7,895,000. The proceeds of the loan will finance the North Area Force Main project.

On October 19, 2016, the City Council authorized and approved an ODEQ Clean Water State Revolving Fund Loan Agreement in an amount not to exceed \$7,000,000 for the Plant Interceptor Project. The initial loan amount is \$5,450,000.

On December 20, 2016, the City issued Full Faith and Credit and Refunding Bonds in the amount of \$9,865,000 to purchase property adjacent to City Hall, reimburse the City for the purchase of property adjacent to the Utilities campus, acquisition of ambulances and public safety equipment, and refund outstanding 2006 and 2008 obligations.

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 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 Service Fund

This fund accounts for the fire suppression, prevention, and emergency medical services which are funded primarily by general fund discretionary revenues, fire protection contracts, charges for emergency medical services, property taxes, and transient room taxes.

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.

Community Development Block Grant Fund

This fund accounts for monies received from federal Community Development Block Grants. Revenues include grant receipts, as well as loan repayments from prior loan 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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Property taxes:						
Current year's property tax levy	\$ 53,046,500	\$ 53,647,800	\$ 26,307,646	\$ -	\$ 26,307,646	\$ (27,340,154)
Delinquent property taxes	1,065,900	1,065,900	573,899	-	573,899	(492,001)
Transient room taxes	8,807,600	9,221,600	4,970,342	-	4,970,342	(4,251,258)
Franchise fees	12,708,200	12,708,200	6,275,941	-	6,275,941	(6,432,259)
Intergovernmental	5,431,700	5,431,700	2,464,800	-	2,464,800	(2,966,900)
Licenses and permits	250,800	250,800	133,468	-	133,468	(117,332)
Charges for services:						
Charges to others	555,000	555,000	287,308	-	287,308	(267,692)
Charges to other City funds	17,600	17,600	108,800	-	108,800	91,200
Fines and forfeitures	1,824,700	1,824,700	946,649	-	946,649	(878,051)
Investment income	166,700	166,700	189,749	-	189,749	23,049
Miscellaneous	11,800	11,800	49,096	-	49,096	37,296
Total Revenues	83,886,500	84,901,800	42,307,698	-	42,307,698	(42,594,102)
<u>Expenditures</u>						
Accessibility program	540,629	540,629	249,293	-	249,293	291,336
Municipal court program	1,376,294	1,376,294	608,031	-	608,031	768,263
Code enforcement program	960,375	960,375	510,609	-	510,609	449,766
Community projects program	2,958,000	2,958,000	1,360,101	-	1,360,101	1,597,899
Police program	43,541,833	43,672,833	20,711,469	-	20,711,469	22,961,364
Growth management program	3,791,293	3,791,293	1,914,301	-	1,914,301	1,876,992
Nondepartmental	840,000	-	-	-	-	-
Contingency	8,050,626	6,179,626	-	-	-	6,179,626
Reserves	250,000	250,000	-	-	-	250,000
Total Expenditures	62,309,050	59,729,050	25,353,804	-	25,353,804	34,375,246
Excess (deficiency) of revenues over (under) expenditures	21,577,450	25,172,750	16,953,894	-	16,953,894	(8,218,856)
<u>Other Financing Sources (Uses)</u>						
Proceeds from sale of assets	-	-	500	-	500	500
Advances to other governments	-	(140,000)	(22,000)	-	(22,000)	118,000
Repayments from other governments	130,000	130,000	35,000	-	35,000	(95,000)
Advances to other funds	-	(700,000)	-	-	-	700,000
Interfund loan repayments	750,000	750,000	65,000	-	65,000	(685,000)
Transfers in	913,500	1,044,500	627,500	-	627,500	(417,000)
Transfers out	(32,666,850)	(36,921,050)	(18,979,062)	-	(18,979,062)	17,941,988
Total Other Financing Sources (Uses)	(30,873,350)	(35,836,550)	(18,273,062)	-	(18,273,062)	17,563,488
Net changes in fund balance	(9,295,900)	(10,663,800)	(1,319,168)	-	(1,319,168)	37,176,787
Beginning Fund Balance	9,295,900	10,663,800	10,663,791	-	10,663,791	(9)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 9,344,623	\$ -	\$ 9,344,623	\$ 9,344,623

Continued on next page

City of Bend, Oregon
General Fund (Continued)
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis (1)	\$ 42,331,685
Future OPEB funding payments transferred to the General Fund on the budgetary basis are reported as transfer revenue, and accrued as a liability, on the GAAP basis	1,179,250
Total Revenues - GAAP Basis	<u>\$ 43,510,935</u>
Total Other Financing Sources (Uses) - Budgetary Basis (1)	\$ (18,108,532)
Advances to other governments reported as other financing uses on the budgetary basis are reported as receivables on the GAAP basis	22,000
Repayments from other governments reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	(35,000)
Repayments from other funds reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	(65,000)
Total Other Financing Sources (Uses) - GAAP Basis	<u>\$ (18,186,532)</u>
Ending Fund Balance - Budgetary Basis (1)	\$ 11,625,613
Cumulative GAAP adjustments from prior years:	8,897,847
Advances and repayments to/from other governments reported as receivables on GAAP basis	
Advances to/from other funds reported as receivables on GAAP basis	
Capitalized amounts reported as assets on GAAP basis	
Future OPEB funding payments transferred to the General Fund on the budgetary basis are reported as transfer revenue, and accrued as a liability, on the GAAP basis	1,179,250
Advances to other governments reported as other financing uses on the budgetary basis are reported as receivables on the GAAP basis	22,000
Repayments from other governments reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	(35,000)
Repayments from other funds reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	(65,000)
Combined Ending Fund Balance - GAAP Basis	<u>\$ 21,624,710</u>

(1) Includes: General Fund and General Fund Stabilization Fund (page 169).

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

City of Bend, Oregon
Transportation Operations Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<u>Revenues</u>						
Franchise fees	\$ 1,111,100	\$ 1,111,100	\$ 714,368	\$ -	\$ 714,368	\$ (396,732)
Intergovernmental:						
State highway fund apportionment	9,196,000	9,196,000	4,777,281	-	4,777,281	(4,418,719)
Grants and agreements	1,495,900	1,495,900	682,500	-	682,500	(813,400)
Licenses and permits	297,100	297,100	40,112	-	40,112	(256,988)
Charges for services:						
Charges to other City funds	518,000	518,000	283,531	-	283,531	(234,469)
Investment income	37,100	37,100	42,000	-	42,000	4,900
Miscellaneous	35,200	35,200	20,323	-	20,323	(14,877)
Total Revenues	<u>12,690,400</u>	<u>12,690,400</u>	<u>6,560,115</u>	<u>-</u>	<u>6,560,115</u>	<u>(6,130,285)</u>
<u>Expenditures</u>						
Current:						
Personnel services	7,817,248	7,817,248	3,446,910	-	3,446,910	4,370,338
Materials and services	3,962,710	3,962,710	1,541,880	-	1,541,880	2,420,830
Interfund charges	4,325,060	4,325,060	1,906,898	-	1,906,898	2,418,162
Debt service	401,000	401,000	200,425	-	200,425	200,575
Capital outlay	3,980,000	8,699,600	2,100,678	-	2,100,678	6,598,922
Contingency	1,106,852	1,106,852	-	-	-	1,106,852
Total Expenditures	<u>21,592,870</u>	<u>26,312,470</u>	<u>9,196,791</u>	<u>-</u>	<u>9,196,791</u>	<u>17,115,679</u>
Excess (deficiency) of revenues over (under) expenditures	(8,902,470)	(13,622,070)	(2,636,676)	-	(2,636,676)	10,985,394
<u>Other Financing Sources (Uses)</u>						
Proceeds from sale of assets	-	-	9,487	-	9,487	9,487
Insurance proceeds	-	-	7,500	-	7,500	7,500
Transfers in	6,379,070	10,461,970	6,063,312	-	6,063,312	(4,398,658)
Total Other Financing Sources (Uses)	<u>6,379,070</u>	<u>10,461,970</u>	<u>6,080,299</u>	<u>-</u>	<u>6,080,299</u>	<u>(4,381,671)</u>
Net changes in fund balance	(2,523,400)	(3,160,100)	3,443,623	-	3,443,623	6,603,723
Beginning Fund Balance (Deficit)	2,523,400	3,160,100	3,160,081	-	3,160,081	(19)
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,603,704</u>	<u>\$ -</u>	<u>\$ 6,603,704</u>	<u>\$ 6,603,704</u>

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
Revenues						
Property taxes:						
Current year's property tax levy	\$ 3,825,300	\$ 3,853,200	\$ 1,897,321	\$ -	\$ 1,897,321	\$ (1,955,879)
Delinquent property taxes	76,900	76,900	27,697	-	27,697	(49,203)
Transient room taxes	284,200	284,200	158,574	-	158,574	(125,626)
Intergovernmental	6,831,800	7,333,400	3,621,089	-	3,621,089	(3,712,311)
Charges for services:						
Charges to others	5,646,171	5,646,171	3,258,494	-	3,258,494	(2,387,677)
Charges to other City funds	6,800	137,800	3,320	-	3,320	(134,480)
Contributions	1,800	1,800	970	-	970	(830)
Investment income	56,100	56,100	42,803	-	42,803	(13,297)
Miscellaneous	7,700	7,700	9,333	-	9,333	1,633
Total Revenues	16,736,771	17,397,271	9,019,601	-	9,019,601	(8,377,670)
Expenditures						
Current:						
Personnel services	31,254,100	31,720,100	15,853,865	-	15,853,865	15,866,235
Materials and services	3,851,340	3,901,340	1,703,705	-	1,703,705	2,197,635
Interfund charges	3,774,750	3,846,450	1,809,736	-	1,809,736	2,036,714
Debt service	1,225,000	1,225,000	438,399	-	438,399	786,601
Capital outlay	3,780,000	5,784,900	3,538,421	-	3,538,421	2,246,479
Contingency	2,770,681	2,658,481	-	-	-	2,658,481
Reserved for maintenance	100,000	100,000	-	-	-	100,000
Total Expenditures	46,755,871	49,236,271	23,344,126	-	23,344,126	25,892,145
Excess (deficiency) of revenues over (under) expenditures	(30,019,100)	(31,839,000)	(14,324,525)	-	(14,324,525)	17,514,475
Other Financing Sources (Uses)						
Proceeds from sale of assets	180,000	180,000	43,000	-	43,000	(137,000)
Insurance proceeds	19,900	19,900	6,911	-	6,911	(12,989)
Issuance of long-term debt	3,060,000	4,510,000	2,945,000	-	2,945,000	(1,565,000)
Transfers in	24,046,700	24,218,000	11,870,492	-	11,870,492	(12,347,508)
Transfers out	(44,100)	(44,100)	(23,548)	-	(23,548)	20,552
Total Other Financing Sources (Uses)	27,262,500	28,883,800	14,841,855	-	14,841,855	(14,041,945)
Net changes in fund balance	(2,756,600)	(2,955,200)	517,330	-	517,330	3,472,530
Beginning Fund Balance (Deficit)	2,756,600	2,955,200	3,891,449	-	3,891,449	936,249
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 4,408,779	\$ -	\$ 4,408,779	\$ 4,408,779

City of Bend, Oregon
System Development Charges (SDC) Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
System development charges	\$ 24,085,500	\$ 24,085,500	\$ 18,414,176	\$ -	\$ 18,414,176	\$ (5,671,324)
Loan repayments	155,500	155,500	242,950	-	242,950	87,450
Investment income	165,300	165,300	166,736	-	166,736	1,436
Total Revenues	24,406,300	24,406,300	18,823,862	-	18,823,862	(5,582,438)
<u>Expenditures</u>						
Current:						
Interfund charges	733,000	733,000	232,271	-	232,271	500,729
Contingency	8,884,000	8,884,000	-	-	-	8,884,000
Total Expenditures	9,617,000	9,617,000	232,271	-	232,271	9,384,729
Excess (deficiency) of revenues over (under) expenditures	14,789,300	14,789,300	18,591,591	-	18,591,591	3,802,291
<u>Other Financing Sources (Uses)</u>						
Transfers out	(20,723,300)	(20,723,300)	(13,268,382)	-	(13,268,382)	7,454,918
Total Other Financing Sources (Uses)	(20,723,300)	(20,723,300)	(13,268,382)	-	(13,268,382)	7,454,918
Net changes in fund balance	(5,934,000)	(5,934,000)	5,323,209	-	5,323,209	11,257,209
Beginning Fund Balance (Deficit)	5,934,000	5,934,000	5,525,202	-	5,525,202	(408,798)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 10,848,411	\$ -	\$ 10,848,411	\$ 10,848,411

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, 2016

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<u>Revenues</u>						
Intergovernmental	\$ 1,100,000	\$ 1,200,000	\$ 690,322	\$ -	\$ 690,322	\$ (509,678)
Loan repayments	436,000	436,000	147,800	-	147,800	(288,200)
Investment income	7,700	7,700	2,515	-	2,515	(5,185)
Miscellaneous	-	-	206	-	206	206
Total Revenues	1,543,700	1,643,700	840,843	-	840,843	(802,857)
<u>Expenditures</u>						
Current:						
Personnel services	268,326	268,326	130,464	-	130,464	137,862
Materials and services	1,047,710	1,609,710	1,021,076	-	1,021,076	588,634
Interfund charges	33,900	33,900	16,600	-	16,600	17,300
Contingency	535,364	323,364	-	-	-	323,364
Total Expenditures	1,885,300	2,235,300	1,168,140	-	1,168,140	1,067,160
Excess (deficiency) of revenues over (under) expenditures	(341,600)	(591,600)	(327,297)	-	(327,297)	264,303
<u>Other Financing Sources (Uses)</u>						
Interfund loan proceeds	200,000	200,000	-	-	-	(200,000)
Interfund loan repayments	(200,000)	(200,000)	(25,000)	-	(25,000)	175,000
Transfers in	100,000	100,000	75,000	-	75,000	(25,000)
Total Other Financing Sources (Uses)	100,000	100,000	50,000	-	50,000	(50,000)
Net changes in fund balance	(241,600)	(491,600)	(277,297)	-	(277,297)	214,303
Beginning Fund Balance (Deficit)	241,600	491,600	492,085	-	492,085	485
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 214,788	\$ -	\$ 214,788	\$ 214,788

Reconciliation of Budgetary basis to GAAP basis

Total Other Financing Sources (Uses) - Budgetary Basis	\$ 50,000
Repayment of interfund loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	25,000
Total Other Financing Sources (Uses) - GAAP Basis	\$ 75,000

City of Bend, Oregon
Other Postemployment Benefit Plans
Schedule of Funding Progress and Employer Contributions
For the fiscal year ended June 30, 2016
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Funding Progress				UAAAL as a Percentage of Covered Payroll	Employer Contributions		
		Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll		Fiscal Year Ended Date	Annual OPEB Cost	Percentage Contributed
7/1/2010	-	\$ 20,603	\$ 20,603	- %	\$ 31,669	65 %	6/30/2011	\$ 2,832	21 %
7/1/2012	-	19,221	19,221	- %	31,067	62 %	6/30/2013	2,443	20 %
7/1/2014	-	20,558	20,558	- %	31,848	65 %	6/30/2015	2,330	24 %

Notes:

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; 2014-15 annual claims costs for an age 64 retiree or spouse are assumed to be \$10,498. Demographic assumptions were revised to match (as closely as possible) those developed in the 2012 experience study for Oregon PERS.

City of Bend, Oregon
Oregon Public Employee Retirement Pension Plan (OPERS)
Schedule of the City's Proportionate Share of Net Pension (Asset)/Liability
For the last three years

Fiscal year ended	City's proportion of the net pension <u>(asset)/liability (1)</u>	City's proportionate share of the net pension <u>(asset)/liability (1)</u>	City's covered employee payroll	City's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension <u>(asset)/liability</u>
2014	0.37690343	\$ 19,233,934	\$ 31,848,035	60.39%	91.97%
2015	0.37690343	(8,543,325)	36,565,264	(23.36)%	103.59%
2016	0.37689702	21,639,397	40,723,287	53.14%	91.90%

(1) Actuarial information was provided by the actuary for OPERS

City of Bend, Oregon
Oregon Public Employee Retirement Pension Plan (OPERS)
Schedule of the City's Pension Plan Contributions
For the last three years

Fiscal year ended	Contractually required contributions (1)	Contributions in relation to the contractually required contributions	Contribution deficiency / (excess)	City's covered employee payroll	Contributions as a percentage of its covered payroll
2014	\$ 3,765,119	\$ (3,765,119)	-	\$ 31,848,035	11.82%
2015	3,758,247	(3,758,247)	-	36,565,264	10.28%
2016	5,005,056	(5,005,056)	-	40,723,287	12.29%

(1) Actuarial information was provided by the actuary for OPERS

City of Bend, Oregon
Notes to the Required Supplementary Information
Fiscal Year Ended June 30, 2016

Required Supplementary Information includes budgetary comparisons for the General Fund, the Transportation Operations Fund, the Fire/Emergency Medical Services Fund, the System Development Charges 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 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 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 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 biennial budget by resolution before July 1 of odd numbered years. 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 program/division 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 2015-17 biennium. All appropriations terminate on June 30, 2017.

Note 2 - Oregon Public Retirement System Information

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf.

Changes of Assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at: http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf. Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at: https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf.

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 biennium ended June 30, 2016

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>General Fund</u>			
Accessibility program	\$ 384,669	\$ 173,689	\$ 210,980
Municipal court program	995,794	420,334	575,460
Code enforcement program	805,825	431,387	374,438
Community projects program	2,958,000	1,360,101	1,597,899
Police program	37,695,633	17,919,535	19,776,098
Growth management program	3,307,223	1,666,154	1,641,069
Transfers	44,913,330	22,383,666	22,529,664
Contingency	6,179,626	-	6,179,626
Reserves	250,000	-	250,000
Total General Fund	<u>\$ 97,490,100</u>	<u>\$ 44,354,866</u>	<u>\$ 53,135,234</u>
<u>Transportation Operations Fund</u>			
Personnel services	\$ 7,817,248	\$ 3,446,910	\$ 4,370,338
Materials and services	3,962,710	1,541,880	2,420,830
Transfers	4,325,060	1,906,898	2,418,162
Debt service	401,000	200,425	200,575
Capital outlay	8,699,600	2,100,678	6,598,922
Contingency	1,106,852	-	1,106,852
Total Transportation Operations Fund	<u>\$ 26,312,470</u>	<u>\$ 9,196,791</u>	<u>\$ 17,115,679</u>
<u>Fire / Emergency Medical Services Fund</u>			
Personnel services	\$ 31,720,100	\$ 15,853,865	\$ 15,866,235
Materials and services	3,901,340	1,703,705	2,197,635
Transfers	3,890,550	1,833,284	2,057,266
Debt service	1,225,000	438,399	786,601
Capital outlay	5,784,900	3,538,421	2,246,479
Contingency	2,658,481	-	2,658,481
Reserves	100,000	-	100,000
Total Fire / Emergency Medical Services Fund	<u>\$ 49,280,371</u>	<u>\$ 23,367,674</u>	<u>\$ 25,912,697</u>
<u>System Development Charges (SDC) Fund</u>			
Transfers	\$ 21,456,300	\$ 13,500,653	\$ 7,955,647
Contingency	8,884,000	-	8,884,000
Total System Development Charges (SDC) Fund	<u>\$ 30,340,300</u>	<u>\$ 13,500,653</u>	<u>\$ 16,839,647</u>
<u>Community Development Block Grant Fund</u>			
Personnel services	\$ 268,326	\$ 130,464	\$ 137,862
Materials and services	1,609,710	1,021,076	588,634
Transfers	33,900	16,600	17,300
Debt service	200,000	25,000	175,000
Contingency	323,364	-	323,364
Total Community Development Block Grant Fund	<u>\$ 2,435,300</u>	<u>\$ 1,193,140</u>	<u>\$ 1,242,160</u>

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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, system development charges, and proceeds from the issuance of debt.

City of Bend, Oregon
Water Fund
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Intergovernmental	\$ 82,700	\$ 82,700	\$ 50,180	\$ -	\$ 50,180	\$ (32,520)
Charges for services:						
Charges to others	37,492,400	37,492,400	18,400,025	-	18,400,025	(19,092,375)
Charges to other City funds	416,300	416,300	146,374	-	146,374	(269,926)
Investment income	156,000	156,000	82,101	-	82,101	(73,899)
Miscellaneous	251,500	251,500	145,831	-	145,831	(105,669)
Total Revenues	38,398,900	38,398,900	18,824,511	-	18,824,511	(19,574,389)
<u>Expenses</u>						
Current:						
Personnel services	9,100,496	9,100,496	4,132,345	-	4,132,345	4,968,151
Materials and services	8,632,016	8,632,016	3,450,092	-	3,450,092	5,181,924
Interfund charges	7,213,060	7,213,060	2,896,574	-	2,896,574	4,316,486
Debt service	4,700,500	4,700,500	397,048	-	397,048	4,303,452
Capital outlay	8,145,500	8,145,500	1,675,421	-	1,675,421	6,470,079
Contingency	3,300,000	3,300,000	-	-	-	3,300,000
Reserved for rate stabilization	1,500,000	1,500,000	-	-	-	1,500,000
Reserved for debt service	3,900,000	3,900,000	-	-	-	3,900,000
Reserved for construction	12,238,698	12,238,698	-	-	-	12,238,698
Total Expenses	58,730,270	58,730,270	12,551,480	-	12,551,480	46,178,790
Excess (deficiency) of revenues over (under) expenses	(20,331,370)	(20,331,370)	6,273,031	-	6,273,031	26,604,401
<u>Other Financing Sources (Uses)</u>						
Transfers in	6,750,870	6,750,870	3,846,487	-	3,846,487	(2,904,383)
Transfers out	(1,545,900)	(4,927,900)	(4,927,900)	-	(4,927,900)	-
Total Other Financing Sources (Uses)	5,204,970	1,822,970	(1,081,413)	-	(1,081,413)	(2,904,383)
Net changes in fund balance	(15,126,400)	(18,508,400)	5,191,618	-	5,191,618	23,700,018
Beginning Fund Balance (Deficit)	15,126,400	18,508,400	19,458,215	-	19,458,215	949,815
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 24,649,833	\$ -	\$ 24,649,833	\$ 24,649,833

City of Bend, Oregon

Water Fund

Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual (Continued) For the fiscal year ended June 30, 2016

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis (1)	\$ 18,846,181
Revenues reported on the budgetary basis related to capitalized interest subsidy are reported as assets on the GAAP basis	(43,340)
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	4,014,775
Total Revenues - GAAP Basis	<u>\$ 22,817,616</u>
Total Expenses - Budgetary Basis (1)	\$ 27,613,075
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	940,212
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	(24,421)
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(16,412,134)
Principal payments on bonds reported as expenses on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(222,647)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	2,997,758
Total Expenses - GAAP Basis	<u>\$ 14,891,843</u>

(1) Includes: Water Fund and Bridge Creek Pipe Project Fund (page 172).

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

City of Bend, Oregon
Water Reclamation Fund
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget
	Original	Final				Positive (Negative)
<u>Revenues</u>						
Intergovernmental	\$ 386,200	\$ 386,200	\$ 199,768	\$ -	\$ 199,768	\$ (186,432)
Charges for services:						
Charges to others	45,525,100	45,525,100	21,493,456	-	21,493,456	(24,031,644)
Charges to other City funds	45,700	45,700	22,545	-	22,545	(23,155)
Loan repayments	500	500	12,974	-	12,974	12,474
Contributions	200,000	200,000	25,000	-	25,000	(175,000)
Investment income	545,000	545,000	303,325	-	303,325	(241,675)
Miscellaneous	35,500	35,500	16,358	-	16,358	(19,142)
Total Revenues	46,738,000	46,738,000	22,073,426	-	22,073,426	(24,664,574)
<u>Expenses</u>						
Current:						
Personnel services	11,324,536	11,324,536	4,960,081	-	4,960,081	6,364,455
Materials and services	6,974,474	6,974,474	2,783,541	-	2,783,541	4,190,933
Interfund charges	7,675,010	7,675,010	3,458,709	-	3,458,709	4,216,301
Debt service	18,234,500	18,234,500	7,023,652	-	7,023,652	11,210,848
Capital outlay	29,496,200	29,496,200	9,509,951	-	9,509,951	19,986,249
Contingency	3,450,000	3,450,000	-	-	-	3,450,000
Reserved for rate stabilization	1,000,000	1,000,000	-	-	-	1,000,000
Reserved for debt service	3,900,000	3,900,000	-	-	-	3,900,000
Reserved for construction	25,873,410	25,873,410	-	-	-	25,873,410
Total Expenses	107,928,130	107,928,130	27,735,934	-	27,735,934	80,192,196
Excess (deficiency) of revenues over (under) expenses	(61,190,130)	(61,190,130)	(5,662,508)	-	(5,662,508)	55,527,622
<u>Other Financing Sources (Uses)</u>						
Insurance proceeds	-	-	1,597	-	1,597	1,597
Issuance of long-term debt	25,073,800	25,073,800	8,816,018	-	8,816,018	(16,257,782)
Transfers in	7,080,930	7,080,930	6,262,967	-	6,262,967	(817,963)
Transfers out	(2,745,800)	(2,745,800)	(2,687,178)	-	(2,687,178)	58,622
Total Other Financing Sources (Uses)	29,408,930	29,408,930	12,393,404	-	12,393,404	(17,015,526)
Net changes in fund balance	(31,781,200)	(31,781,200)	6,730,896	-	6,730,896	38,512,096
Beginning Fund Balance (Deficit)	31,781,200	31,781,200	32,540,898	-	32,540,898	759,698
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 39,271,794	\$ -	\$ 39,271,794	\$ 39,271,794

City of Bend, Oregon
Water Reclamation Fund

Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual (Continued)
For the fiscal year ended June 30, 2016

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis (1)	\$ 22,073,426
Revenues reported on the budgetary basis related to capitalized interest subsidy are reported as assets on the GAAP basis	(199,768)
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	4,336,566
Insurance proceeds reported as other financing sources on the budgetary basis are reported as revenue on the GAAP basis	1,597
Total Revenues - GAAP Basis	<u>\$ 26,211,821</u>
Total Expenses - Budgetary Basis (1)	\$ 42,443,566
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	1,099,566
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	36,289
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(24,336,993)
Principal payments on bonds reported as expenses on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(5,167,082)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	3,101,392
Amortization of premiums and discounts is not reported on the budgetary basis but is reported as an expense on the GAAP basis	(7,336)
Loss on disposal of asset is reported as an expense on the GAAP basis	29,355
Total Expenses - GAAP Basis	<u>\$ 17,198,757</u>
Total Other Financing Sources (Uses) - Budgetary Basis (1)	\$ 27,581,595
Proceeds from bond issuance reported as other financing sources on the budgetary basis are reported as bond payable liability on the GAAP basis	(21,989,609)
Insurance proceeds reported as other financing sources on the budgetary basis are reported as revenue on the GAAP basis.	(1,597)
Total Transfers - GAAP Basis	<u>\$ 5,590,389</u>

(1) Includes: Water Reclamation Fund, Secondary Expansion Project Fund (page 175), and Southeast Interceptor Project Fund (page 176).

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

City of Bend, Oregon
Other Major Funds
Schedule of Expenses and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	<u>Appropriation</u>	<u>Actual Expenses</u>	<u>Variance Positive (Negative)</u>
<u>Water Fund</u>			
Personnel services	\$ 9,100,496	\$ 4,132,345	\$ 4,968,151
Materials and services	8,632,016	3,450,092	5,181,924
Transfers	12,140,960	7,824,474	4,316,486
Debt service	4,700,500	397,048	4,303,452
Capital outlay	8,145,500	1,675,421	6,470,079
Contingency	3,300,000	-	3,300,000
Reserves	17,638,698	-	17,638,698
Total Water Fund	<u>\$ 63,658,170</u>	<u>\$ 17,479,380</u>	<u>\$ 46,178,790</u>
<u>Water Reclamation Fund</u>			
Personnel services	\$ 11,324,536	\$ 4,960,081	\$ 6,364,455
Materials and services	6,974,474	2,783,541	4,190,933
Transfers	10,420,810	6,145,887	4,274,923
Debt service	18,234,500	7,023,652	11,210,848
Capital outlay	29,496,200	9,509,951	19,986,249
Contingency	3,450,000	-	3,450,000
Reserves	30,773,410	-	30,773,410
Total Water Reclamation Fund	<u>\$ 110,673,930</u>	<u>\$ 30,423,112</u>	<u>\$ 80,250,818</u>

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NONMAJOR GOVERNMENTAL FUNDS

City of Bend, Oregon
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Cemetery Permanent Maintenance Fund	Total Nonmajor Governmental Funds
Assets					
Pooled cash and investments	\$ 6,817,034	\$ -	\$ -	\$ -	\$ 6,817,034
Restricted cash and investments	11,729,111	5,943,353	8,666,645	628,926	26,968,035
Receivables:					
Property taxes	-	99,329	-	-	99,329
Accounts, net	418,052	-	88,091	-	506,143
Assessments receivable, net	15,158	-	-	-	15,158
Loans and notes receivable, net	2,725,643	-	-	-	2,725,643
Interest	62	-	-	-	62
Total Assets	\$ 21,705,060	\$ 6,042,682	\$ 8,754,736	\$ 628,926	\$ 37,131,404
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)					
Liabilities					
Accounts payable	\$ 127,854	\$ -	\$ 655,874	\$ -	\$ 783,728
Salaries and benefits payable	67,846	-	749	-	68,595
Retainage payable	-	-	504,481	-	504,481
Deposits - restricted	176,837	-	-	-	176,837
Unearned revenue	4,401	-	-	-	4,401
Due to other funds	76,236	-	-	-	76,236
Total Liabilities	453,174	-	1,161,104	-	1,614,278
Deferred Inflows of Resources					
Unavailable revenue - property taxes	-	73,323	-	-	73,323
Unavailable revenue - assessments & loans receivable	2,727,760	-	-	-	2,727,760
Total Deferred Inflows of Resources	2,727,760	73,323	-	-	2,801,083
Fund Balances (Deficits)					
Nonspendable:					
Permanent maintenance funds	-	-	-	628,926	628,926
Restricted for:					
External grantor covenant	87,593	-	-	-	87,593
Outside debt covenant	-	3,287,040	-	-	3,287,040
Outside construction covenant	-	-	5,851,817	-	5,851,817
State law revenue restriction	11,752,016	-	-	-	11,752,016
Committed:					
Affordable housing	2,692,573	-	-	-	2,692,573
Construction activities	-	-	360,000	-	360,000
Reserves for police operations	637,048	-	-	-	637,048
Assigned:					
Construction activities	-	-	1,741,775	-	1,741,775
Planning support services	3,209,205	-	-	-	3,209,205
Community development contracts	145,691	-	-	-	145,691
Debt service	-	2,682,319	-	-	2,682,319
Unassigned	-	-	(359,960)	-	(359,960)
Total Fund Balances (Deficits)	18,524,126	5,969,359	7,593,632	628,926	32,716,043
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 21,705,060	\$ 6,042,682	\$ 8,754,736	\$ 628,926	\$ 37,131,404

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, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Cemetery Permanent Maintenance Fund	Total Nonmajor Governmental Funds
Revenues					
Property taxes	\$ -	\$ 3,179,635	\$ -	\$ -	\$ 3,179,635
Transient room taxes	2,801,644	-	-	-	2,801,644
Franchise fees	-	-	683,707	-	683,707
Intergovernmental	599	236,875	41,513	-	278,987
Assessments	170,958	-	-	-	170,958
Licenses and permits	8,073,887	-	-	-	8,073,887
Charges for services	3,875,736	1,120,814	-	-	4,996,550
Contributions	76,236	-	-	-	76,236
Loan repayments	346,845	-	-	-	346,845
Permanent maintenance fees	-	-	-	12,530	12,530
Investment income	189,602	75,967	106,883	21,535	393,987
Miscellaneous	5,926	-	-	-	5,926
Total Revenues	<u>15,541,433</u>	<u>4,613,291</u>	<u>832,103</u>	<u>34,065</u>	<u>21,020,892</u>
Expenditures					
Current:					
General government	-	23,800	-	-	23,800
Public safety	-	7,377	-	-	7,377
Public ways and facilities	-	-	220,224	-	220,224
Community and economic development	10,910,449	-	-	-	10,910,449
Permanent maintenance	-	-	-	(5,092)	5,092
Urban renewal	28,702	-	12,309	-	41,011
Debt service:					
Principal	-	2,361,139	209,999	-	2,571,138
Interest	-	1,803,569	98,983	-	1,902,552
Capital outlay	188,514	-	5,053,967	-	5,242,481
Total Expenditures	<u>11,127,665</u>	<u>4,195,885</u>	<u>5,595,482</u>	<u>5,092</u>	<u>20,924,124</u>
Excess (deficiency) of revenues over expenditures	4,413,768	417,406	(4,763,379)	28,973	96,768
Other Financing Sources (Uses)					
Transfers in	588,800	7,800	498,000	-	1,094,600
Transfers out	(176,528)	-	-	(16,444)	(192,972)
Total Other Financing Sources (Uses)	<u>412,272</u>	<u>7,800</u>	<u>498,000</u>	<u>(16,444)</u>	<u>901,628</u>
Net change in fund balances	4,826,040	425,206	(4,265,379)	12,529	998,396
Fund Balances (Deficits), July 1, 2015	13,698,086	5,544,153	11,859,011	616,397	31,717,647
Fund Balances (Deficits), June 30, 2016	<u>\$ 18,524,126</u>	<u>\$ 5,969,359</u>	<u>\$ 7,593,632</u>	<u>\$ 628,926</u>	<u>\$ 32,716,043</u>

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 advance 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.

Helen Lorenz Estate Fund

This fund accounts for earnings received from the Helen Lorenz estate and expenditures to fund Public Safety purposes.

Building Fund

This fund accounts for the City's building permitting, 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 planning activities. Revenues include plan review fees and transfers from other City Funds.

Affordable Housing Fund

This fund accounts for the affordable housing program. Funding is provided by a fee of 1/5 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 the median income.

Business Advocacy Fund

This fund accounts for business license revenues and expenditures for the purpose of providing a liaison function between businesses and the City.

Tourism Fund

This fund accounts for tourism promotion 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.

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, 2016

	BURA General Fund	Police Grant Fund	Energy ARRA Grant Fund	Helen Lorenz Estate Fund
<u>Assets</u>				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	362,279	-	85,854	40,549
Receivables:				
Accounts, net	-	-	-	76,236
Assessments receivable, net	-	-	-	-
Loans and notes receivable, net	-	-	175,418	-
Interest	-	-	-	-
Total Assets	\$ 362,279	\$ -	\$ 261,272	\$ 116,785
<u>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	175	-	-	-
Deposits - restricted	-	-	-	38,810
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	76,236
Total Liabilities	175	-	-	115,046
Deferred Inflows of Resources:				
Unavailable revenue - assessments & loans receivable	-	-	175,418	-
Total Deferred Inflows of Resources	-	-	175,418	-
Fund Balances (Deficits)				
Restricted for:				
External grantor covenant	-	-	85,854	1,739
State law revenue restriction	362,104	-	-	-
Committed:				
Affordable housing	-	-	-	-
Reserves for police operations	-	-	-	-
Assigned:				
Planning support services	-	-	-	-
Community development contracts	-	-	-	-
Total Fund Balances (Deficits)	362,104	-	85,854	1,739
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 362,279	\$ -	\$ 261,272	\$ 116,785

City of Bend, Oregon
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2016

	Building Fund	Planning Fund	Affordable Housing Fund	Business Advocacy Fund
Assets				
Pooled cash and investments	\$ -	\$ 3,244,492	\$ 2,751,558	\$ 150,869
Restricted cash and investments	10,911,323	119,647	-	-
Receivables:				
Accounts, net	1,751	-	-	-
Assessments receivable, net	-	-	-	-
Loans and notes receivable, net	-	-	2,550,225	-
Interest	-	-	62	-
Total Assets	\$ 10,913,074	\$ 3,364,139	\$ 5,301,845	\$ 150,869
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 6,633	\$ 16,530	\$ 57,909	\$ 612
Salaries and benefits payable	45,922	18,757	1,076	1,916
Deposits - restricted	18,380	119,647	-	-
Unearned revenue	1,751	-	-	2,650
Due to other funds	-	-	-	-
Total Liabilities	72,686	154,934	58,985	5,178
Deferred Inflows of Resources:				
Unavailable revenue - assessments & loans receivable	-	-	2,550,287	-
Total Deferred Inflows of Resources	-	-	2,550,287	-
Fund Balances (Deficits)				
Restricted for:				
External grantor covenant	-	-	-	-
State law revenue restriction	10,840,388	-	-	-
Committed:				
Affordable housing	-	-	2,692,573	-
Reserves for police operations	-	-	-	-
Assigned:				
Planning support services	-	3,209,205	-	-
Community development contracts	-	-	-	145,691
Total Fund Balances (Deficits)	10,840,388	3,209,205	2,692,573	145,691
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 10,913,074	\$ 3,364,139	\$ 5,301,845	\$ 150,869

City of Bend, Oregon
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2016

	Tourism Fund	Economic Improvement District Fund	Police Reserve Fund	Total Special Revenue Funds
Assets				
Pooled cash and investments	\$ -	\$ 33,067	\$ 637,048	\$ 6,817,034
Restricted cash and investments	209,459	-	-	11,729,111
Receivables:				
Accounts, net	340,065	-	-	418,052
Assessments receivable, net	-	15,158	-	15,158
Loans and notes receivable, net	-	-	-	2,725,643
Interest	-	-	-	62
Total Assets	\$ 549,524	\$ 48,225	\$ 637,048	\$ 21,705,060
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ -	\$ 46,170	\$ -	\$ 127,854
Salaries and benefits payable	-	-	-	67,846
Deposits - restricted	-	-	-	176,837
Unearned revenue	-	-	-	4,401
Due to other funds	-	-	-	76,236
Total Liabilities	-	46,170	-	453,174
Deferred Inflows of Resources:				
Unavailable revenue - assessments & loans receivable	-	2,055	-	2,727,760
Total Deferred Inflows of Resources	-	2,055	-	2,727,760
Fund Balances (Deficits)				
Restricted for:				
External grantor covenant	-	-	-	87,593
State law revenue restriction	549,524	-	-	11,752,016
Committed:				
Affordable housing	-	-	-	2,692,573
Reserves for police operations	-	-	637,048	637,048
Assigned:				
Planning support services	-	-	-	3,209,205
Community development contracts	-	-	-	145,691
Total Fund Balances (Deficits)	549,524	-	637,048	18,524,126
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 549,524	\$ 48,225	\$ 637,048	\$ 21,705,060

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, 2016

	BURA General Fund	Police Grant Fund	Energy ARRA Grant Fund	Helen Lorenz Estate Fund
<u>Revenues</u>				
Transient room taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Contributions	-	-	-	76,236
Loan repayments	-	-	13,408	-
Investment income	4,303	-	960	473
Miscellaneous	-	-	-	-
Total Revenues	4,303	-	14,368	76,709
<u>Expenditures</u>				
Current:				
Community and economic development	-	-	6,633	-
Urban renewal	28,702	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	28,702	-	6,633	-
Excess (deficiency) of revenues over expenditures	(24,399)	-	7,735	76,709
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers out	(12,000)	-	-	(76,236)
Total Other Financing Sources (Uses)	(12,000)	-	-	(76,236)
Net change in fund balances	(36,399)	-	7,735	473
Fund Balances (Deficits), July 1, 2015	398,503	-	78,119	1,266
Fund Balances (Deficits), June 30, 2016	\$ 362,104	\$ -	\$ 85,854	\$ 1,739

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, 2016

	Building Fund	Planning Fund	Affordable Housing Fund	Business Advocacy Fund
<u>Revenues</u>				
Transient room taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	599	-	-
Assessments	-	-	-	-
Licenses and permits	7,777,252	-	-	296,635
Charges for services	762,476	2,117,126	996,134	-
Contributions	-	-	-	-
Loan repayments	-	-	333,437	-
Investment income	110,444	35,240	28,122	1,368
Miscellaneous	3,787	-	-	2,139
Total Revenues	<u>8,653,959</u>	<u>2,152,965</u>	<u>1,357,693</u>	<u>300,142</u>
<u>Expenditures</u>				
Current:				
Community and economic development	5,043,875	2,290,883	525,311	317,487
Urban renewal	-	-	-	-
Capital outlay	188,514	-	-	-
Total Expenditures	<u>5,232,389</u>	<u>2,290,883</u>	<u>525,311</u>	<u>317,487</u>
Excess (deficiency) of revenues over expenditures	3,421,570	(137,918)	832,382	(17,345)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	513,800	-	75,000
Transfers out	-	(13,292)	(75,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>500,508</u>	<u>(75,000)</u>	<u>75,000</u>
Net change in fund balances	3,421,570	362,590	757,382	57,655
Fund Balances (Deficits), July 1, 2015	7,418,818	2,846,615	1,935,191	88,036
Fund Balances (Deficits), June 30, 2016	<u>\$ 10,840,388</u>	<u>\$ 3,209,205</u>	<u>\$ 2,692,573</u>	<u>\$ 145,691</u>

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, 2016

	Tourism Fund	Economic Improvement District Fund	Police Reserve Fund	Total Special Revenue Funds
<u>Revenues</u>				
Transient room taxes	\$ 2,801,644	\$ -	\$ -	\$ 2,801,644
Intergovernmental	-	-	-	599
Assessments	-	170,958	-	170,958
Licenses and permits	-	-	-	8,073,887
Charges for services	-	-	-	3,875,736
Contributions	-	-	-	76,236
Loan repayments	-	-	-	346,845
Investment income	1,275	257	7,160	189,602
Miscellaneous	-	-	-	5,926
Total Revenues	2,802,919	171,215	7,160	15,541,433
<u>Expenditures</u>				
Current:				
Community and economic development	2,555,045	171,215	-	10,910,449
Urban renewal	-	-	-	28,702
Capital outlay	-	-	-	188,514
Total Expenditures	2,555,045	171,215	-	11,127,665
Excess (deficiency) of revenues over expenditures	247,874	-	7,160	4,413,768
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	588,800
Transfers out	-	-	-	(176,528)
Total Other Financing Sources (Uses)	-	-	-	412,272
Net change in fund balances	247,874	-	7,160	4,826,040
Fund Balances (Deficits), July 1, 2015	301,650	-	629,888	13,698,086
Fund Balances (Deficits), June 30, 2016	\$ 549,524	\$ -	\$ 637,048	\$ 18,524,126

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Investment income	\$ 6,100	\$ 6,100	\$ 4,303	\$ -	\$ 4,303	\$ (1,797)
Total Revenues	<u>6,100</u>	<u>6,100</u>	<u>4,303</u>	<u>-</u>	<u>4,303</u>	<u>(1,797)</u>
<u>Expenditures</u>						
Current:						
Personnel services	25,780	25,780	13,067	-	13,067	12,713
Materials and services	59,360	59,360	9,734	-	9,734	49,626
Interfund charges	12,400	12,400	5,900	-	5,900	6,500
Reserves	<u>221,860</u>	<u>221,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,860</u>
Total Expenditures	<u>319,400</u>	<u>319,400</u>	<u>28,701</u>	<u>-</u>	<u>28,701</u>	<u>290,699</u>
Excess (deficiency) of revenues over (under) expenditures	(313,300)	(313,300)	(24,398)	-	(24,398)	288,902
<u>Other Financing Sources (Uses)</u>						
Transfers out	(82,000)	(82,000)	(12,000)	-	(12,000)	70,000
Total Other Financing Sources (Uses)	<u>(82,000)</u>	<u>(82,000)</u>	<u>(12,000)</u>	<u>-</u>	<u>(12,000)</u>	<u>70,000</u>
Net changes in fund balance	(395,300)	(395,300)	(36,398)	-	(36,398)	358,902
Beginning Fund Balance (Deficit)	395,300	395,300	398,503	-	398,503	3,203
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,105</u>	<u>\$ -</u>	<u>\$ 362,105</u>	<u>\$ 362,105</u>

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Intergovernmental	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ -	\$ (60,000)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>
<u>Expenditures</u>						
Current:						
Materials and services	60,000	60,000	-	-	-	60,000
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-
Beginning Fund Balance (Deficit)	-	-	-	-	-	-
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>FY2015-16 Actual</u>	<u>FY2016-17 Actual</u>		
<u>Revenues</u>						
Loan repayments	\$ 72,000	\$ 72,000	\$ 13,408	\$ -	\$ 13,408	\$ (58,592)
Investment income	1,300	1,300	960	-	960	(340)
Total Revenues	73,300	73,300	14,368	-	14,368	(58,932)
<u>Expenditures</u>						
Current:						
Materials and services	40,000	40,000	-	-	-	40,000
Interfund charges	106,800	106,800	6,633	-	6,633	100,167
Total Expenditures	146,800	146,800	6,633	-	6,633	140,167
Excess (deficiency) of revenues over (under) expenditures	(73,500)	(73,500)	7,735	-	7,735	81,235
Beginning Fund Balance (Deficit)	73,500	73,500	78,119	-	78,119	4,619
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 85,854	\$ -	\$ 85,854	\$ 85,854

City of Bend, Oregon
Helen Lorenz Estate Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Contributions	\$ 196,000	\$ 196,000	\$ 76,236	\$ -	\$ 76,236	\$ (119,764)
Investment income	-	-	473	-	473	473
Total Revenues	196,000	196,000	76,709	-	76,709	(119,291)
<u>Expenditures</u>						
Contingency	1,300	1,300	-	-	-	1,300
Total Expenditures	1,300	1,300	-	-	-	1,300
Excess (deficiency) of revenues over (under) expenditures	194,700	194,700	76,709	-	76,709	(117,991)
<u>Other Financing Sources (Uses)</u>						
Transfers out	(196,000)	(196,000)	(76,236)	-	(76,236)	119,764
Total Other Financing Sources (Uses)	(196,000)	(196,000)	(76,236)	-	(76,236)	119,764
Net changes in fund balance	(1,300)	(1,300)	473	-	473	1,773
Beginning Fund Balance (Deficit)	1,300	1,300	1,266	-	1,266	(34)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,739	\$ -	\$ 1,739	\$ 1,739

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Licenses and permits	\$ 13,090,800	\$ 13,090,800	\$ 7,777,252	\$ -	\$ 7,777,252	\$ (5,313,548)
Charges for services:						
Charges to others	6,500	6,500	3,976	-	3,976	(2,524)
Charges to other City funds	1,680,000	1,680,000	758,500	-	758,500	(921,500)
Investment income	158,300	158,300	110,444	-	110,444	(47,856)
Miscellaneous	8,500	8,500	3,787	-	3,787	(4,713)
Total Revenues	14,944,100	14,944,100	8,653,959	-	8,653,959	(6,290,141)
<u>Expenditures</u>						
Current:						
Personnel services	9,227,019	9,227,019	3,911,398	-	3,911,398	5,315,621
Materials and services	1,958,439	1,958,439	322,711	-	322,711	1,635,728
Interfund charges	1,595,100	1,595,100	809,767	-	809,767	785,333
Capital outlay	330,000	330,000	188,514	-	188,514	141,486
Contingency	8,712,242	8,712,242	-	-	-	8,712,242
Total Expenditures	21,822,800	21,822,800	5,232,390	-	5,232,390	16,590,410
Excess (deficiency) of revenues over (under) expenditures	(6,878,700)	(6,878,700)	3,421,569	-	3,421,569	10,300,269
Beginning Fund Balance (Deficit)	6,878,700	6,878,700	7,418,818	-	7,418,818	540,118
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 10,840,387	\$ -	\$ 10,840,387	\$ 10,840,387

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Intergovernmental	\$ -	\$ 13,000	\$ 599	\$ -	\$ 599	\$ (12,401)
Charges for services:						
Charges to others	3,984,200	3,984,200	2,117,126	-	2,117,126	(1,867,074)
Investment income	43,300	43,300	35,240	-	35,240	(8,060)
Miscellaneous	700	700	-	-	-	(700)
Total Revenues	4,028,200	4,041,200	2,152,965	-	2,152,965	(1,888,235)
<u>Expenditures</u>						
Current:						
Personnel services	3,033,793	3,033,793	1,463,214	-	1,463,214	1,570,579
Materials and services	354,926	380,926	155,882	-	155,882	225,044
Interfund charges	1,355,650	1,355,650	671,786	-	671,786	683,864
Contingency	2,662,831	2,649,831	-	-	-	2,649,831
Total Expenditures	7,407,200	7,420,200	2,290,882	-	2,290,882	5,129,318
Excess (deficiency) of revenues over (under) expenditures	(3,379,000)	(3,379,000)	(137,917)	-	(137,917)	3,241,083
<u>Other Financing Sources (Uses)</u>						
Transfers in	1,050,900	1,050,900	513,800	-	513,800	(537,100)
Transfers out	(21,700)	(21,700)	(13,292)	-	(13,292)	8,408
Total Other Financing Sources (Uses)	1,029,200	1,029,200	500,508	-	500,508	(528,692)
Net changes in fund balance	(2,349,800)	(2,349,800)	362,591	-	362,591	2,712,391
Beginning Fund Balance (Deficit)	2,349,800	2,349,800	2,846,615	-	2,846,615	496,815
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 3,209,206	\$ -	\$ 3,209,206	\$ 3,209,206

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services	\$ 1,677,000	\$ 1,677,000	\$ 996,134	\$ -	\$ 996,134	\$ (680,866)
Loan repayments	1,990,000	1,990,000	333,437	-	333,437	(1,656,563)
Investment income	12,700	12,700	28,122	-	28,122	15,422
Total Revenues	3,679,700	3,679,700	1,357,693	-	1,357,693	(2,322,007)
<u>Expenditures</u>						
Current:						
Personnel services	172,961	172,961	84,321	-	84,321	88,640
Materials and services	4,003,546	4,003,546	425,091	-	425,091	3,578,455
Interfund charges	32,800	32,800	15,900	-	15,900	16,900
Contingency	321,693	321,693	-	-	-	321,693
Total Expenditures	4,531,000	4,531,000	525,312	-	525,312	4,005,688
Excess (deficiency) of revenues over (under) expenditures	(851,300)	(851,300)	832,381	-	832,381	1,683,681
<u>Other Financing Sources (Uses)</u>						
Transfers out	(100,000)	(100,000)	(75,000)	-	(75,000)	25,000
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(75,000)	-	(75,000)	25,000
Net changes in fund balance	(951,300)	(951,300)	757,381	-	757,381	1,708,681
Beginning Fund Balance (Deficit)	951,300	951,300	1,935,191	-	1,935,191	983,891
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 2,692,572	\$ -	\$ 2,692,572	\$ 2,692,572

City of Bend, Oregon
Business Advocacy Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Licenses and permits	\$ 626,100	\$ 626,100	\$ 296,635	\$ -	\$ 296,635	\$ (329,465)
Investment income	1,100	1,100	1,368	-	1,368	268
Miscellaneous	-	-	2,139	-	2,139	2,139
Total Revenues	627,200	627,200	300,142	-	300,142	(327,058)
<u>Expenditures</u>						
Current:						
Personnel services	366,537	366,537	103,473	-	103,473	263,064
Materials and services	298,597	333,197	169,044	-	169,044	164,153
Interfund charges	92,900	92,900	44,970	-	44,970	47,930
Contingency	61,466	61,466	-	-	-	61,466
Total Expenditures	819,500	854,100	317,487	-	317,487	536,613
Excess (deficiency) of revenues over (under) expenditures	(192,300)	(226,900)	(17,345)	-	(17,345)	209,555
<u>Other Financing Sources (Uses)</u>						
Transfers in	150,000	150,000	75,000	-	75,000	(75,000)
Total Other Financing Sources (Uses)	150,000	150,000	75,000	-	75,000	(75,000)
Net changes in fund balance	(42,300)	(76,900)	57,655	-	57,655	134,555
Beginning Fund Balance (Deficit)	42,300	76,900	88,036	-	88,036	11,136
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 145,691	\$ -	\$ 145,691	\$ 145,691

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Transient room taxes	\$ 4,978,900	\$ 4,978,900	\$ 2,801,644	\$ -	\$ 2,801,644	\$ (2,177,256)
Investment income	2,600	2,600	1,275	-	1,275	(1,325)
Total Revenues	4,981,500	4,981,500	2,802,919	-	2,802,919	(2,178,581)
<u>Expenditures</u>						
Current:						
Materials and services	4,865,250	4,865,250	2,502,845	-	2,502,845	2,362,405
Interfund charges	116,250	116,250	52,200	-	52,200	64,050
Contingency	133,700	133,700	-	-	-	133,700
Total Expenditures	5,115,200	5,115,200	2,555,045	-	2,555,045	2,560,155
Excess (deficiency) of revenues over (under) expenditures	(133,700)	(133,700)	247,874	-	247,874	381,574
<u>Other Financing Sources (Uses)</u>						
Net changes in fund balance	(133,700)	(133,700)	247,874	-	247,874	381,574
Beginning Fund Balance (Deficit)	133,700	133,700	301,650	-	301,650	167,950
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 549,524	\$ -	\$ 549,524	\$ 549,524

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Assessments	\$ 306,000	\$ 306,000	\$ 170,958	\$ -	\$ 170,958	\$ (135,042)
Investment income	200	200	257	-	257	57
Total Revenues	306,200	306,200	171,215	-	171,215	(134,985)
<u>Expenditures</u>						
Current:						
Materials and services	290,900	290,900	162,667	-	162,667	128,233
Interfund charges	15,300	15,300	8,548	-	8,548	6,752
Total Expenditures	306,200	306,200	171,215	-	171,215	134,985
Excess (deficiency) of revenues over (under) 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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Investment income	\$ 12,600	\$ 12,600	\$ 7,159	\$ -	\$ 7,159	\$ (5,441)
Total Revenues	<u>12,600</u>	<u>12,600</u>	<u>7,159</u>	<u>-</u>	<u>7,159</u>	<u>(5,441)</u>
<u>Expenditures</u>						
Reserves	641,800	641,800	-	-	-	641,800
Total Expenditures	<u>641,800</u>	<u>641,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,800</u>
Excess (deficiency) of revenues over (under) expenditures	(629,200)	(629,200)	7,159	-	7,159	636,359
Beginning Fund Balance (Deficit)	629,200	629,200	629,888	-	629,888	688
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,047</u>	<u>\$ -</u>	<u>\$ 637,047</u>	<u>\$ 637,047</u>

City of Bend, Oregon
Nonmajor Special Revenue Funds
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	Appropriation	Actual Expenditures	Variance Positive (Negative)
<u>BURA General Fund</u>			
Personnel services	\$ 25,780	\$ 13,067	\$ 12,713
Materials and services	59,360	9,734	49,626
Transfers	94,400	17,900	76,500
Reserves	221,860	-	221,860
Total BURA General Fund	<u>\$ 401,400</u>	<u>\$ 40,701</u>	<u>\$ 360,699</u>
<u>Police Grant Fund</u>			
Materials and services	\$ 60,000	\$ -	\$ 60,000
Total Police Grant Fund	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>
<u>Energy ARRA Grant Fund</u>			
Materials and services	\$ 40,000	\$ -	\$ 40,000
Transfers	106,800	6,633	100,167
Total Energy ARRA Grant Fund	<u>\$ 146,800</u>	<u>\$ 6,633</u>	<u>\$ 140,167</u>
<u>Helen Lorenz Estate Fund</u>			
Transfers	\$ 196,000	\$ 76,236	\$ 119,764
Contingency	1,300	-	1,300
Total Helen Lorenz Estate Fund	<u>\$ 197,300</u>	<u>\$ 76,236</u>	<u>\$ 121,064</u>
<u>Building Fund</u>			
Personnel services	\$ 9,227,019	\$ 3,911,398	\$ 5,315,621
Materials and services	1,958,439	322,711	1,635,728
Transfers	1,595,100	809,767	785,333
Capital outlay	330,000	188,514	141,486
Contingency	8,712,242	-	8,712,242
Total Building Fund	<u>\$ 21,822,800</u>	<u>\$ 5,232,390</u>	<u>\$ 16,590,410</u>
<u>Planning Fund</u>			
Personnel services	\$ 3,033,793	\$ 1,463,214	\$ 1,570,579
Materials and services	380,926	155,882	225,044
Transfers	1,377,350	685,078	692,272
Contingency	2,649,831	-	2,649,831
Total Planning Fund	<u>\$ 7,441,900</u>	<u>\$ 2,304,174</u>	<u>\$ 5,137,726</u>
<u>Affordable Housing Fund</u>			
Personnel services	\$ 172,961	\$ 84,321	\$ 88,640
Materials and services	4,003,546	425,091	3,578,455
Transfers	132,800	90,900	41,900
Contingency	321,693	-	321,693
Total Affordable Housing Fund	<u>\$ 4,631,000</u>	<u>\$ 600,312</u>	<u>\$ 4,030,688</u>

City of Bend, Oregon
Nonmajor Special Revenue Funds
Schedule of Expenditures and Other Uses by Appropriation Levels (Continued)
For the biennium ended June 30, 2016

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Business Advocacy Fund</u>			
Personnel services	\$ 366,537	\$ 103,473	\$ 263,064
Materials and services	333,197	169,044	164,153
Transfers	92,900	44,970	47,930
Contingency	61,466	-	61,466
Total Business Advocacy Fund	<u>\$ 854,100</u>	<u>\$ 317,487</u>	<u>\$ 536,613</u>
<u>Tourism Fund</u>			
Materials and services	\$ 4,865,250	\$ 2,502,845	\$ 2,362,405
Transfers	116,250	52,200	64,050
Contingency	133,700	-	133,700
Total Tourism Fund	<u>\$ 5,115,200</u>	<u>\$ 2,555,045</u>	<u>\$ 2,560,155</u>
<u>Economic Improvement District Fund</u>			
Materials and services	\$ 290,900	\$ 162,667	\$ 128,233
Transfers	15,300	8,548	6,752
Total Economic Improvement District Fund	<u>\$ 306,200</u>	<u>\$ 171,215</u>	<u>\$ 134,985</u>
<u>Police Reserve Fund</u>			
Reserves	\$ 641,800	\$ -	\$ 641,800
Total Police Reserve Fund	<u>\$ 641,800</u>	<u>\$ -</u>	<u>\$ 641,800</u>

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NONMAJOR DEBT SERVICE FUNDS

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, 2016

	Murphy Crossing Urban Renewal Debt Service Fund	Fire Station Debt Service Fund	PERS Debt Service Fund
<u>Assets</u>			
Restricted cash and investments	\$ 505,507	\$ 8,010	\$ 2,682,319
Receivables:			
Property taxes	6,927	-	-
Total Assets	<u>\$ 512,434</u>	<u>\$ 8,010</u>	<u>\$ 2,682,319</u>
<u>Deferred Inflows of Resources and Fund Balances (Deficits)</u>			
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	\$ 5,201	\$ -	\$ -
Total Deferred Inflows of Resources	<u>5,201</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)			
Restricted for:			
Outside debt covenant	507,233	8,010	-
Assigned:			
Debt service	-	-	2,682,319
Total Fund Balances (Deficits)	<u>507,233</u>	<u>8,010</u>	<u>2,682,319</u>
Total Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 512,434</u>	<u>\$ 8,010</u>	<u>\$ 2,682,319</u>

City of Bend, Oregon
Combining Balance Sheet (Continued)
Nonmajor Debt Service Funds
June 30, 2016

	Juniper Ridge Urban Renewal Debt Service Fund	General Obligation Bond Debt Service Fund	Total Debt Service Funds
<u>Assets</u>			
Restricted cash and investments	\$ 1,663,503	\$ 1,084,014	\$ 5,943,353
Receivables:			
Property taxes	31,268	61,134	99,329
Total Assets	\$ 1,694,771	\$ 1,145,148	\$ 6,042,682
<u>Deferred Inflows of Resources and Fund Balances (Deficits)</u>			
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	\$ 23,062	\$ 45,060	\$ 73,323
Total Deferred Inflows of Resources	23,062	45,060	73,323
Fund Balances (Deficits)			
Restricted for:			
Outside debt covenant	1,671,709	1,100,088	3,287,040
Assigned:			
Debt service	-	-	2,682,319
Total Fund Balances (Deficits)	1,671,709	1,100,088	5,969,359
Total Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 1,694,771	\$ 1,145,148	\$ 6,042,682

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, 2016

	Murphy Crossing Urban Renewal Debt Service Fund	Fire Station Debt Service Fund	PERS Debt Service Fund
<u>Revenues</u>			
Property taxes	\$ 233,669	\$ -	\$ -
Intergovernmental	-	236,875	-
Charges for services	-	-	1,120,814
Investment income	6,282	387	32,451
Total Revenues	<u>239,951</u>	<u>237,262</u>	<u>1,153,265</u>
<u>Expenditures</u>			
Current:			
General government	-	-	23,800
Public safety	-	7,377	-
Debt service:			
Principal	167,669	170,000	410,000
Interest	76,012	66,875	750,575
Total Expenditures	<u>243,681</u>	<u>244,252</u>	<u>1,184,375</u>
Excess (deficiency) of revenues over expenditures	(3,730)	(6,990)	(31,110)
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	7,800	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,800</u>	<u>-</u>
Net change in fund balances	(3,730)	810	(31,110)
Fund Balances (Deficits), July 1, 2015	510,963	7,200	2,713,429
Fund Balances (Deficits), June 30, 2016	<u>\$ 507,233</u>	<u>\$ 8,010</u>	<u>\$ 2,682,319</u>

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, 2016

	Juniper Ridge Urban Renewal Debt Service Fund	General Obligation Bond Debt Service Fund	Total Debt Service Funds
<u>Revenues</u>			
Property taxes	\$ 1,023,177	\$ 1,922,789	\$ 3,179,635
Intergovernmental	-	-	236,875
Charges for services	-	-	1,120,814
Investment income	18,855	17,992	75,967
Total Revenues	1,042,032	1,940,781	4,613,291
<u>Expenditures</u>			
Current:			
General government	-	-	23,800
Public safety	-	-	7,377
Debt service:			
Principal	533,471	1,079,999	2,361,139
Interest	152,457	757,650	1,803,569
Total Expenditures	685,928	1,837,649	4,195,885
Excess (deficiency) of revenues over expenditures	356,104	103,132	417,406
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	-	7,800
Total Other Financing Sources (Uses)	-	-	7,800
Net change in fund balances	356,104	103,132	425,206
Fund Balances (Deficits), July 1, 2015	1,315,605	996,956	5,544,153
Fund Balances (Deficits), June 30, 2016	\$ 1,671,709	\$ 1,100,088	\$ 5,969,359

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Property taxes:						
Current year's property tax levy	\$ 558,200	\$ 558,200	\$ 228,971	\$ -	\$ 228,971	\$ (329,229)
Delinquent property taxes	11,100	11,100	4,698	-	4,698	(6,402)
Investment income	10,800	10,800	6,282	-	6,282	(4,518)
Total Revenues	580,100	580,100	239,951	-	239,951	(340,149)
<u>Expenditures</u>						
Debt service	492,000	492,000	243,681	-	243,681	248,319
Reserved for debt service	586,050	586,050	-	-	-	586,050
Total Expenditures	1,078,050	1,078,050	243,681	-	243,681	834,369
Excess (deficiency) of revenues over (under) expenditures	(497,950)	(497,950)	(3,730)	-	(3,730)	494,220
Beginning Fund Balance (Deficit)	497,950	497,950	510,963	-	510,963	13,013
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 507,233	\$ -	\$ 507,233	\$ 507,233

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Intergovernmental	\$ 479,000	\$ 479,000	\$ 236,875	\$ -	\$ 236,875	\$ (242,125)
Investment income	-	-	387	-	387	387
Total Revenues	479,000	479,000	237,262	-	237,262	(241,738)
<u>Expenditures</u>						
Current:						
Materials and services	1,400	1,400	277	-	277	1,123
Interfund charges	14,600	14,600	7,100	-	7,100	7,500
Debt service	479,000	479,000	236,875	-	236,875	242,125
Reserved for debt service	7,150	7,150	-	-	-	7,150
Total Expenditures	502,150	502,150	244,252	-	244,252	257,898
Excess (deficiency) of revenues over (under) expenditures	(23,150)	(23,150)	(6,990)	-	(6,990)	16,160
<u>Other Financing Sources (Uses)</u>						
Transfers in	16,000	16,000	7,800	-	7,800	(8,200)
Total Other Financing Sources (Uses)	16,000	16,000	7,800	-	7,800	(8,200)
Net changes in fund balance	(7,150)	(7,150)	810	-	810	7,960
Beginning Fund Balance (Deficit)	7,150	7,150	7,200	-	7,200	50
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 8,010	\$ -	\$ 8,010	\$ 8,010

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to other City funds	\$ 2,500,900	\$ 2,500,900	\$ 1,120,814	\$ -	\$ 1,120,814	\$ (1,380,086)
Investment income	57,000	57,000	32,451	-	32,451	(24,549)
Total Revenues	2,557,900	2,557,900	1,153,265	-	1,153,265	(1,404,635)
<u>Expenditures</u>						
Current:						
Interfund charges	48,800	48,800	23,800	-	23,800	25,000
Debt service	2,373,000	2,373,000	1,160,575	-	1,160,575	1,212,425
Reserved for debt service	2,933,700	2,933,700	-	-	-	2,933,700
Total Expenditures	5,355,500	5,355,500	1,184,375	-	1,184,375	4,171,125
Excess (deficiency) of revenues over (under) expenditures	(2,797,600)	(2,797,600)	(31,110)	-	(31,110)	2,766,490
Beginning Fund Balance (Deficit)	2,797,600	2,797,600	2,713,429	-	2,713,429	(84,171)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 2,682,319	\$ -	\$ 2,682,319	\$ 2,682,319

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Property taxes						
Current year's property tax levy	\$ 1,864,300	\$ 1,864,300	\$ 1,001,794	\$ -	\$ 1,001,794	\$ (862,506)
Delinquent property taxes	37,500	37,500	21,383	-	21,383	(16,117)
Investment income	31,500	31,500	18,855	-	18,855	(12,645)
Total Revenues	1,933,300	1,933,300	1,042,032	-	1,042,032	(12,645)
<u>Expenditures</u>						
Debt service	1,376,600	1,376,600	685,928	-	685,928	690,672
Reserved for debt service	1,866,600	1,866,600	-	-	-	1,866,600
Total Expenditures	3,243,200	3,243,200	685,928	-	685,928	2,557,272
Excess (deficiency) of revenues over (under) expenditures	(1,309,900)	(1,309,900)	356,104	-	356,104	2,544,627
Beginning Fund Balance (Deficit)	1,309,900	1,309,900	1,315,605	-	1,315,605	5,705
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,671,709	\$ -	\$ 1,671,709	\$ 2,550,332

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Property taxes						
Current year's property tax levy	\$ 3,680,000	\$ 3,680,000	\$ 1,877,739	\$ -	\$ 1,877,739	\$ (1,802,261)
Delinquent property taxes	100,200	100,200	45,050	-	45,050	(55,150)
Investment income	20,800	20,800	17,992	-	17,992	(2,808)
Total Revenues	<u>3,801,000</u>	<u>3,801,000</u>	<u>1,940,781</u>	<u>-</u>	<u>1,940,781</u>	<u>(1,860,219)</u>
<u>Expenditures</u>						
Debt service	3,678,000	3,678,000	1,837,650	-	1,837,650	1,840,350
Reserved for debt service	1,104,400	1,104,400	-	-	-	1,104,400
Total Expenditures	<u>4,782,400</u>	<u>4,782,400</u>	<u>1,837,650</u>	<u>-</u>	<u>1,837,650</u>	<u>2,944,750</u>
Excess (deficiency) of revenues over (under) expenditures	(981,400)	(981,400)	103,131	-	103,131	1,084,531
Beginning Fund Balance (Deficit)	981,400	981,400	996,956	-	996,956	15,556
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100,087</u>	<u>\$ -</u>	<u>\$ 1,100,087</u>	<u>\$ 1,100,087</u>

City of Bend, Oregon
Nonmajor Debt Service Funds
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	Appropriation	Actual Expenditures	Variance Positive (Negative)
<u>Murphy Crossing Urban Renewal Debt Service Fund</u>			
Debt service	\$ 492,000	\$ 243,681	\$ 248,319
Reserves	586,050	-	586,050
Total Murphy Crossing Urban Renewal Debt Service Fund	<u>\$ 1,078,050</u>	<u>\$ 243,681</u>	<u>\$ 834,369</u>
<u>Fire Station Debt Service Fund</u>			
Materials and services	\$ 1,400	\$ 277	\$ 1,123
Transfers	14,600	7,100	7,500
Debt service	479,000	236,875	242,125
Reserves	7,150	-	7,150
Total Fire Station Debt Service Fund	<u>\$ 502,150</u>	<u>\$ 244,252</u>	<u>\$ 257,898</u>
<u>PERS Debt Service Fund</u>			
Transfers	\$ 48,800	\$ 23,800	\$ 25,000
Debt service	2,373,000	1,160,575	1,212,425
Reserves	2,933,700	-	2,933,700
Total PERS Debt Service Fund	<u>\$ 5,355,500</u>	<u>\$ 1,184,375</u>	<u>\$ 4,171,125</u>
<u>Juniper Ridge Urban Renewal Debt Service Fund</u>			
Debt service	\$ 1,376,600	\$ 685,928	\$ 690,672
Reserves	1,866,600	-	1,866,600
Total Juniper Ridge Urban Renewal Debt Service Fund	<u>\$ 3,243,200</u>	<u>\$ 685,928</u>	<u>\$ 2,557,272</u>
<u>General Obligation Bond Debt Service Fund</u>			
Debt service	\$ 3,678,000	\$ 1,837,650	\$ 1,840,350
Reserves	1,104,400	-	1,104,400
Total General Obligation Bond Debt Service Fund	<u>\$ 4,782,400</u>	<u>\$ 1,837,650</u>	<u>\$ 2,944,750</u>

MAJOR CAPITAL PROJECTS FUNDS

Transportation Construction Fund

This fund accounts for the construction of streets, bridges, and trails. The principal sources of revenue are franchise fees, transfers from the System Development Charges (SDC) Fund, and proceeds from borrowings.

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, 2016

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget
	Original	Final				Positive (Negative)
<u>Revenues</u>						
Franchise fees	\$ 1,311,600	\$ 1,311,600	\$ 605,845	\$ -	\$ 605,845	\$ (705,755)
Rental income	10,400	10,400	1,600	-	1,600	(8,800)
Charges for services:						
Charges to others	155,500	155,500	4,368	-	4,368	(151,132)
Charges to other City funds	231,100	231,100	112,238	-	112,238	(118,862)
Contributions	-	-	81,248	-	81,248	81,248
Investment income	132,000	132,000	106,470	-	106,470	(25,530)
Miscellaneous	-	-	7,872	-	7,872	7,872
Total Revenues	1,840,600	1,840,600	919,641	-	919,641	(920,959)
<u>Expenditures</u>						
Current:						
Personnel services	912,210	912,210	387,487	-	387,487	524,723
Materials and services	2,009,312	2,009,312	282,141	-	282,141	1,727,171
Interfund charges	1,642,500	1,642,500	817,501	-	817,501	824,999
Debt service	2,612,000	2,612,000	1,307,087	-	1,307,087	1,304,913
Capital outlay	2,485,000	2,985,000	354,729	-	354,729	2,630,271
Contingency	600,000	600,000	-	-	-	600,000
Reserved for construction	3,348,978	2,848,978	-	-	-	2,848,978
Reserved for debt service	1,309,000	1,309,000	-	-	-	1,309,000
Reserved for developer exaction	1,313,800	1,313,800	-	-	-	1,313,800
Total Expenditures	16,232,800	16,232,800	3,148,945	-	3,148,945	13,083,855
Excess (deficiency) of revenues over (under) expenditures	(14,392,200)	(14,392,200)	(2,229,304)	-	(2,229,304)	12,162,896
<u>Other Financing Sources (Uses)</u>						
Proceeds from sale of assets	389,600	389,600	-	-	-	(389,600)
Transfers in	7,279,800	7,279,800	3,321,138	-	3,321,138	(3,958,662)
Total Other Financing Sources (Uses)	7,669,400	7,669,400	3,321,138	-	3,321,138	(4,348,262)
Net changes in fund balance	(6,722,800)	(6,722,800)	1,091,834	-	1,091,834	7,814,634
Beginning Fund Balance (Deficit)	6,722,800	6,722,800	7,808,649	-	7,808,649	1,085,849
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 8,900,483	\$ -	\$ 8,900,483	\$ 8,900,483

City of Bend, Oregon
Major Capital Projects Fund
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Transportation Construction Fund</u>			
Personnel services	\$ 912,210	\$ 387,487	\$ 524,723
Materials and services	2,009,312	282,141	1,727,171
Interfund charges	1,642,500	817,501	824,999
Debt service	2,612,000	1,307,087	1,304,913
Capital outlay	2,985,000	354,729	2,630,271
Contingency	600,000	-	600,000
Reserves	5,471,778	-	5,471,778
Total Transportation Construction Fund	<u>\$ 16,232,800</u>	<u>\$ 3,148,945</u>	<u>\$ 13,083,855</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Local Improvement District Construction Fund

This fund accounts for the cost of construction and related interim financing for public improvements which primarily benefit the property owners against whose properties are levied a special assessment. Construction period financing is obtained through short-term borrowing or interfund loans.

Murphy Crossing Urban Renewal Construction Fund

This fund accounts for the expenditures of the Murphy Crossing urban renewal district. The principal source of revenue is proceeds from borrowings.

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 contributions from other funds and proceeds from borrowings.

Accessibility Construction Fund

This fund accounts for construction and debt service activities related to improving accessibility. Funding is provided from the General Fund and franchise fees.

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, 2016

	Local Improvement District Construction Fund	Murphy Crossing Urban Renewal Construction Fund	Juniper Ridge Urban Renewal Construction Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Assets			
Restricted cash and investments	\$ 599,166	\$ 1,124,902	\$ 40
Receivables:			
Accounts, net	-	-	-
Total Assets	<u>\$ 599,166</u>	<u>\$ 1,124,902</u>	<u>\$ 40</u>
Liabilities and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ -	\$ 554,792	\$ -
Salaries and benefits payable	-	-	-
Retainage payable	-	56,502	-
Total Liabilities	<u>-</u>	<u>611,294</u>	<u>-</u>
Fund Balances (Deficits)			
Restricted for:			
Outside construction covenant	-	513,608	-
Committed:			
Construction activities	-	-	360,000
Assigned:			
Construction activities	599,166	-	-
Unassigned	-	-	(359,960)
Total Fund Balances (Deficits)	<u>599,166</u>	<u>513,608</u>	<u>40</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 599,166</u>	<u>\$ 1,124,902</u>	<u>\$ 40</u>

City of Bend, Oregon
Combining Balance Sheet (Continued)
Nonmajor Capital Projects Funds
June 30, 2016

	Accessibility Construction Fund	General Obligation Bond Transportation Construction Fund	Total Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Restricted cash and investments	\$ 1,058,342	\$ 5,884,195	\$ 8,666,645
Receivables:			
Accounts, net	88,091	-	88,091
Total Assets	<u>\$ 1,146,433</u>	<u>\$ 5,884,195</u>	<u>\$ 8,754,736</u>
Liabilities and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ 3,075	\$ 98,007	\$ 655,874
Salaries and benefits payable	749	-	749
Retainage payable	-	447,979	504,481
Total Liabilities	<u>3,824</u>	<u>545,986</u>	<u>1,161,104</u>
Fund Balances (Deficits)			
Restricted for:			
Outside construction covenant	-	5,338,209	5,851,817
Committed:			
Construction activities	-	-	360,000
Assigned:			
Construction activities	1,142,609	-	1,741,775
Unassigned	-	-	(359,960)
Total Fund Balances (Deficits)	<u>1,142,609</u>	<u>5,338,209</u>	<u>7,593,632</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,146,433</u>	<u>\$ 5,884,195</u>	<u>\$ 8,754,736</u>

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, 2016

	Local Improvement District Construction Fund	Murphy Crossing Urban Renewal Construction Fund	Juniper Ridge Urban Renewal Construction Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Franchise fees	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Investment income	6,734	17,129	(68)
Total Revenues	<u>6,734</u>	<u>17,129</u>	<u>(68)</u>
Expenditures			
Current:			
Public ways and facilities	-	-	-
Urban renewal	-	-	12,309
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	1,258,043	-
Total Expenditures	<u>-</u>	<u>1,258,043</u>	<u>12,309</u>
Excess (deficiency) of revenues over expenditures	6,734	(1,240,914)	(12,377)
Other Financing Sources (Uses)			
Transfers in	-	-	12,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12,000</u>
Net change in fund balances	6,734	(1,240,914)	(377)
Fund Balances (Deficits), July 1, 2015	592,432	1,754,522	417
Fund Balances (Deficits), June 30, 2016	<u>\$ 599,166</u>	<u>\$ 513,608</u>	<u>\$ 40</u>

City of Bend, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Capital Projects Funds
For the fiscal year ended June 30, 2016

	Accessibility Construction Fund	General Obligation Bond Transportation Construction Fund	Total Capital Projects Funds
Revenues			
Franchise fees	\$ 683,707	\$ -	\$ 683,707
Intergovernmental	41,513	-	41,513
Investment income	10,052	73,036	106,883
Total Revenues	<u>735,272</u>	<u>73,036</u>	<u>832,103</u>
Expenditures			
Current:			
Public ways and facilities	219,725	499	220,224
Urban renewal	-	-	12,309
Debt service:			
Principal	209,999	-	209,999
Interest	98,983	-	98,983
Capital outlay	461,022	3,334,902	5,053,967
Total Expenditures	<u>989,729</u>	<u>3,335,401</u>	<u>5,595,482</u>
Excess (deficiency) of revenues over expenditures	(254,457)	(3,262,365)	(4,763,379)
Other Financing Sources (Uses)			
Transfers in	486,000	-	498,000
Total Other Financing Sources (Uses)	<u>486,000</u>	<u>-</u>	<u>498,000</u>
Net change in fund balances	231,543	(3,262,365)	(4,265,379)
Fund Balances (Deficits), July 1, 2015	911,066	8,600,574	11,859,011
Fund Balances (Deficits), June 30, 2016	<u>\$ 1,142,609</u>	<u>\$ 5,338,209</u>	<u>\$ 7,593,632</u>

City of Bend, Oregon
Local Improvement District Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Investment income	\$ 11,900	\$ 11,900	\$ 6,734	\$ -	\$ 6,734	\$ (5,166)
Total Revenues	<u>11,900</u>	<u>11,900</u>	<u>6,734</u>	<u>-</u>	<u>6,734</u>	<u>(5,166)</u>
<u>Expenditures</u>						
Reserves	603,800	603,800	-	-	-	603,800
Total Expenditures	<u>603,800</u>	<u>603,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,800</u>
Excess (deficiency) of revenues over (under) expenditures	(591,900)	(591,900)	6,734	-	6,734	598,634
Beginning Fund Balance (Deficit)	591,900	591,900	592,432	-	592,432	532
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,166</u>	<u>\$ -</u>	<u>\$ 599,166</u>	<u>\$ 599,166</u>

City of Bend, Oregon
Murphy Crossing Urban Renewal Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Investment income	\$ 500	\$ 500	\$ 17,129	\$ -	\$ 17,129	\$ 16,629
Total Revenues	<u>500</u>	<u>500</u>	<u>17,129</u>	<u>-</u>	<u>17,129</u>	<u>16,629</u>
<u>Expenditures</u>						
Capital outlay	1,300,000	1,755,022	1,258,043	-	1,258,043	496,979
Total Expenditures	<u>1,300,000</u>	<u>1,755,022</u>	<u>1,258,043</u>	<u>-</u>	<u>1,258,043</u>	<u>496,979</u>
Excess (deficiency) of revenues over (under) expenditures	(1,299,500)	(1,754,522)	(1,240,914)	-	(1,240,914)	513,608
Beginning Fund Balance (Deficit)	1,299,500	1,754,522	1,754,522	-	1,754,522	-
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,608</u>	<u>\$ -</u>	<u>\$ 513,608</u>	<u>\$ 513,608</u>

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Investment income	\$ -	\$ -	\$ (68)	\$ -	\$ (68)	\$ (68)
Total Revenues	<u>-</u>	<u>-</u>	<u>(68)</u>	<u>-</u>	<u>(68)</u>	<u>(68)</u>
<u>Expenditures</u>						
Current:						
Materials and services	82,000	82,000	12,310	-	12,310	69,690
Contingency	2,800	2,800	-	-	-	2,800
Total Expenditures	<u>84,800</u>	<u>84,800</u>	<u>12,310</u>	<u>-</u>	<u>12,310</u>	<u>72,490</u>
Excess (deficiency) of revenues over (under) expenditures	(84,800)	(84,800)	(12,378)	-	(12,378)	72,422
<u>Other Financing Sources (Uses)</u>						
Transfers in	82,000	82,000	12,000	-	12,000	(70,000)
Total Other Financing Sources (Uses)	<u>82,000</u>	<u>82,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>(70,000)</u>
Net changes in fund balance	(2,800)	(2,800)	(378)	-	(378)	2,422
Beginning Fund Balance (Deficit)	2,800	2,800	417	-	417	(2,383)
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Franchise fees	\$ 1,311,600	\$ 1,311,600	\$ 683,707	\$ -	\$ 683,707	\$ (627,893)
Intergovernmental	78,200	78,200	41,513	-	41,513	(36,687)
Investment income	19,700	19,700	10,052	-	10,052	(9,648)
Total Revenues	1,409,500	1,409,500	735,272	-	735,272	(674,228)
<u>Expenditures</u>						
Current:						
Personnel services	136,819	136,819	41,773	-	41,773	95,046
Materials and services	250,960	250,960	2,338	-	2,338	248,622
Interfund charges	206,800	206,800	175,614	-	175,614	31,186
Debt service	617,000	617,000	308,983	-	308,983	308,017
Capital outlay	1,023,000	1,098,000	461,022	-	461,022	636,978
Contingency	798,121	723,121	-	-	-	723,121
Total Expenditures	3,032,700	3,032,700	989,730	-	989,730	2,042,970
Excess (deficiency) of revenues over (under) expenditures	(1,623,200)	(1,623,200)	(254,458)	-	(254,458)	1,368,742
<u>Other Financing Sources (Uses)</u>						
Transfers in	821,000	821,000	486,000	-	486,000	(335,000)
Total Other Financing Sources (Uses)	821,000	821,000	486,000	-	486,000	(335,000)
Net changes in fund balance	(802,200)	(802,200)	231,542	-	231,542	1,033,742
Beginning Fund Balance (Deficit)	802,200	802,200	911,066	-	911,066	108,866
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,142,608	\$ -	\$ 1,142,608	\$ 1,142,608

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Investment income	\$ 45,600	\$ 45,600	\$ 73,036	\$ -	\$ 73,036	\$ 27,436
Total Revenues	<u>45,600</u>	<u>45,600</u>	<u>73,036</u>	<u>-</u>	<u>73,036</u>	<u>27,436</u>
<u>Expenditures</u>						
Current:						
Materials and services	1,800	1,800	500	-	500	1,300
Capital outlay	9,231,660	9,231,660	3,334,902	-	3,334,902	5,896,758
Total Expenditures	<u>9,233,460</u>	<u>9,233,460</u>	<u>3,335,402</u>	<u>-</u>	<u>3,335,402</u>	<u>5,898,058</u>
Excess (deficiency) of revenues over (under) expenditures	(9,187,860)	(9,187,860)	(3,262,366)	-	(3,262,366)	5,925,494
Beginning Fund Balance (Deficit)	9,187,860	9,187,860	8,600,574	-	8,600,574	(587,286)
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,338,208</u>	<u>\$ -</u>	<u>\$ 5,338,208</u>	<u>\$ 5,338,208</u>

City of Bend, Oregon
Nonmajor Capital Projects Funds
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	Appropriation	Actual Expenditures	Variance Positive (Negative)
<u>Local Improvement District Construction Fund</u>			
Reserves	\$ 603,800	\$ -	\$ 603,800
Total Local Improvement District Construction Fund	<u>\$ 603,800</u>	<u>\$ -</u>	<u>\$ 603,800</u>
<u>Murphy Crossing Urban Renewal Construction Fund</u>			
Capital outlay	\$ 1,755,022	\$ 1,258,043	\$ 496,979
Total Murphy Crossing Urban Renewal Construction Fund	<u>\$ 1,755,022</u>	<u>\$ 1,258,043</u>	<u>\$ 496,979</u>
<u>Juniper Ridge Urban Renewal Construction Fund</u>			
Materials and services	\$ 82,000	\$ 12,310	\$ 69,690
Contingency	2,800	-	2,800
Total Juniper Ridge Urban Renewal Construction Fund	<u>\$ 84,800</u>	<u>\$ 12,310</u>	<u>\$ 72,490</u>
<u>Accessibility Construction Fund</u>			
Personnel services	\$ 136,819	\$ 41,773	\$ 95,046
Materials and services	250,960	2,338	248,622
Transfers	206,800	175,614	31,186
Debt service	617,000	308,983	308,017
Capital outlay	1,098,000	461,022	636,978
Contingency	723,121	-	723,121
Total Accessibility Construction Fund	<u>\$ 3,032,700</u>	<u>\$ 989,730</u>	<u>\$ 2,042,970</u>
<u>General Obligation Bond Transportation Construction Fund</u>			
Materials and services	\$ 1,800	\$ 500	\$ 1,300
Capital outlay	9,231,660	3,334,902	5,896,758
Total General Obligation Bond Transportation Construction Fund	<u>\$ 9,233,460</u>	<u>\$ 3,335,402</u>	<u>\$ 5,898,058</u>

NONMAJOR PERMANENT FUNDS

Cemetery Permanent Maintenance Fund

This fund accounts for the collection of cemetery permanent maintenance revenues. The earnings, not principal, from 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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Permanent maintenance fees	\$ 9,100	\$ 9,100	\$ 12,530	\$ -	\$ 12,530	\$ 3,430
Investment income	40,000	40,000	21,535	-	21,535	(18,465)
Total Revenues	49,100	49,100	34,065	-	34,065	(15,035)
<u>Expenditures</u>						
Current:						
Materials and services	10,000	10,000	5,092	-	5,092	4,908
Reserved for permanent maintenance	665,300	665,300	-	-	-	665,300
Total Expenditures	675,300	675,300	5,092	-	5,092	670,208
Excess (deficiency) of revenues over (under) expenditures	(626,200)	(626,200)	28,973	-	28,973	655,173
<u>Other Financing Sources (Uses)</u>						
Transfers out	(30,000)	(30,000)	(16,444)	-	(16,444)	13,556
Total Other Financing Sources (Uses)	(30,000)	(30,000)	(16,444)	-	(16,444)	13,556
Net changes in fund balance	(656,200)	(656,200)	12,529	-	12,529	668,729
Beginning Fund Balance (Deficit)	656,200	656,200	616,397	-	616,397	(39,803)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 628,926	\$ -	\$ 628,926	\$ 628,926

City of Bend, Oregon
Nonmajor Permanent Funds
Schedule of Expenses and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Cemetery Permanent Maintenance Fund</u>			
Materials and services	\$ 10,000	\$ 5,091	\$ 4,909
Transfers	30,000	16,444	13,556
Reserves	665,300	-	665,300
Total Cemetery Permanent Maintenance Fund	<u>\$ 705,300</u>	<u>\$ 21,535</u>	<u>\$ 683,765</u>

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 revenues 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 Fund Net Position
Nonmajor Enterprise Funds
June 30, 2016

	Airport Fund	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Pooled cash and investments	\$ 328,923	\$ 28,147	\$ 1,719,085	\$ 4,146,531	\$ 6,222,686
Receivables:					
Accounts, net	14,258	-	115,828	486,667	616,753
Due from other governments	30,678	-	-	-	30,678
Total Current Assets	373,859	28,147	1,834,913	4,633,198	6,870,117
Noncurrent assets:					
Restricted cash and investments	13,791	6,840	20,002	-	40,633
Capital assets, net	22,999,435	107,061	12,845,062	28,721,995	64,673,553
Total Noncurrent Assets	23,013,226	113,901	12,865,064	28,721,995	64,714,186
Total Assets	23,387,085	142,048	14,699,977	33,355,193	71,584,303
Deferred Outflows of Resources					
Deferred outflows from pensions	22,910	8,049	3,716	98,451	133,126
Total Deferred Outflows of Resources	22,910	8,049	3,716	98,451	133,126
Liabilities					
Current liabilities:					
Accounts payable	19,079	2,011	74,291	368,183	463,564
Salaries and benefits payable	3,220	765	428	12,347	16,760
Retainage payable	-	-	-	847	847
Other accrued liabilities:					
Compensated absences	6,072	16,262	1,558	16,099	39,991
Interest payable	21,106	-	-	-	21,106
Insurance claims	259	-	64	534	857
Other	5,661	-	-	-	5,661
Deposits - restricted	13,791	6,840	20,002	-	40,633
Current portion of long term debt, net	219,782	-	-	-	219,782
Total Current Liabilities	288,970	25,878	96,343	398,010	809,201
Noncurrent liabilities:					
Other post-employment benefits payable	48,717	11,786	16,171	190,079	266,753
Long-term debt, net	949,429	-	-	-	949,429
Net pension obligation	80,066	28,131	12,984	344,067	465,248
Total Noncurrent liabilities	1,078,212	39,917	29,155	534,146	1,681,430
Total Liabilities	1,367,182	65,795	125,498	932,156	2,490,631
Deferred Inflows of Resources					
Deferred inflows from pensions	18,019	6,331	2,922	77,434	104,706
Total Deferred Inflows of Resources	18,019	6,331	2,922	77,434	104,706
Net Position (Deficit)					
Net investment in capital assets	21,830,224	107,061	12,845,062	28,721,995	63,504,342
Unrestricted (deficit)	194,570	(29,090)	1,730,211	3,722,059	5,617,750
Total Net Position (Deficit)	\$ 22,024,794	\$ 77,971	\$ 14,575,273	\$ 32,444,054	\$ 69,122,092

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City of Bend, Oregon
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2016

	Airport Fund	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
<u>Operating Revenues</u>					
Charges for services	\$ 943,509	\$ 107,174	\$ 918,130	\$ 3,232,497	\$ 5,201,310
Miscellaneous	9,284	-	812	-	10,096
Total Operating Revenues	<u>952,793</u>	<u>107,174</u>	<u>918,942</u>	<u>3,232,497</u>	<u>5,211,406</u>
<u>Operating Expenses</u>					
Salaries and benefits	303,497	89,630	43,636	1,289,695	1,726,458
Materials and supplies	86,394	27,772	477,293	263,214	854,673
Internal services	350,645	25,165	218,033	791,663	1,385,506
Depreciation	574,072	6,577	356,346	910,947	1,847,942
Total Operating Expenses	<u>1,314,608</u>	<u>149,144</u>	<u>1,095,308</u>	<u>3,255,519</u>	<u>5,814,579</u>
Operating income (loss)	(361,815)	(41,970)	(176,366)	(23,022)	(603,173)
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	3,376	314	19,060	45,030	67,780
Interest expense	(53,570)	-	-	-	(53,570)
Amortization	3,968	-	-	-	3,968
Total Nonoperating Revenues (Expenses)	<u>(46,226)</u>	<u>314</u>	<u>19,060</u>	<u>45,030</u>	<u>18,178</u>
Income (loss) before contributions and transfers	(408,041)	(41,656)	(157,306)	22,008	(584,995)
<u>Contributions and Transfers</u>					
Capital grants and contributions	653,057	-	-	1,879,247	2,532,304
Transfers in	-	19,830	-	11,563	31,393
Transfers out	-	-	-	(134,000)	(134,000)
Total Contributions and Transfers	<u>653,057</u>	<u>19,830</u>	<u>-</u>	<u>1,756,810</u>	<u>2,429,697</u>
Change in net position	245,016	(21,826)	(157,306)	1,778,818	1,844,702
Net Position (Deficit), July 1, 2015	<u>21,779,778</u>	<u>99,797</u>	<u>14,732,579</u>	<u>30,665,236</u>	<u>67,277,390</u>
Net Position (Deficit), June 30, 2016	<u>\$ 22,024,794</u>	<u>\$ 77,971</u>	<u>\$ 14,575,273</u>	<u>\$ 32,444,054</u>	<u>\$ 69,122,092</u>

City of Bend, Oregon
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2016

	Airport Fund	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 933,877	\$ 114,014	\$ 919,145	\$ 3,095,577	\$ 5,062,613
Cash received from interfund services provided	-	-	-	18,442	18,442
Cash paid to employees for services	(243,193)	(69,232)	(35,334)	(1,010,142)	(1,357,901)
Cash paid to suppliers for goods and services	(91,554)	(27,300)	(484,534)	(263,111)	(866,499)
Cash paid for interfund services used	(350,645)	(25,165)	(218,033)	(791,663)	(1,385,506)
Net Cash from Operating Activities	<u>248,485</u>	<u>(7,683)</u>	<u>181,244</u>	<u>1,049,103</u>	<u>1,471,149</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers from other funds	-	19,830	-	11,563	31,393
Transfers to other funds	-	-	-	(134,000)	(134,000)
Interfund loan repayments	(40,000)	-	-	-	(40,000)
Net Cash from Noncapital Financing Activities	<u>(40,000)</u>	<u>19,830</u>	<u>-</u>	<u>(122,437)</u>	<u>(142,607)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal payments on capital debt	(215,105)	-	-	-	(215,105)
Interest payments on capital debt	(56,338)	-	-	-	(56,338)
Acquisition and construction of capital assets	(691,781)	-	(9,997)	(282,541)	(984,319)
Capital grants and contributions	677,228	-	-	-	677,228
Net Cash from Capital and Related Financing Activities	<u>(285,996)</u>	<u>-</u>	<u>(9,997)</u>	<u>(282,541)</u>	<u>(578,534)</u>
<u>Cash flows from investing activities</u>					
Investment income	3,376	314	19,060	45,030	67,780
Net change in pooled cash and investments	(74,135)	12,461	190,307	689,155	817,788
Pooled Cash and Investments, July 1, 2015	416,849	22,526	1,548,780	3,457,376	5,445,531
Pooled Cash and Investments, June 30, 2016	<u>\$ 342,714</u>	<u>\$ 34,987</u>	<u>\$ 1,739,087</u>	<u>\$ 4,146,531</u>	<u>\$ 6,263,319</u>

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2016

	<u>Airport Fund</u>	<u>Cemetery Fund</u>	<u>Downtown Parking Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided (Used) by Operating</u>					
<u>Activities</u>					
Operating income (loss)	\$ (361,815)	\$ (41,970)	\$ (176,366)	\$ (23,022)	\$ (603,173)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	574,072	6,577	356,346	910,947	1,847,942
Change in:					
Accounts receivable	(2,723)	-	699	(118,478)	(120,502)
Accounts payable	(5,159)	472	(7,241)	105	(11,823)
Salaries and benefits payable	499	(89)	(9)	2,138	2,539
Pension benefits	59,791	21,008	7,617	264,004	352,420
Other post-employment benefits	2,919	308	580	25,793	29,600
Compensated absences payable	(2,906)	(829)	114	(12,475)	(16,096)
Insurance claims payable	-	-	-	91	91
Prepays and deposits payable	(16,193)	6,840	(496)	-	(9,849)
Net Cash Provided (Used) by Operating Activities	<u>\$ 248,485</u>	<u>\$ (7,683)</u>	<u>\$ 181,244</u>	<u>\$ 1,049,103</u>	<u>\$ 1,471,149</u>

Noncash Capital and Related Financing Activities

The City received donated stormwater infrastructure totaling \$1,879,247 in the current year.

Acquisition of capital assets financed through accounts payable or retainage payable for the current year totaled \$12,501 in the Airport Fund, \$23,544 in the Downtown Parking Fund, and \$321,684 in the Stormwater Fund.

City of Bend, Oregon
Airport Fund
Schedule of Revenues, Expenses, and Changes in Fund Balance - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Intergovernmental	\$ 7,269,839	\$ 7,269,839	\$ 653,057	\$ -	\$ 653,057	\$ (6,616,782)
Charges for services	1,836,800	1,836,800	886,342	-	886,342	(950,458)
Rental income:						
Rental income from others	113,300	113,300	57,167	-	57,167	(56,133)
Investment income	8,800	8,800	3,376	-	3,376	(5,424)
Miscellaneous	4,300	4,300	9,284	-	9,284	4,984
Total Revenues	9,233,039	9,233,039	1,609,226	-	1,609,226	(7,623,813)
<u>Expenses</u>						
Current:						
Personnel services	541,289	541,289	245,862	-	245,862	295,427
Materials and services	295,280	295,280	86,394	-	86,394	208,886
Interfund charges	525,200	525,200	345,569	-	345,569	179,631
Capital outlay	7,294,839	7,324,839	680,706	-	680,706	6,644,133
Debt service	537,600	537,600	268,675	-	268,675	268,925
Contingency	424,231	424,231	-	-	-	424,231
Total Expenses	9,618,439	9,648,439	1,627,206	-	1,627,206	8,021,233
Excess (deficiency) of revenues over (under) expenses	(385,400)	(415,400)	(17,980)	-	(17,980)	397,420
<u>Other Financing Sources (Uses)</u>						
Interfund loan proceeds	500,000	500,000	-	-	-	(500,000)
Transfers out	(550,000)	(550,000)	(40,000)	-	(40,000)	510,000
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(40,000)	-	(40,000)	10,000
Net changes in fund balance	(435,400)	(465,400)	(57,980)	-	(57,980)	407,420
Beginning Fund Balance (Deficit)	435,400	465,400	401,937	-	401,937	(63,463)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 343,957	\$ -	\$ 343,957	\$ 343,957

City of Bend, Oregon

Airport Fund

**Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual (Continued)
For the fiscal year ended June 30, 2016**

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 1,627,206
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	59,792
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	2,919
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(680,706)
Principal payments on bonds reported as expenses on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(215,105)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	574,072
Amortization of premiums and discounts is not reported on the budgetary basis but is reported as an expense on the GAAP basis	(3,968)
Total Expenses - GAAP Basis	<u>\$ 1,364,210</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ (40,000)
Repayment of interfund loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	40,000
Total Other Financing Sources (Uses) - GAAP Basis	<u>\$ -</u>

City of Bend, Oregon
Cemetery Fund
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Burial and lot fees	\$ 156,900	\$ 156,900	\$ 107,174	\$ -	\$ 107,174	\$ (49,726)
Investment income	-	-	314	-	314	314
Total Revenues	156,900	156,900	107,488	-	107,488	(49,412)
<u>Expenses</u>						
Current:						
Personnel services	132,891	132,891	69,814	-	69,814	63,077
Materials and services	101,590	101,590	27,772	-	27,772	73,818
Interfund charges	61,000	61,000	23,665	-	23,665	37,335
Contingency	6,645	6,645	-	-	-	6,645
Total Expenses	302,126	302,126	121,251	-	121,251	180,875
Excess (deficiency) of revenues over (under) expenses	(145,226)	(145,226)	(13,763)	-	(13,763)	131,463
<u>Other Financing Sources (Uses)</u>						
Transfers in	142,026	142,026	19,830	-	19,830	(122,196)
Total Other Financing Sources (Uses)	142,026	142,026	19,830	-	19,830	(122,196)
Net changes in fund balance	(3,200)	(3,200)	6,067	-	6,067	9,267
Beginning Fund Balance (Deficit)	3,200	3,200	3,038	-	3,038	(162)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 9,105	\$ -	\$ 9,105	\$ 9,105

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 121,251
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	21,008
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	308
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	6,577
Total Expenses - GAAP Basis	\$ 149,144

City of Bend, Oregon
Downtown Parking Fund
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Licenses and permits	\$ 9,400	\$ 9,400	\$ 8,436	\$ -	\$ 8,436	\$ (964)
Fines and lot rental fees	1,693,042	1,693,042	909,694	-	909,694	(783,348)
Investment income	32,100	32,100	19,060	-	19,060	(13,040)
Miscellaneous	700	700	812	-	812	112
Total Revenues	1,735,242	1,735,242	938,002	-	938,002	(797,240)
<u>Expenses</u>						
Current:						
Personnel services	69,330	69,330	35,993	-	35,993	33,337
Materials and services	928,818	1,028,818	477,293	-	477,293	551,525
Interfund charges	442,700	442,700	217,479	-	217,479	225,221
Capital outlay	27,500	27,500	33,541	-	33,541	(6,041)
Contingency	256,494	256,494	-	-	-	256,494
Reserved for construction	1,370,000	1,270,000	-	-	-	1,270,000
Reserved for maintenance	200,000	200,000	-	-	-	200,000
Total Expenses	3,294,842	3,294,842	764,306	-	764,306	2,530,536
Excess (deficiency) of revenues over (under) expenses	(1,559,600)	(1,559,600)	173,696	-	173,696	1,733,296
Beginning Fund Balance (Deficit)	1,559,600	1,559,600	1,586,340	-	1,586,340	26,740
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,760,036</u>	<u>\$ -</u>	<u>\$ 1,760,036</u>	<u>\$ 1,760,036</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 764,306
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	7,617
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	580
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	356,346
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(33,541)
Total Expenses - GAAP Basis	<u>\$ 1,095,308</u>

City of Bend, Oregon
Stormwater Fund
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Budgeted Amounts</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to others	\$ 6,592,900	\$ 6,592,900	\$ 3,214,055	\$ -	\$ 3,214,055	\$ (3,378,845)
Charges to other City funds	34,400	34,400	18,442	-	18,442	(15,958)
Investment income	61,500	61,500	45,030	-	45,030	(16,470)
Miscellaneous	1,800	1,800	-	-	-	(1,800)
Total Revenues	6,690,600	6,690,600	3,277,527	-	3,277,527	(3,413,073)
<u>Expenses</u>						
Current:						
Personnel services	2,562,220	2,562,220	1,046,002	-	1,046,002	1,516,218
Materials and services	1,147,620	1,147,620	263,214	-	263,214	884,406
Interfund charges	1,745,820	1,745,820	897,149	-	897,149	848,671
Capital outlay	1,697,000	1,697,000	476,178	-	476,178	1,220,822
Contingency	800,000	800,000	-	-	-	800,000
Reserved for construction	2,100,980	2,100,980	-	-	-	2,100,980
Total Expenses	10,053,640	10,053,640	2,682,543	-	2,682,543	7,371,097
Excess (deficiency) of revenues over (under) expenses	(3,363,040)	(3,363,040)	594,984	-	594,984	3,958,024
<u>Other Financing Sources (Uses)</u>						
Transfers in	39,840	39,840	11,563	-	11,563	(28,277)
Transfers out	(134,000)	(134,000)	(134,000)	-	(134,000)	-
Total Other Financing Sources (Uses)	(94,160)	(94,160)	(122,437)	-	(122,437)	(28,277)
Net changes in fund balance	(3,457,200)	(3,457,200)	472,547	-	472,547	3,929,747
Beginning Fund Balance (Deficit)	3,457,200	3,457,200	3,738,760	-	3,738,760	281,560
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,211,307</u>	<u>\$ -</u>	<u>\$ 4,211,307</u>	<u>\$ 4,211,307</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 2,682,543
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	257,477
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	7,930
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(603,378)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	910,947
Total Expenses - GAAP Basis	<u>\$ 3,255,519</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ (122,437)
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	1,879,247
Total Other Financing Sources (Uses) - GAAP Basis	<u>\$ 1,756,810</u>

City of Bend, Oregon
Nonmajor Enterprise Funds
Schedule of Expenses and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	Appropriation	Actual Expenses	Variance Positive (Negative)
<u>Airport Fund</u>			
Personnel services	\$ 541,289	\$ 245,862	\$ 295,427
Materials and services	295,280	86,394	208,886
Transfers	1,075,200	385,569	689,631
Debt service	537,600	268,675	268,925
Capital outlay	7,324,839	680,706	6,644,133
Contingency	424,231	-	424,231
Total Airport Fund	<u>\$ 10,198,439</u>	<u>\$ 1,667,206</u>	<u>\$ 8,531,233</u>
<u>Cemetery Fund</u>			
Personnel services	\$ 132,891	\$ 69,814	\$ 63,077
Materials and services	101,590	27,772	73,818
Transfers	61,000	23,665	37,335
Contingency	6,645	-	6,645
Total Cemetery Fund	<u>\$ 302,126</u>	<u>\$ 121,251</u>	<u>\$ 180,875</u>
<u>Downtown Parking Fund</u>			
Personnel services	\$ 69,330	\$ 35,993	\$ 33,337
Materials and services	1,028,818	477,293	551,525
Transfers	442,700	217,479	225,221
Capital outlay	27,500	33,541	(6,041)
Contingency	256,494	-	256,494
Reserves	1,470,000	-	1,470,000
Total Downtown Parking Fund	<u>\$ 3,294,842</u>	<u>\$ 764,306</u>	<u>\$ 2,530,536</u>
<u>Stormwater Fund</u>			
Personnel services	\$ 2,562,220	\$ 1,046,002	\$ 1,516,218
Materials and services	1,147,620	263,214	884,406
Transfers	1,879,820	1,031,149	848,671
Capital outlay	1,697,000	476,178	1,220,822
Contingency	800,000	-	800,000
Reserves	2,100,980	-	2,100,980
Total Stormwater Fund	<u>\$ 10,187,640</u>	<u>\$ 2,816,543</u>	<u>\$ 7,371,097</u>

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INTERNAL SERVICE FUND

Garage Division

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

Information Technology Division

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

Facility Management Division

To account for acquisition, maintenance and improvements to City facilities. 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 of engineering fees and user charges are used to cover operating expenses.

Public Works Administrative 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 workers' compensation, general liability, automobile and property liability and other insurance programs. Revenues consist of premium contributions by departments as well as insurance settlements and refunds. Expenses are for premiums and claims costs.

Administration and Financial Service 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, Volunteer Program, Communications, Human Resources, Purchasing and Finance.

Legal and Risk Management Division

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

City of Bend, Oregon
Combining Statement of Fund Net Position
Internal Service Fund
June 30, 2016

	Garage Division	Information Technology Division	Facility Management Division	Engineering Division	Public Works Administration Division
<u>Assets</u>					
Current assets:					
Pooled cash and investments	\$ 543,049	\$ 1,699,207	\$ 1,002,941	\$ 2,862,200	\$ -
Receivables:					
Accounts, net	-	-	-	-	-
Other assets	592	-	-	-	-
Prepays and deposits	-	100,228	-	-	-
Total Current Assets	543,641	1,799,435	1,002,941	2,862,200	-
Noncurrent assets:					
Restricted cash and investments	-	-	6,014	396,594	-
Capital assets, net	14,453	2,861,492	16,628,585	135,437	-
Total Noncurrent Assets	14,453	2,861,492	16,634,599	532,031	-
Total Assets	558,094	4,660,927	17,637,540	3,394,231	-
<u>Deferred Outflows of Resources</u>					
Deferred outflows from pensions	74,922	156,655	35,913	248,295	-
Total Deferred Outflows of Resources	74,922	156,655	35,913	248,295	-
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	62,747	256,255	51,914	23,318	-
Salaries and benefits payable	8,046	26,008	5,827	43,969	-
Other accrued liabilities:					
Compensated absences	51,184	92,107	47,316	177,229	-
Interest payable	-	2,941	20,481	-	-
Insurance claims	751	745	65	3,100	-
Deposits - restricted	-	-	6,014	396,594	-
Current portion of long term debt, net	-	-	431,321	-	-
Total Current Liabilities	122,728	378,056	562,938	644,210	-
Noncurrent liabilities:					
Other post-employment benefits payable	111,888	265,265	77,176	609,384	-
Long-term debt, net	-	1,331,820	6,222,395	-	-
Net pension obligation	261,837	547,477	125,509	867,740	-
Total Noncurrent Liabilities	373,725	2,144,562	6,425,080	1,477,124	-
Total Liabilities	496,453	2,522,618	6,988,018	2,121,334	-
<u>Deferred Inflows of Resources</u>					
Deferred inflows from pensions	58,928	123,214	28,247	195,291	-
Total Deferred Inflows of Resources	58,928	123,214	28,247	195,291	-
<u>Net Position (Deficit)</u>					
Net investment in capital assets	14,453	1,527,759	9,974,869	135,437	-
Unrestricted (deficit)	63,182	643,991	682,319	1,190,464	-
Total Net Position (Deficit)	\$ 77,635	\$ 2,171,750	\$ 10,657,188	\$ 1,325,901	\$ -

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City of Bend, Oregon
Combining Statement of Fund Net Position (Continued)
Internal Service Fund
June 30, 2016

	Public Works Laboratory Division	Insurance Division	Administration and Financial Services Division	Legal and Risk Management Division	Total Internal Service Fund
Assets					
Current assets:					
Pooled cash and investments	\$ 491,079	\$ 5,251,947	\$ 1,830,987	\$ 227,414	\$ 13,908,824
Receivables:					
Accounts, net	-	-	14,460	-	14,460
Other assets	-	-	-	-	592
Prepays and deposits	-	-	8,511	-	108,739
Total Current Assets	491,079	5,251,947	1,853,958	227,414	14,032,615
Noncurrent assets:					
Restricted cash and investments	-	-	-	-	402,608
Capital assets, net	83,949	-	57,847	-	19,781,763
Total Noncurrent Assets	83,949	-	57,847	-	20,184,371
Total Assets	575,028	5,251,947	1,911,805	227,414	34,216,986
Deferred Outflows of Resources					
Deferred outflows from pensions	67,492	-	421,666	44,582	1,049,525
Total Deferred Outflows of Resources	67,492	-	421,666	44,582	1,049,525
Liabilities					
Current liabilities:					
Accounts payable	3,743	2,477	106,690	1,255	508,399
Salaries and benefits payable	8,462	-	64,400	8,631	165,343
Other accrued liabilities:					
Compensated absences	55,999	-	213,827	52,141	689,803
Interest payable	-	-	-	-	23,422
Insurance claims	130	597,908	7,528	146	610,373
Deposits - restricted	-	-	-	-	402,608
Current portion of long term debt, net	-	-	-	-	431,321
Total Current Liabilities	68,334	600,385	392,445	62,173	2,831,269
Noncurrent liabilities:					
Other post-employment benefits payable	143,487	-	875,359	153,678	2,236,237
Long-term debt, net	-	-	-	-	7,554,215
Net pension obligation	235,869	-	1,473,643	155,804	3,667,879
Total Noncurrent Liabilities	379,356	-	2,349,002	309,482	13,458,331
Total Liabilities	447,690	600,385	2,741,447	371,655	16,289,600
Deferred Inflows of Resources					
Deferred inflows from pensions	53,084	-	331,653	35,065	825,482
Total Deferred Inflows of Resources	53,084	-	331,653	35,065	825,482
Net Position (Deficit)					
Net investment in capital assets	83,949	-	57,847	-	11,794,314
Unrestricted (deficit)	57,797	4,651,562	(797,476)	(134,724)	6,357,115
Total Net Position (Deficit)	\$ 141,746	\$ 4,651,562	\$ (739,629)	\$ (134,724)	\$ 18,151,429

City of Bend, Oregon
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
For the fiscal year ended June 30, 2016

	Garage Division	Information Technology Division	Facility Management Division	Engineering Division	Public Works Administration Division
<u>Operating Revenues</u>					
Charges for services	\$ 1,893,531	\$ 4,090,364	\$ 89,280	\$ 3,211,026	\$ -
Rental income:					
Rental income from others	-	-	77,268	-	-
Rental income from other City funds	-	-	2,537,200	-	-
Insurance settlements and refunds	-	-	-	-	-
Miscellaneous	526	3,590	19,201	-	-
Total Operating Revenues	1,894,057	4,093,954	2,722,949	3,211,026	-
<u>Operating Expenses</u>					
Salaries and benefits	942,943	1,770,282	590,831	1,970,009	-
Materials and supplies	841,811	1,623,085	1,119,198	222,397	-
Internal services	211,605	832,961	99,605	1,143,709	-
Insurance premiums and claims	-	-	-	-	-
Depreciation	3,810	133,600	850,711	26,546	-
Total Operating Expenses	2,000,169	4,359,928	2,660,345	3,362,661	-
Operating income (loss)	(106,112)	(265,974)	62,604	(151,635)	-
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	3,741	22,163	15,687	33,489	-
Interest expense	-	(23,695)	(272,256)	-	-
Amortization	-	(83,757)	26,320	-	-
Gain (loss) on disposal of assets	-	(13,943)	(2,715,020)	-	-
Total Nonoperating Revenues (Expenses)	3,741	(99,232)	(2,945,269)	33,489	-
Income (loss) before contributions and transfers	(102,371)	(365,206)	(2,882,665)	(118,146)	-
<u>Contributions and Transfers</u>					
Capital grants and contributions	-	-	-	-	-
Transfers in	254,811	-	1,319,578	230,200	-
Transfers out	(1,172)	(8,140)	(1,187,960)	(12,552)	(182,993)
Total Contributions and Transfers	253,639	(8,140)	131,618	217,648	(182,993)
Change in net position	151,268	(373,346)	(2,751,047)	99,502	(182,993)
Net Position (Deficit), July 1, 2015	(73,633)	2,545,096	13,408,235	1,226,399	182,993
Net Position (Deficit), June 30, 2016	\$ 77,635	\$ 2,171,750	\$ 10,657,188	\$ 1,325,901	\$ -

Continued on next page

City of Bend, Oregon
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2016

	Public Works Laboratory Division	Insurance Division	Administration and Financial Services Division	Legal and Risk Management Division	Total Internal Service Fund
<u>Operating Revenues</u>					
Charges for services	\$ 1,137,350	\$ 1,593,222	\$ 7,937,072	\$ 700,000	\$ 20,651,845
Rental income:					
Rental income from others	-	-	-	-	77,268
Rental income from other City funds	-	-	-	-	2,537,200
Insurance settlements and refunds	-	936,197	-	-	936,197
Miscellaneous	-	-	2,044	-	25,361
Total Operating Revenues	1,137,350	2,529,419	7,939,116	700,000	24,227,871
<u>Operating Expenses</u>					
Salaries and benefits	874,728	-	6,173,842	712,586	13,035,221
Materials and supplies	135,357	-	1,221,650	26,066	5,189,564
Internal services	131,405	-	983,958	31,935	3,435,178
Insurance premiums and claims	-	1,646,915	-	-	1,646,915
Depreciation	19,808	-	14,943	-	1,049,418
Total Operating Expenses	1,161,298	1,646,915	8,394,393	770,587	24,356,296
Operating income (loss)	(23,948)	882,504	(455,277)	(70,587)	(128,425)
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	5,164	53,627	12,718	2,402	148,991
Interest expense	-	-	-	-	(295,951)
Amortization	-	-	(5,963)	-	(63,400)
Gain (loss) on disposal of assets	-	-	-	-	(2,728,963)
Total Nonoperating Revenues (Expenses)	5,164	53,627	6,755	2,402	(2,939,323)
Income (loss) before contributions and transfers	(18,784)	936,131	(448,522)	(68,185)	(3,067,748)
<u>Contributions and Transfers</u>					
Capital grants and contributions	-	-	5,000	-	5,000
Transfers in	14,329	-	-	-	1,818,918
Transfers out	(1,951)	(20,058)	(4,750)	(908)	(1,420,484)
Total Contributions and Transfers	12,378	(20,058)	250	(908)	403,434
Change in net position	(6,406)	916,073	(448,272)	(69,093)	(2,664,314)
Net Position (Deficit), July 1, 2015	148,152	3,735,489	(291,357)	(65,631)	20,815,743
Net Position (Deficit), June 30, 2016	\$ 141,746	\$ 4,651,562	\$ (739,629)	\$ (134,724)	\$ 18,151,429

City of Bend, Oregon
Combining Statement of Cash Flows
Internal Service Fund
For the fiscal year ended June 30, 2016

	Garage Division	Information Technology Division	Facility Management Division	Engineering Division	Public Works Administration Division
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 526	\$ 3,590	\$ 96,468	\$ 1,634,847	\$ -
Cash received from interfund services provided	1,893,531	4,090,364	2,626,480	1,302,647	-
Cash paid to employees for services	(752,286)	(1,362,267)	(496,361)	(1,230,264)	(276,481)
Cash paid to suppliers for goods and services	(816,923)	(1,650,939)	(1,116,439)	(218,408)	(10,196)
Cash paid for interfund services used	(211,605)	(832,961)	(99,605)	(1,143,709)	-
Net Cash from Operating Activities	<u>113,243</u>	<u>247,787</u>	<u>1,010,543</u>	<u>345,113</u>	<u>(286,677)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers from other funds	254,811	-	1,319,578	230,200	-
Transfers to other funds	(1,172)	(8,140)	(1,187,960)	(12,552)	(182,993)
Net Cash from Noncapital Financing Activities	<u>253,639</u>	<u>(8,140)</u>	<u>131,618</u>	<u>217,648</u>	<u>(182,993)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Issuance of debt	-	928,620	-	-	-
Principal payments on capital debt	-	-	(1,785,000)	-	-
Interest payments on capital debt	-	(21,644)	(303,116)	-	-
Acquisition and construction of capital assets	(7,250)	(1,639,242)	(1,637,426)	(77,190)	27,688
Capital grants and contributions	-	-	-	-	-
Proceeds from retirement of assets	-	7,500	2,000,787	-	-
Net Cash from Capital and Related Financing Activities	<u>(7,250)</u>	<u>(724,766)</u>	<u>(1,724,755)</u>	<u>(77,190)</u>	<u>27,688</u>
<u>Cash Flows from Investing Activities</u>					
Investment income	3,741	22,163	15,687	33,489	-
Net Cash from Investing Activities	<u>3,741</u>	<u>22,163</u>	<u>15,687</u>	<u>33,489</u>	<u>-</u>
Net change in pooled cash and investments	363,373	(462,956)	(566,907)	519,060	(441,982)
Pooled Cash and Investments, July 1, 2015	179,676	2,162,163	1,575,862	2,739,734	441,982
Pooled Cash and Investments, June 30, 2016	<u>\$ 543,049</u>	<u>\$ 1,699,207</u>	<u>\$ 1,008,955</u>	<u>\$ 3,258,794</u>	<u>\$ -</u>

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2016

	Public Works Laboratory Division	Insurance Division	Administration and Financial Services Division	Legal and Risk Management Division	Total
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 1,950	\$ 936,197	\$ 8,282	\$ -	\$ 2,681,860
Cash received from interfund services provided	1,135,400	1,593,222	7,937,072	700,000	21,278,716
Cash paid to employees for services	(686,145)	(14,358)	(4,980,720)	(571,163)	(10,370,045)
Cash paid to suppliers for goods and services	(143,022)	(1,700,564)	(1,185,285)	(42,706)	(6,884,482)
Cash paid for interfund services used	(131,405)	-	(983,958)	(31,935)	(3,435,178)
Net Cash from Operating Activities	<u>176,778</u>	<u>814,497</u>	<u>795,391</u>	<u>54,196</u>	<u>3,270,871</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers from other funds	14,329	-	-	-	1,818,918
Transfers to other funds	(1,951)	(20,058)	(4,750)	(908)	(1,420,484)
Net Cash from Noncapital Financing Activities	<u>12,378</u>	<u>(20,058)</u>	<u>(4,750)</u>	<u>(908)</u>	<u>398,434</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Issuance of debt	-	-	-	-	928,620
Principal payments on capital debt	-	-	-	-	(1,785,000)
Interest payments on capital debt	-	-	-	-	(324,760)
Acquisition and construction of capital assets	(77,866)	-	(14,599)	-	(3,425,885)
Capital grants and contributions	-	-	5,000	-	5,000
Proceeds from retirement of assets	-	-	-	-	2,008,287
Net Cash from Capital and Related Financing Activities	<u>(77,866)</u>	<u>-</u>	<u>(9,599)</u>	<u>-</u>	<u>(2,593,738)</u>
<u>Cash Flows from Investing Activities</u>					
Investment income	5,164	53,627	12,718	2,402	148,991
Net Cash from Investing Activities	<u>5,164</u>	<u>53,627</u>	<u>12,718</u>	<u>2,402</u>	<u>148,991</u>
Net change in pooled cash and investments	116,454	848,066	793,760	55,690	1,224,558
Pooled Cash and Investments, July 1, 2015	374,625	4,403,881	1,037,227	171,724	13,086,874
Pooled Cash and Investments, June 30, 2016	<u>\$ 491,079</u>	<u>\$ 5,251,947</u>	<u>\$ 1,830,987</u>	<u>\$ 227,414</u>	<u>\$ 14,311,432</u>

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2016

	Garage Division	Information Technology Division	Facility Management Division	Engineering Division	Public Works Administration Division
<u>Reconciliation of Operating Income (Loss)</u>					
<u>to Net Cash Provided (Used) by</u>					
<u>Operating Activities</u>					
Operating income (loss)	\$ (106,112)	\$ (265,974)	\$ 62,604	\$ (151,635)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	3,810	133,600	850,711	26,546	-
Change in:					
Accounts receivable	-	-	-	-	-
Inventories	23,554	-	-	-	-
Prepays and deposits	-	(3,089)	-	-	-
Accounts payable	1,334	(24,765)	2,758	3,989	(10,196)
Salaries and benefits payable	(200)	2,170	677	9,407	-
Pension benefits	197,192	418,816	91,232	645,501	(65,283)
Other post-employment benefits	4,136	14,593	4,978	42,530	(178,629)
Compensated absences payable	(10,471)	(27,564)	(2,417)	42,307	(31,662)
Insurance claims payable	-	-	-	-	(907)
Prepays and deposits payable	-	-	-	(273,532)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 113,243</u>	<u>\$ 247,787</u>	<u>\$ 1,010,543</u>	<u>\$ 345,113</u>	<u>\$ (286,677)</u>

Noncash Capital and Related Financing Activities

Acquisition of capital assets financed through accounts payable or retainage payable for the current year totaled \$232,362 in the Information Technology Division, and \$1,825 in the Facility Management Division.

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2016

	Public Works Laboratory Division	Insurance Division	Administration and Financial Services Division	Legal and Risk Management Division	Total
<u>Reconciliation of Operating Income (Loss)</u>					
<u>to Net Cash Provided (Used) by</u>					
<u>Operating Activities</u>					
Operating income (loss)	\$ (23,948)	\$ 882,504	\$ (455,277)	\$ (70,587)	\$ (128,425)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	19,808	-	14,943	-	1,049,418
Change in:					
Accounts receivable	-	-	5,140	-	5,140
Inventories	-	-	-	-	23,554
Prepays and deposits	-	-	1,098	-	(1,991)
Accounts payable	(7,665)	(53,649)	36,365	(16,641)	(68,470)
Salaries and benefits payable	157	-	3,310	2,774	18,295
Pension benefits	174,889	-	1,122,499	117,180	2,702,026
Other post-employment benefits	8,200	-	73,253	12,078	(18,861)
Compensated absences payable	5,337	-	(5,940)	9,392	(21,018)
Insurance claims payable	-	(14,358)	-	-	(15,265)
Prepays and deposits payable	-	-	-	-	(273,532)
Net Cash Provided (Used) by Operating Activities	<u>\$ 176,778</u>	<u>\$ 814,497</u>	<u>\$ 795,391</u>	<u>\$ 54,196</u>	<u>\$ 3,270,871</u>

City of Bend, Oregon
Garage Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to other City funds	\$ 5,045,000	\$ 5,045,000	\$ 1,893,531	\$ -	\$ 1,893,531	\$ (3,151,469)
Investment income	2,900	2,900	3,741	-	3,741	841
Miscellaneous	5,500	5,500	526	-	526	(4,974)
Total Revenues	5,053,400	5,053,400	1,897,798	-	1,897,798	(3,155,602)
<u>Expenses</u>						
Current:						
Personnel services	1,893,636	1,893,636	756,355	-	756,355	1,137,281
Materials and services	2,745,380	2,745,380	841,811	-	841,811	1,903,569
Interfund charges	475,200	475,200	196,865	-	196,865	278,335
Debt service	168,000	168,000	-	-	-	168,000
Capital outlay	2,046,000	2,046,000	7,250	-	7,250	2,038,750
Contingency	122,304	122,304	-	-	-	122,304
Total Expenses	7,450,520	7,450,520	1,802,281	-	1,802,281	5,648,239
Excess (deficiency) of revenues over (under) expenses	(2,397,120)	(2,397,120)	95,517	-	95,517	2,492,637
<u>Other Financing Sources (Uses)</u>						
Issuance of long-term debt	2,040,000	2,040,000	-	-	-	(2,040,000)
Transfers in	255,220	255,220	254,811	-	254,811	(409)
Transfers out	(1,500)	(1,500)	(1,172)	-	(1,172)	328
Total Other Financing Sources (Uses)	2,293,720	2,293,720	253,639	-	253,639	(2,040,081)
Net changes in fund balance	(103,400)	(103,400)	349,156	-	349,156	452,556
Beginning Fund Balance (Deficit)	103,400	103,400	95,286	-	95,286	(8,114)
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,442</u>	<u>\$ -</u>	<u>\$ 444,442</u>	<u>\$ 444,442</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 1,802,281
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	197,193
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	4,135
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	3,810
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(7,250)
Total Expenses - GAAP Basis	<u>\$ 2,000,169</u>

City of Bend, Oregon
Information Technology Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to other City funds	\$ 8,497,850	\$ 8,569,550	\$ 4,248,952	\$ -	\$ 4,248,952	\$ (4,320,598)
Investment income	30,300	30,300	22,163	-	22,163	(8,137)
Miscellaneous	2,000	2,000	3,590	-	3,590	1,590
Total Revenues	8,530,150	8,601,850	4,274,705	-	4,274,705	(4,327,145)
<u>Expenses</u>						
Current:						
Personnel services	4,054,546	4,054,546	1,969,417	-	1,969,417	2,085,129
Materials and services	3,133,525	3,854,925	1,623,085	-	1,623,085	2,231,840
Interfund charges	1,615,000	1,660,000	796,634	-	796,634	863,366
Debt service	144,500	144,500	23,695	-	23,695	120,805
Capital outlay	2,679,000	2,750,700	1,166,679	-	1,166,679	1,584,021
Contingency	991,879	139,879	-	-	-	139,879
Total Expenses	12,618,450	12,604,550	5,579,510	-	5,579,510	7,025,040
Excess (deficiency) of revenues over (under) expenses	(4,088,300)	(4,002,700)	(1,304,805)	-	(1,304,805)	2,697,895
<u>Other Financing Sources (Uses)</u>						
Proceeds from sale of assets	-	-	7,500	-	7,500	7,500
Issuance of long-term debt	2,060,000	2,236,400	928,620	-	928,620	(1,307,780)
Transfers out	(15,200)	(277,200)	(8,140)	-	(8,140)	269,060
Total Other Financing Sources (Uses)	2,044,800	1,959,200	927,980	-	927,980	(1,031,220)
Net changes in fund balance	(2,043,500)	(2,043,500)	(376,825)	-	(376,825)	1,666,675
Beginning Fund Balance (Deficit)	2,043,500	2,043,500	1,823,587	-	1,823,587	(219,913)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,446,762	\$ -	\$ 1,446,762	\$ 1,446,762

City of Bend, Oregon
Information Technology Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual (Continued)
For the fiscal year ended June 30, 2016

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 4,274,705
Contributions of capital assets reported as revenues on the budgetary basis are reported as assets on the GAAP basis	(158,588)
Total Revenues - GAAP Basis	<u>\$ 4,116,117</u>
Total Expenses - Budgetary Basis	\$ 5,579,510
Capitalized payroll amounts reported as expense on the budgetary basis are reported as assets on the GAAP basis	(596,216)
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	418,815
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	14,593
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(1,166,679)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	217,357
Total Expenses - GAAP Basis	<u>\$ 4,467,380</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 927,980
Proceeds from bond issuance reported as other financing sources on the budgetary basis are reported as bond payable liability on the GAAP basis	(928,620)
Loss on disposal of asset is reported as an expense on the GAAP basis	(13,943)
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.	(7,500)
Total Other Financing Sources (Uses) - GAAP Basis	<u>\$ (22,083)</u>

City of Bend, Oregon
Facility Management Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to other City funds	\$ 251,800	\$ 251,800	\$ 89,280	\$ -	\$ 89,280	\$ (162,520)
Rental income:						
Rental income from others	96,130	96,130	77,268	-	77,268	(18,862)
Rental income from other City funds	5,125,100	5,125,100	2,537,200	-	2,537,200	(2,587,900)
Investment income	20,100	20,100	15,687	-	15,687	(4,413)
Miscellaneous	-	-	19,201	-	19,201	19,201
Total Revenues	5,493,130	5,493,130	2,738,636	-	2,738,636	(2,754,494)
<u>Expenses</u>						
Current:						
Personnel services	1,147,501	1,147,501	504,224	-	504,224	643,277
Materials and services	2,895,916	2,940,916	1,119,198	-	1,119,198	1,821,718
Interfund charges	207,300	207,300	90,002	-	90,002	117,298
Debt service	2,707,000	2,707,000	2,057,256	-	2,057,256	649,744
Capital outlay	1,395,000	1,385,000	1,630,267	-	1,630,267	(245,267)
Contingency	321,713	321,713	-	-	-	321,713
Reserved for maintenance	300,000	300,000	-	-	-	300,000
Total Expenses	8,974,430	9,009,430	5,400,947	-	5,400,947	3,608,483
Excess (deficiency) of revenues over (under) expenses	(3,481,300)	(3,516,300)	(2,662,311)	-	(2,662,311)	853,989
<u>Other Financing Sources (Uses)</u>						
Proceeds from sale of assets	2,278,500	2,278,500	2,000,787	-	2,000,787	(277,713)
Transfers in	1,178,000	1,213,000	1,319,578	-	1,319,578	106,578
Transfers out	(1,383,300)	(1,383,300)	(1,187,960)	-	(1,187,960)	195,340
Total Other Financing Sources (Uses)	2,073,200	2,108,200	2,132,405	-	2,132,405	24,205
Net changes in fund balance	(1,408,100)	(1,408,100)	(529,906)	-	(529,906)	878,194
Beginning Fund Balance (Deficit)	1,408,100	1,408,100	1,431,892	-	1,431,892	23,792
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 901,986</u>	<u>\$ -</u>	<u>\$ 901,986</u>	<u>\$ 901,986</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 5,400,947
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	91,232
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	4,978
Principal payments on bonds reported as expenses on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(1,785,000)
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(1,630,267)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	850,711
Amortization of premiums and discounts is not reported on the budgetary basis but is reported as an expense on the GAAP basis	(26,320)
Total Expenses - GAAP Basis	\$ 2,906,281
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 2,132,405
Loss on disposal of asset is reported as an expense on the GAAP basis	(2,715,020)
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.	(2,000,787)
Total Other Financing Sources (Uses) - GAAP Basis	\$ (2,583,402)

City of Bend, Oregon
Engineering Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to others	\$ 3,979,600	\$ 4,129,600	\$ 1,908,379	\$ -	\$ 1,908,379	\$ (2,221,221)
Charges to other City funds	6,950,300	6,950,300	3,275,047	-	3,275,047	(3,675,253)
Investment income	33,600	33,600	33,489	-	33,489	(111)
Total Revenues	10,963,500	11,113,500	5,216,915	-	5,216,915	(5,896,585)
<u>Expenses</u>						
Current:						
Personnel services	7,752,273	7,752,273	3,238,676	-	3,238,676	4,513,597
Materials and services	830,930	978,187	292,997	-	292,997	685,190
Interfund charges	2,142,650	2,177,650	1,088,810	-	1,088,810	1,088,840
Capital outlay	200,000	202,743	77,190	-	77,190	125,553
Contingency	1,876,447	1,841,447	-	-	-	1,841,447
Total Expenses	12,802,300	12,952,300	4,697,673	-	4,697,673	8,254,627
Excess (deficiency) of revenues over (under) expenses	(1,838,800)	(1,838,800)	519,242	-	519,242	2,358,042
<u>Other Financing Sources (Uses)</u>						
Transfers in	353,300	353,300	230,200	-	230,200	(123,100)
Transfers out	(16,800)	(16,800)	(12,552)	-	(12,552)	4,248
Total Other Financing Sources (Uses)	336,500	336,500	217,648	-	217,648	(118,852)
Net changes in fund balance	(1,502,300)	(1,502,300)	736,890	-	736,890	2,239,190
Beginning Fund Balance (Deficit)	1,502,300	1,502,300	1,900,042	-	1,900,042	397,742
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 2,636,932	\$ -	\$ 2,636,932	\$ 2,636,932

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 5,216,915
Contributions of capital assets reported as revenues on the budgetary basis are reported as assets on the GAAP basis	(1,972,400)
Total Revenues - GAAP Basis	\$ 3,244,515
Total Expenses - Budgetary Basis	\$ 4,697,673
Capitalized internal engineering reported as expense on the budgetary basis is reported as asset on the GAAP basis	(1,972,400)
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	645,502
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	42,530
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(77,190)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	26,546
Total Expenses - GAAP Basis	\$ 3,362,661

City of Bend, Oregon
Public Works Administration Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to other City funds	\$ 94,000	\$ 94,000	\$ -	\$ -	\$ -	\$ (94,000)
Total Revenues	<u>94,000</u>	<u>94,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,000)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers out	(506,856)	(506,856)	(456,232)	-	(456,232)	50,624
Total Other Financing Sources (Uses)	<u>(506,856)</u>	<u>(506,856)</u>	<u>(456,232)</u>	<u>-</u>	<u>(456,232)</u>	<u>50,624</u>
Net changes in fund balance	(412,856)	(412,856)	(456,232)	-	(456,232)	(43,376)
Beginning Fund Balance (Deficit)	412,856	412,856	456,232	-	456,232	43,376
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Reconciliation of Budgetary basis to GAAP basis

Total Other Financing Sources (Uses) - Budgetary Basis	\$ 456,232
Interfund charges reported on the budgetary basis are reduced by the net effect of transferring assets and liabilities reported only on the GAAP basis.	<u>(273,239)</u>
Total Expenses - GAAP Basis	<u>\$ 182,993</u>

City of Bend, Oregon
Public Works Laboratory Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to others	\$ 860	\$ 860	\$ 1,950	\$ -	\$ 1,950	\$ 1,090
Charges to other City funds	2,304,800	2,304,800	1,135,400	-	1,135,400	(1,169,400)
Investment income	3,800	3,800	5,164	-	5,164	1,364
Total Revenues	2,309,460	2,309,460	1,142,514	-	1,142,514	(1,166,946)
<u>Expenses</u>						
Current:						
Personnel services	1,678,277	1,678,277	703,773	-	703,773	974,504
Materials and services	446,000	446,000	135,357	-	135,357	310,643
Interfund charges	251,410	251,410	119,273	-	119,273	132,137
Capital outlay	113,500	126,100	77,865	-	77,865	48,235
Contingency	105,273	105,273	-	-	-	105,273
Total Expenses	2,594,460	2,607,060	1,036,268	-	1,036,268	1,570,792
Excess (deficiency) of revenues over (under) expenses	(285,000)	(297,600)	106,246	-	106,246	403,846
<u>Other Financing Sources (Uses)</u>						
Transfers in	14,700	14,700	14,329	-	14,329	(371)
Transfers out	(2,000)	(2,000)	(1,951)	-	(1,951)	49
Total Other Financing Sources (Uses)	12,700	12,700	12,378	-	12,378	(322)
Net changes in fund balance	(272,300)	(284,900)	118,624	-	118,624	403,524
Beginning Fund Balance (Deficit)	272,300	284,900	304,413	-	304,413	19,513
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,037</u>	<u>\$ -</u>	<u>\$ 423,037</u>	<u>\$ 423,037</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 1,036,268
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	174,887
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	8,200
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	19,808
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(77,865)
Total Expenses - GAAP Basis	<u>\$ 1,161,298</u>

City of Bend, Oregon
Insurance Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to other City funds	\$ 2,591,500	\$ 2,849,700	\$ 1,593,222	\$ -	\$ 1,593,222	\$ (1,256,478)
Insurance settlements and refunds	-	181,000	936,197	-	936,197	755,197
Investment income	92,600	92,600	53,627	-	53,627	(38,973)
Total Revenues	2,684,100	3,123,300	2,583,046	-	2,583,046	(540,254)
<u>Expenses</u>						
Current:						
Materials and services	2,536,200	2,975,400	1,661,273	-	1,661,273	1,314,127
Reserves	4,692,100	4,692,100	-	-	-	4,692,100
Total Expenses	7,228,300	7,667,500	1,661,273	-	1,661,273	6,006,227
Excess (deficiency) of revenues over (under) expenses	(4,544,200)	(4,544,200)	921,773	-	921,773	5,465,973
<u>Other Financing Sources (Uses)</u>						
Transfers out	(46,400)	(46,400)	(20,058)	-	(20,058)	26,342
Total Other Financing Sources (Uses)	(46,400)	(46,400)	(20,058)	-	(20,058)	26,342
Net changes in fund balance	(4,590,600)	(4,590,600)	901,715	-	901,715	5,492,315
Beginning Fund Balance (Deficit)	4,590,600	4,590,600	4,936,276	-	4,936,276	345,676
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,837,991</u>	<u>\$ -</u>	<u>\$ 5,837,991</u>	<u>\$ 5,837,991</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ (1,661,273)
Estimated self insurance expenses not reported on the budgetary basis are reported as an expense on the GAAP basis	(14,358)
Total Expenses - GAAP Basis	<u>\$ (1,675,631)</u>

City of Bend, Oregon
Administration and Financial Services Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Charges for services:						
Charges to others	\$ 595,300	\$ 595,300	\$ 478,662	\$ -	\$ 478,662	\$ (116,638)
Charges to other City funds	15,455,500	15,500,500	7,458,410	-	7,458,410	(8,042,090)
Contributions	-	-	5,000	-	5,000	5,000
Investment income	5,000	5,000	12,718	-	12,718	7,718
Miscellaneous	1,900	1,900	2,044	-	2,044	144
Total Revenues	16,057,700	16,102,700	7,956,834	-	7,956,834	(8,145,866)
<u>Expenses</u>						
Current:						
Personnel services	11,356,657	11,356,657	5,065,631	-	5,065,631	6,291,026
Materials and services	2,711,469	2,767,969	1,221,650	-	1,221,650	1,546,319
Interfund charges	1,866,050	1,866,050	911,017	-	911,017	955,033
Contingency	416,624	416,624	-	-	-	416,624
Total Expenses	16,350,800	16,407,300	7,198,298	-	7,198,298	9,209,002
Excess (deficiency) of revenues over (under) expenditures	(293,100)	(304,600)	758,536	-	758,536	1,063,136
<u>Other Financing Sources (Uses)</u>						
Transfers out	(2,500)	(2,500)	(4,750)	-	(4,750)	(2,250)
Total Other Financing Sources (Uses)	(2,500)	(2,500)	(4,750)	-	(4,750)	(2,250)
Net changes in fund balance	(295,600)	(307,100)	753,786	-	753,786	1,060,886
Beginning Fund Balance (Deficit)	295,600	307,100	773,172	-	773,172	466,072
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,526,958	\$ -	\$ 1,526,958	\$ 1,526,958

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 7,198,298
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	1,122,499
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	58,653
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	20,906
Total Expenses - GAAP Basis	\$ 8,400,356

City of Bend, Oregon
Legal and Risk Management Division
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<u>Revenues</u>						
Charges for services:						
Charges to other City funds	\$ 1,461,050	\$ 1,461,050	\$ 700,000	\$ -	\$ 700,000	\$ (761,050)
Investment income	1,600	1,600	2,402	-	2,402	802
Miscellaneous	400	400	-	-	-	(400)
Total Revenues	<u>1,463,050</u>	<u>1,463,050</u>	<u>702,402</u>	<u>-</u>	<u>702,402</u>	<u>(760,648)</u>
<u>Expenses</u>						
Current:						
Personnel services	1,271,904	1,271,904	590,663	-	590,663	681,241
Materials and services	98,980	98,980	26,066	-	26,066	72,914
Interfund charges	51,150	51,150	24,600	-	24,600	26,550
Contingency	104,416	104,416	-	-	-	104,416
Total Expenses	<u>1,526,450</u>	<u>1,526,450</u>	<u>641,329</u>	<u>-</u>	<u>641,329</u>	<u>885,121</u>
Excess (deficiency) of revenues over (under) expenses	(63,400)	(63,400)	61,073	-	61,073	124,473
<u>Other Financing Sources (Uses)</u>						
Transfers out	(900)	(900)	(908)	-	(908)	(8)
Total Other Financing Sources (Uses)	<u>(900)</u>	<u>(900)</u>	<u>(908)</u>	<u>-</u>	<u>(908)</u>	<u>(8)</u>
Net changes in fund balance	(64,300)	(64,300)	60,165	-	60,165	124,465
Beginning Fund Balance (Deficit)	64,300	64,300	105,390	-	105,390	41,090
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,555</u>	<u>\$ -</u>	<u>\$ 165,555</u>	<u>\$ 165,555</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 641,329
Other post-employment benefits expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	117,180
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	12,078
Total Expenses - GAAP Basis	<u>\$ 770,587</u>

City of Bend, Oregon
Internal Service Fund
Schedule of Expenses and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	<u>Appropriation</u>	<u>Actual Expenses</u>	<u>Variance Positive (Negative)</u>
Garage Division	\$ 6,685,016	\$ 1,605,416	\$ 5,079,600
Information Technology Division	10,660,171	4,759,181	5,900,990
Facility Management Division	5,473,417	3,253,689	2,219,728
Engineering Division	8,933,203	3,608,863	5,324,340
Public Works Laboratory Division	2,250,377	916,995	1,333,382
Insurance Division	2,975,400	1,661,273	1,314,127
Administration and Financial Services Division	14,124,626	6,287,281	7,837,345
Legal and Risk Management Division	1,370,884	616,729	754,155
Transfers	8,926,216	4,920,924	4,005,292
Debt service	3,019,500	2,080,950	938,550
Contingency	3,051,656	-	3,051,656
Reserves	4,992,100	-	4,992,100
Total Internal Service Fund	<u><u>\$ 72,462,566</u></u>	<u><u>\$ 29,711,301</u></u>	<u><u>\$ 42,751,265</u></u>

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AGENCY FUND

Agency Fund

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

City of Bend, Oregon
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2016

	Balance July 01, 2015	Additions	Deductions	Balance June 30, 2016
<u>Assets</u>				
Cash and investments	\$ 775,485	\$ 11,453,303	\$ (11,589,798)	\$ 638,990
Total Assets	<u>\$ 775,485</u>	<u>\$ 11,453,303</u>	<u>\$ (11,589,798)</u>	<u>\$ 638,990</u>
<u>Liabilities</u>				
Amounts held for others	\$ 775,485	\$ 11,996,165	\$ (12,132,660)	\$ 638,990
Total Liabilities	<u>\$ 775,485</u>	<u>\$ 11,996,165</u>	<u>\$ (12,132,660)</u>	<u>\$ 638,990</u>

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OTHER FUNDS

City of Bend, Oregon
Combining Balance Sheet
General Fund
June 30, 2016

	General Fund	General Fund Stabilization Fund	Total General Fund
<u>Assets</u>			
Pooled cash and investments	\$ 15,002,122	\$ 2,280,990	\$ 17,283,112
Restricted cash and investments	157,642	-	157,642
Receivables:			
Property taxes	832,765	-	832,765
Accounts, net	3,352,442	-	3,352,442
Loans and notes receivable, net	639,656	-	639,656
Interest	326,019	-	326,019
Due from other funds	47,944	-	47,944
Due from other governments	597,729	-	597,729
Assets held for resale	4,554,943	-	4,554,943
Total Assets	<u>\$ 25,511,262</u>	<u>\$ 2,280,990</u>	<u>\$ 27,792,252</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</u>			
Liabilities:			
Accounts payable	\$ 1,759,297	\$ -	\$ 1,759,297
Salaries and benefits payable	216,226	-	216,226
Other accrued liabilities	837,899	-	837,899
Deposits - restricted	157,642	-	157,642
Total Liabilities	<u>2,971,064</u>	<u>-</u>	<u>2,971,064</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	617,909	-	617,909
Unavailable revenue - assessments & loans receivable	2,578,569	-	2,578,569
Total Deferred Inflows of Resources	<u>3,196,478</u>	<u>-</u>	<u>3,196,478</u>
Fund Balances (Deficits):			
Nonspendable:			
Assets held for resale	4,554,943	-	4,554,943
Committed	-	2,280,990	2,280,990
Assigned	5,411,124	-	5,411,124
Unassigned	9,377,653	-	9,377,653
Total Fund Balances (Deficits)	<u>19,343,720</u>	<u>2,280,990</u>	<u>21,624,710</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 25,511,262</u>	<u>\$ 2,280,990</u>	<u>\$ 27,792,252</u>

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

City of Bend, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
General Fund
For the fiscal year ended June 30, 2016

	<u>General Fund</u>	<u>General Fund Stabilization Fund</u>	<u>Total General Fund</u>
<u>Revenues</u>			
Taxes	\$ 31,851,887	\$ -	\$ 31,851,887
Franchise fees	6,275,941	-	6,275,941
Intergovernmental	2,464,800	-	2,464,800
Licenses and permits	133,468	-	133,468
Charges for services	1,575,358	-	1,575,358
Fines and forfeitures	946,649	-	946,649
Investment income	189,749	23,987	213,736
Miscellaneous	49,096	-	49,096
Total Revenues	<u>43,486,948</u>	<u>23,987</u>	<u>43,510,935</u>
<u>Expenditures</u>			
Current:			
General government	2,216,285	-	2,216,285
Public safety	19,982,269	-	19,982,269
Community and economic development	2,424,910	-	2,424,910
Capital outlay	730,341	-	730,341
Total Expenditures	<u>25,353,805</u>	<u>-</u>	<u>25,353,805</u>
Excess (deficiency) of revenues over expenditures	18,133,143	23,987	18,157,130
<u>Other Financing Sources (Uses)</u>			
Proceeds from sale of assets	500	-	500
Transfers in	627,500	164,530	792,030
Transfers out	(18,979,062)	-	(18,979,062)
Total Other Financing Sources (Uses)	<u>(18,351,062)</u>	<u>164,530</u>	<u>(18,186,532)</u>
Net change in fund balances	(217,919)	188,517	(29,402)
Fund Balances (Deficits), July 1, 2015	19,561,639	2,092,473	21,654,112
Fund Balances (Deficits), June 30, 2016	<u>\$ 19,343,720</u>	<u>\$ 2,280,990</u>	<u>\$ 21,624,710</u>

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

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, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Revenues</u>						
Investment income	\$ 42,600	\$ 42,600	\$ 23,987	\$ -	\$ 23,987	\$ (18,613)
Total Revenues	<u>42,600</u>	<u>42,600</u>	<u>23,987</u>	<u>-</u>	<u>23,987</u>	<u>(18,613)</u>
<u>Expenditures</u>						
Reserves	2,318,800	2,318,800	-	-	-	2,318,800
Total Expenditures	<u>2,318,800</u>	<u>2,318,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,318,800</u>
Excess (deficiency) of revenues over (under) expenditures	(2,276,200)	(2,276,200)	23,987	-	23,987	2,300,187
<u>Other Financing Sources (Uses)</u>						
Transfers in	228,300	228,300	164,530	-	164,530	(63,770)
Total Other Financing Sources (Uses)	<u>228,300</u>	<u>228,300</u>	<u>164,530</u>	<u>-</u>	<u>164,530</u>	<u>(63,770)</u>
Net changes in fund balance	(2,047,900)	(2,047,900)	188,517	-	188,517	2,236,417
Beginning Fund Balance (Deficit)	2,047,900	2,047,900	2,092,473	-	2,092,473	44,573
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280,990</u>	<u>\$ -</u>	<u>\$ 2,280,990</u>	<u>\$ 2,280,990</u>

City of Bend, Oregon
Combining Statement of Fund Net Position
Water Fund
June 30, 2016

	<u>Business-Type Activities Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Bridge Creek Pipe Project Fund</u>	<u>Total Water Fund</u>
<u>Assets</u>			
Current assets:			
Pooled cash and investments	\$ 22,743,198	\$ (15,620,310)	\$ 7,122,888
Receivables:			
Accounts, net	2,810,379	-	2,810,379
Other assets	30,083	-	30,083
Prepays and deposits	44,806	-	44,806
Total Current Assets	<u>25,628,466</u>	<u>(15,620,310)</u>	<u>10,008,156</u>
Noncurrent assets:			
Restricted cash and investments	197,727	-	197,727
Capital assets, net	109,016,579	56,422,976	165,439,555
Total Noncurrent Assets	<u>109,214,306</u>	<u>56,422,976</u>	<u>165,637,282</u>
Total Assets	<u>134,842,772</u>	<u>40,802,666</u>	<u>175,645,438</u>
<u>Deferred Outflows of Resources</u>			
Deferred outflows from pensions	360,369	-	360,369
Total Deferred Outflows of Resources	<u>360,369</u>	<u>-</u>	<u>360,369</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	220,512	1,335,081	1,555,593
Salaries and benefits payable	46,385	-	46,385
Retainage payable	15,975	1,537,968	1,553,943
Other accrued liabilities:			
Compensated absences	239,762	-	239,762
Interest payable	86,808	-	86,808
Insurance claims	5,462	-	5,462
Other	243,737	-	243,737
Deposits - restricted	197,727	-	197,727
Current portion of long term debt, net	227,834	30,000,000	30,227,834
Total Current Liabilities	<u>1,284,202</u>	<u>32,873,049</u>	<u>34,157,251</u>
Noncurrent liabilities:			
Other post-employment benefits payable	623,962	-	623,962
Long-term debt, net	4,121,856	-	4,121,856
Net pension obligation	1,259,413	-	1,259,413
Total Noncurrent Liabilities	<u>6,005,231</u>	<u>-</u>	<u>6,005,231</u>
Total Liabilities	<u>7,289,433</u>	<u>32,873,049</u>	<u>40,162,482</u>
<u>Deferred Inflows of Resources</u>			
Deferred inflows from pensions	283,440	-	283,440
Total Deferred Inflows of Resources	<u>283,440</u>	<u>-</u>	<u>283,440</u>
<u>Net Position (Deficit)</u>			
Net investment in capital assets	104,666,889	26,422,976	131,089,865
Restricted for:			
Outside construction covenant	7,381	-	7,381
Unrestricted (deficit)	22,955,998	(18,493,359)	4,462,639
Total Net Position (Deficit)	<u>\$ 127,630,268</u>	<u>\$ 7,929,617</u>	<u>\$ 135,559,885</u>

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

City of Bend, Oregon
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Water Fund
For the fiscal year ended June 30, 2016

	<u>Business-Type Activities Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Bridge Creek Pipe Project Fund</u>	<u>Total Water Fund</u>
<u>Operating Revenues</u>			
Charges for services	\$ 18,667,533	\$ -	\$ 18,667,533
Miscellaneous	24,698	21,670	46,368
Total Operating Revenues	<u>18,692,231</u>	<u>21,670</u>	<u>18,713,901</u>
<u>Operating Expenses</u>			
Salaries and benefits	4,972,564	-	4,972,564
Materials and supplies	3,450,092	1,027	3,451,119
Internal services	2,843,444	528,800	3,372,244
Depreciation	2,991,831	5,927	2,997,758
Total Operating Expenses	<u>14,257,931</u>	<u>535,754</u>	<u>14,793,685</u>
Operating income (loss)	4,434,300	(514,084)	3,920,216
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	82,101	-	82,101
Interest expense	(72,083)	-	(72,083)
Gain (loss) on disposal of assets	(26,076)	-	(26,076)
Total Nonoperating Revenues (Expenses)	<u>(16,058)</u>	<u>-</u>	<u>(16,058)</u>
Income (loss) before contributions and transfers	4,418,242	(514,084)	3,904,158
<u>Contributions and Transfers</u>			
Capital grants and contributions	4,021,616	-	4,021,616
Transfers in	3,846,487	4,414,900	8,261,387
Transfers out	(4,927,900)	-	(4,927,900)
Total Contributions and Transfers	<u>2,940,203</u>	<u>4,414,900</u>	<u>7,355,103</u>
Change in net position	7,358,445	3,900,816	11,259,261
Net Position (Deficit), July 1, 2015	120,271,823	4,028,801	124,300,624
Net Position (Deficit), June 30, 2016	<u>\$ 127,630,268</u>	<u>\$ 7,929,617</u>	<u>\$ 135,559,885</u>

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

City of Bend, Oregon
Bridge Creek Pipe Project Fund
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
Revenues						
Miscellaneous	\$ -	\$ -	\$ 21,670	\$ -	\$ 21,670	\$ 21,670
Total Revenues	<u>-</u>	<u>-</u>	<u>21,670</u>	<u>-</u>	<u>21,670</u>	<u>21,670</u>
Expenses						
Current:						
Materials and services	200,000	200,000	1,027	-	1,027	198,973
Interfund charges	1,032,900	1,032,900	1,032,900	-	1,032,900	-
Debt service	30,600,000	30,600,000	345,800	-	345,800	30,254,200
Capital outlay	14,331,500	17,713,500	13,681,867	-	13,681,867	4,031,633
Total Expenses	<u>46,164,400</u>	<u>49,546,400</u>	<u>15,061,594</u>	<u>-</u>	<u>15,061,594</u>	<u>34,484,806</u>
Excess (deficiency) of revenues over (under) expenses	(46,164,400)	(49,546,400)	(15,039,924)	-	(15,039,924)	34,506,476
Other Financing Sources (Uses)						
Issuance of long-term debt	53,000,000	53,000,000	-	-	-	(53,000,000)
Transfers in	1,032,900	4,414,900	4,414,900	-	4,414,900	-
Total Other Financing Sources (Uses)	<u>54,032,900</u>	<u>57,414,900</u>	<u>4,414,900</u>	<u>-</u>	<u>4,414,900</u>	<u>(53,000,000)</u>
Net changes in fund balance	7,868,500	7,868,500	(10,625,024)	-	(10,625,024)	(18,493,524)
Beginning Fund Balance (Deficit)	<u>(7,868,500)</u>	<u>(7,868,500)</u>	<u>(7,868,335)</u>	<u>-</u>	<u>(7,868,335)</u>	<u>165</u>
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,493,359)</u>	<u>\$ -</u>	<u>\$ (18,493,359)</u>	<u>\$ (18,493,359)</u>
Reconciliation of Budgetary basis to GAAP basis						
Total Expenses - Budgetary Basis						\$ 15,061,594
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis						(14,531,767)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis						5,927
Total Expenses - GAAP Basis						<u>\$ 535,754</u>

City of Bend, Oregon
Combining Statement of Fund Net Position
Water Reclamation Fund
June 30, 2016

	Business-Type Activities Enterprise Funds			
	Water Reclamation Fund	Secondary Expansion Project Fund	Southeast Interceptor Project Fund	Total Water Reclamation Fund
Assets				
Current assets:				
Pooled cash and investments	\$ 31,418,691	\$ (484,957)	\$ (1,961,358)	\$ 28,972,376
Receivables:				
Accounts, net	3,257,739	-	-	3,257,739
Interest	74,522	-	-	74,522
Due from other governments	4,799,022	1,955,835	4,210,171	10,965,028
Total Current Assets	39,549,974	1,470,878	2,248,813	43,269,665
Noncurrent assets:				
Restricted cash and investments	3,535,545	-	-	3,535,545
Assessments receivable, net	74,266	-	-	74,266
Loans and notes receivable, net	9,069	-	-	9,069
Capital assets, net	155,985,631	33,072,975	17,100,497	206,159,103
Total Noncurrent Assets	159,604,511	33,072,975	17,100,497	209,777,983
Total Assets	199,154,485	34,543,853	19,349,310	253,047,648
Deferred Outflows of Resources				
Deferred outflows from pensions	435,292	-	-	435,292
Total Deferred Outflows of Resources	435,292	-	-	435,292
Liabilities				
Current liabilities:				
Accounts payable	1,335,139	183,617	1,807,727	3,326,483
Salaries and benefits payable	60,007	-	-	60,007
Retainage payable	374,951	1,286,322	441,041	2,102,314
Other accrued liabilities:				
Compensated absences	280,283	-	-	280,283
Interest payable	1,473,523	-	-	1,473,523
Insurance claims	5,964	-	-	5,964
Other	114,314	-	-	114,314
Current portion of long term debt, net	1,483,714	-	-	1,483,714
Total Current Liabilities	5,127,895	1,469,939	2,248,768	8,846,602
Noncurrent liabilities:				
Other post-employment benefits payable	827,828	-	-	827,828
Long-term debt, net	35,217,017	32,079,208	10,516,546	77,812,771
Net pension obligation	1,521,248	-	-	1,521,248
Total Noncurrent Liabilities	37,566,093	32,079,208	10,516,546	80,161,847
Total Liabilities	42,693,988	33,549,147	12,765,314	89,008,449
Deferred Inflows of Resources				
Deferred inflows from pensions	342,368	-	-	342,368
Total Deferred Inflows of Resources	342,368	-	-	342,368
Net Position (Deficit)				
Net investment in capital assets	119,284,900	993,767	6,583,952	126,862,619
Restricted for:				
Outside construction covenant	5,065	-	-	5,065
Debt service	3,535,545	-	-	3,535,545
Unrestricted (deficit)	33,727,911	939	44	33,728,894
Total Net Position (Deficit)	\$ 156,553,421	\$ 994,706	\$ 6,583,996	\$ 164,132,123

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

City of Bend, Oregon
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Water Reclamation Fund
For the fiscal year ended June 30, 2016

	Business-Type Activities Enterprise Funds			Total Water Reclamation Fund
	Water Reclamation Fund	Secondary Expansion Project Fund	Southeast Interceptor Project Fund	
<u>Operating Revenues</u>				
Charges for services	\$ 21,516,000	\$ -	\$ -	\$ 21,516,000
Loan repayments	12,974	-	-	12,974
Miscellaneous	16,358	-	-	16,358
Total Operating Revenues	<u>21,545,332</u>	<u>-</u>	<u>-</u>	<u>21,545,332</u>
<u>Operating Expenses</u>				
Salaries and benefits	6,001,874	-	-	6,001,874
Materials and supplies	2,783,541	-	-	2,783,541
Internal services	3,238,268	724,438	147,900	4,110,606
Depreciation	3,059,207	37,191	4,994	3,101,392
Total Operating Expenses	<u>15,082,890</u>	<u>761,629</u>	<u>152,894</u>	<u>15,997,413</u>
Operating income (loss)	6,462,442	(761,629)	(152,894)	5,547,919
<u>Nonoperating Revenues (Expenses)</u>				
Investment income	303,325	-	-	303,325
Interest expense	(1,179,325)	-	-	(1,179,325)
Insurance settlements and refunds	1,597	-	-	1,597
Amortization	7,336	-	-	7,336
Gain (loss) on disposal of assets	(29,355)	-	-	(29,355)
Total Nonoperating Revenues (Expenses)	<u>(896,422)</u>	<u>-</u>	<u>-</u>	<u>(896,422)</u>
Income (loss) before contributions and transfers	5,566,020	(761,629)	(152,894)	4,651,497
<u>Contributions and Transfers</u>				
Capital grants and contributions	4,361,566	-	-	4,361,566
Transfers in	6,262,967	1,095,850	918,750	8,277,567
Transfers out	(2,687,178)	-	-	(2,687,178)
Total Contributions and Transfers	<u>7,937,355</u>	<u>1,095,850</u>	<u>918,750</u>	<u>9,951,955</u>
Change in net position	13,503,375	334,221	765,856	14,603,452
Net Position (Deficit), July 1, 2015	143,050,046	660,485	5,818,140	149,528,671
Net Position (Deficit), June 30, 2016	<u>\$ 156,553,421</u>	<u>\$ 994,706</u>	<u>\$ 6,583,996</u>	<u>\$ 164,132,123</u>

Disclosure Cross Reference: Prior year data can be found in the Comprehensive Annual Financial Report for each corresponding year.

City of Bend, Oregon
Secondary Expansion Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	FY2015-16 Actual	FY2016-17 Actual		
<u>Expenses</u>						
Current:						
Interfund charges	\$ 2,151,900	\$ 2,151,900	\$ 1,087,938	\$ -	\$ 1,087,938	\$ 1,063,962
Capital outlay	8,500,000	8,500,000	2,664,539	-	2,664,539	5,835,461
Total Expenses	10,651,900	10,651,900	3,752,477	-	3,752,477	6,899,423
<u>Other Financing Sources (Uses)</u>						
Issuance of long-term debt	9,225,000	9,225,000	2,657,045	-	2,657,045	(6,567,955)
Transfers in	1,426,900	1,426,900	1,095,850	-	1,095,850	(331,050)
Total Other Financing Sources (Uses)	10,651,900	10,651,900	3,752,895	-	3,752,895	(6,899,005)
Net changes in fund balance	-	-	418	-	418	418
Beginning Fund Balance (Deficit)	-	-	521	-	521	521
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 939	\$ -	\$ 939	\$ 939

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 3,752,477
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(3,028,039)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	37,191
Total Expenses - GAAP Basis	\$ 761,629
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 3,752,895
Proceeds from bond issuance reported as other financing sources on the budgetary basis are reported as bond payable liability on the GAAP basis	(2,657,045)
Total Other Financing Sources (Uses) - GAAP Basis	\$ 1,095,850

City of Bend, Oregon
Southeast Interceptor Project Fund
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2016

	<u>Biennium Budget</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
<u>Expenses</u>						
Current:						
Materials and services	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Interfund charges	994,900	994,900	431,000	-	431,000	563,900
Capital outlay	24,088,000	24,088,000	10,524,155	-	10,524,155	13,563,845
Total Expenses	25,102,900	25,102,900	10,955,155	-	10,955,155	14,147,745
<u>Other Financing Sources (Uses)</u>						
Issuance of long-term debt	24,795,700	24,795,700	10,516,546	-	10,516,546	(14,279,154)
Transfers in	787,900	787,900	918,750	-	918,750	130,850
Total Other Financing Sources (Uses)	25,583,600	25,583,600	11,435,296	-	11,435,296	(14,148,304)
Net changes in fund balance	480,700	480,700	480,141	-	480,141	(559)
Beginning Fund Balance (Deficit)	(480,700)	(480,700)	(480,097)	-	(480,097)	603
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 44</u>	<u>\$ 44</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 10,955,155
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(10,807,255)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	4,994
Total Expenses - GAAP basis	<u>\$ 152,894</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 11,435,296
Proceeds from bond issuance reported as other financing sources on the budgetary basis are reported as bond payable liability on the GAAP basis	(10,516,546)
Total Other Financing Sources (Uses) - GAAP Basis	<u>\$ 918,750</u>

City of Bend, Oregon
General Stabilization Fund
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>General Fund Stabilization Fund</u>			
Reserves	\$ 2,318,800	\$ -	\$ 2,318,800
Total General Fund Stabilization Fund	<u>\$ 2,318,800</u>	<u>\$ -</u>	<u>\$ 2,318,800</u>

City of Bend, Oregon
Other Major Funds
Schedule of Expenses and Other Uses by Appropriation Levels
For the biennium ended June 30, 2016

	<u>Appropriation</u>	<u>Actual Expenses</u>	<u>Variance Positive (Negative)</u>
<u>Bridge Creek Pipe Project Fund</u>			
Materials and services	\$ 200,000	\$ 1,028	\$ 198,972
Transfers	1,032,900	1,032,900	-
Debt service	30,600,000	345,800	30,254,200
Capital outlay	17,713,500	13,681,867	4,031,633
Total Bridge Creek Pipe Project Fund	<u>\$ 49,546,400</u>	<u>\$ 15,061,595</u>	<u>\$ 34,484,805</u>
<u>Secondary Expansion Project Fund</u>			
Transfers	\$ 2,151,900	\$ 1,087,938	\$ 1,063,962
Capital outlay	8,500,000	2,664,539	5,835,461
Total Secondary Expansion Project Fund	<u>\$ 10,651,900</u>	<u>\$ 3,752,477</u>	<u>\$ 6,899,423</u>
<u>Southeast Interceptor Project Fund</u>			
Materials and services	\$ 20,000	\$ -	\$ 20,000
Transfers	994,900	431,000	563,900
Capital outlay	24,088,000	10,524,155	13,563,845
Total Southeast Interceptor Project Fund	<u>\$ 25,102,900</u>	<u>\$ 10,955,155</u>	<u>\$ 14,147,745</u>

OTHER FINANCIAL SCHEDULES

City of Bend, Oregon
Schedule of Property Tax Transactions
For the fiscal year ended June 30, 2016

Fiscal Year	Uncollected Balances June 30, 2015	Current Year's Levy	Adjustments, Interest and Discounts	Net Collections	Uncollected Balances June 30, 2016
Prior	\$ 3,760	\$ -	\$ 399	\$ (856)	\$ 3,303
2006-07	872	-	(125)	(62)	685
2007-08	1,423	-	(97)	(223)	1,103
2008-09	4,968	-	(1,771)	(1,419)	1,778
2009-10	6,947	-	(1,615)	(2,845)	2,487
2010-11	10,105	-	(1,251)	(4,643)	4,211
2011-12	51,059	-	4,631	(48,553)	7,137
2012-13	105,221	-	12,593	(77,549)	40,265
2013-14	200,771	-	11,743	(122,124)	90,390
2014-15	617,870	-	14,501	(399,483)	232,888
2015-16	-	33,014,168	(1,081,798)	(31,334,223)	598,147
Totals	\$ 1,002,996	\$ 33,014,168	\$ (1,042,790)	\$ (31,991,980)	\$ 982,394

Reconciliation to revenues:

Collections	\$ 31,991,980
Change in unavailable revenue	(5,782)
Total Property Tax Revenues - Modified Accrual Basis	\$ 31,986,198

Summary by fund:

	Revenues	Property Tax Receivable
General Fund	\$ 26,881,545	\$ 832,765
Fire / Emergency Medical Services Fund	1,925,018	50,300
Juniper Ridge Urban Renewal Debt Service Fund	1,023,177	31,268
Murphy Crossing Urban Renewal Debt Service Fund	233,669	6,927
General Obligation Bond Debt Service Fund	1,922,789	61,134
Totals	\$ 31,986,198	\$ 982,394

City of Bend, Oregon
Schedule of Long-Term Debt Transactions - Principal
For the fiscal year ended June 30, 2016

<u>Series</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Unmatured and Outstanding June 30, 2015</u>	<u>Bonds Issued</u>	<u>Bonds Called and Matured</u>	<u>Unmatured and Outstanding June 30, 2016</u>
Full faith & credit obligation bonds:							
Pension obligation bonds, series 2004	05/27/04	06/01/28	\$ 13,725,000	\$ 12,425,000	\$ -	\$ (410,000)	\$ 12,015,000
Police expansion and ambulance, series 2006	12/21/06	12/01/31	4,950,000	3,180,000	-	(295,000)	2,885,000
Police expansion, Cooley Road, and fire equipment, series 2008	02/14/08	12/01/27	4,425,000	3,265,000	-	(200,000)	3,065,000
Fire stations, series 2010, refinance 1999	02/18/10	06/01/24	3,225,000	2,135,000	-	(200,000)	1,935,000
Accessibility, series 2010	02/18/10	06/30/24	3,265,000	2,215,000	-	(210,000)	2,005,000
Transportation system, series 2000, refinance series 2010	02/18/10	06/01/21	4,103,000	2,358,000	-	(365,000)	1,993,000
Airport, series 2010, refinance 1999	02/18/10	06/01/19	1,057,000	512,000	-	(125,000)	387,000
City Hall land, series 2010, refinance 2005	05/28/10	12/31/15	3,600,000	1,400,000	-	(1,400,000)	-
Water recovery zone, series 2010C	11/30/10	11/01/30	2,300,000	2,087,299	-	(108,557)	1,978,742
Water reclamation recovery zone, series 2010C	11/30/10	11/01/30	10,730,000	9,737,701	-	(506,443)	9,231,258
Street equipment, police facility, sewer, series 2012, refinance series 2002	04/01/12	12/01/26	9,280,000	7,370,000	-	(720,000)	6,650,000
GO Bond construction, series 2012	09/20/12	06/01/32	26,805,000	23,860,000	-	(1,080,000)	22,780,000
Transportation, series 2013, refinance series 2003	11/20/13	12/01/21	6,283,391	5,293,485	-	(781,111)	4,512,374
Juniper ridge, series 2013	11/22/13	12/01/23	3,700,000	3,180,682	-	(353,472)	2,827,210
Murphy crossing urban renewal, series 2015	01/29/15	12/01/29	3,000,000	2,905,023	-	(167,669)	2,737,354
Fire engine replacement, series 2015	06/19/15	06/01/25	3,000,000	55,000	2,945,000	(139,801)	2,860,199
Total full faith & credit obligation bonds				81,979,190	2,945,000	(7,062,053)	77,862,137
Revenue bonds:							
Water reclamation, series 2005	09/29/05	11/01/20	7,585,000	3,740,000	-	(3,740,000)	-
Water reclamation, series 2008	08/14/08	10/31/28	10,000,000	7,790,000	-	(425,000)	7,365,000
Total revenue bonds				11,530,000	-	(4,165,000)	7,365,000
Notes payable:							
Oregon Business Development Department:							
Pacific Aviation composites	10/15/97	12/01/17	655,000	187,451	-	(60,289)	127,162
Airport eastside improvements	05/01/07	12/01/31	867,335	675,789	-	(29,816)	645,973
Safe drinking water revolving loan fund loan	09/03/09	12/01/31	2,806,500	2,485,039	-	(114,090)	2,370,949
Oregon Department of Environmental Quality:							
Clean water revolving fund loan R14510	06/10/11	10/01/33	5,482,336	5,278,520	-	(210,639)	5,067,881
Clean water revolving fund loan R14511	11/01/11	TBD	14,484,130	11,006,807	2,657,045	-	13,663,852
Clean water revolving fund loan R14512	10/02/12	12/01/33	18,833,534	18,833,534	-	-	18,833,534
Clean water revolving fund loan R14513	02/09/15	TBD	3,939,246	3,362,690	415,858	-	3,778,548
Clean water revolving fund loan R14514	12/11/15	TBD	21,000,000	-	-	-	-
Clean water revolving fund loan R14515	03/03/16	TBD	13,620,000	-	8,400,159	-	8,400,159
Clean water revolving fund loan R14516	12/04/15	TBD	28,144,891	-	10,516,545	-	10,516,545
Total notes payable				41,829,830	21,989,607	(414,834)	63,404,603
Lines of credit							
Bank of the Cascades ERP software replacement	04/30/15	04/30/18	5,000,000	403,200	928,620	-	1,331,820
JP Morgan Water system interim financing	06/03/15	06/30/17	30,000,000	30,000,000	-	-	30,000,000
Total lines of credit				30,403,200	928,620	-	31,331,820
Total long-term debt				\$ 165,742,220	\$ 25,863,227	\$(11,641,887)	\$ 179,963,560

City of Bend, Oregon
Schedule of Long-Term Debt Transactions - Interest
For the fiscal year ended June 30, 2016

<u>Series</u>	Interest Rates on Outstanding Balances	Unmatured and Outstanding June 30, 2015	Bonds Issued	Bonds Called and Matured	Unmatured and Outstanding June 30, 2016
Full faith & credit obligation bonds:					
Pension obligation bonds, series 2004	2.13% - 6.095%	\$ 6,247,492	\$ -	\$ (750,579)	\$ 5,496,913
Police expansion and ambulance, series 2006	3.75% - 6.00%	1,045,258	-	(127,440)	917,818
Police expansion, Cooley Road, and fire equipment, series 2008	3.00% - 4.25%	912,210	-	(119,314)	792,896
Fire stations, series 2010, refinance 1999	3.23 %	411,806	-	(76,763)	335,043
Accessibility, series 2010	2.62 %	550,029	-	(98,983)	451,046
Transportation system, series 2000, refinance series 2010	2.84 %	312,104	-	(84,283)	227,821
Airport, series 2010, refinance 1999	2.60 %	47,970	-	(17,980)	29,990
City Hall land, series 2010, refinance 2005	3.65 %	51,100	-	(51,100)	-
Water recovery zone, series 2010C	3.05 %	204,204	-	(102,319)	101,885
Water reclamation recovery zone, series 2010C	3.05 %	5,403,015	-	(477,339)	4,925,676
Street equipment, police facility, sewer, series 2012, refinance series 2002	1.66% - 2.60%	1,425,650	-	(245,400)	1,180,250
GO Bond construction, series 2012	2.62 %	7,387,450	-	(757,650)	6,629,800
Transportation, series 2013, refinance series 2003	1.50 %	282,070	-	(76,486)	205,584
Juniper ridge, series 2013	1.50 %	219,205	-	(46,517)	172,688
Murphy crossing urban renewal, series 2015	2.65 %	642,748	-	(76,012)	566,736
Fire engine replacement, series 2015	2.65 %	1,458	415,492	(43,084)	373,866
Total full faith & credit obligation bonds		25,143,769	415,492	(3,151,249)	22,408,012
Revenue bonds:					
Water reclamation, series 2005	3.00% - 4.00%	396,838	-	(396,838)	-
Water reclamation, series 2008	3.50% - 4.50%	2,438,231	-	(307,938)	2,130,293
Total revenue bonds		2,835,069	-	(704,776)	2,130,293
Notes payable:					
Oregon Business Development Department:					
Pacific Aviation composites	5.01 %	19,373	-	(9,501)	9,872
Airport eastside improvements	4.00% - 4.375%	292,586	-	(28,857)	263,729
Safe drinking water revolving loan fund loan	3.83 %	724,122	-	(74,551)	649,571
Oregon Department of Environmental Quality:					
Clean water revolving fund loan R14510	3.32 %	2,110,423	-	(199,906)	1,910,517
Clean water revolving fund loan R14511	2.48 %	3,203,416	1,125,037	-	4,328,453
Clean water revolving fund loan R14512	2.44 %	6,666,056	(990,805)	-	5,675,251
Clean water revolving fund loan R14513	1.06 %	118,988	23,198	-	142,186
Clean water revolving fund loan R14514	1.93 %	-	-	-	-
Clean water revolving fund loan R14515	2.00 %	-	-	-	-
Clean water revolving fund loan R14516	1.00 %	-	-	-	-
Total notes payable		13,134,964	157,430	(312,815)	12,979,579
Lines of credit					
Bank of the Cascades					
ERP software replacement	2.65 %	32,055	57,234	(21,644)	67,645
JP Morgan					
Water system interim financing	1.14 %	1,425,000	-	(684,000)	741,000
Total lines of credit		1,457,055	57,234	(705,644)	808,645
Total long-term debt		\$ 42,570,857	\$ 630,156	\$ (4,874,484)	\$ 38,326,529

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations
For the fiscal year ended June 30, 2016

Fiscal Year	Total Requirements			Pension Obligation Bonds Series 2004	
	Principal	Interest	Total	Principal	Interest
2016-17	\$ 6,004,475	\$ 2,974,859	\$ 8,979,334	\$ 485,000	\$ 726,918
2017-18	6,074,023	2,792,315	8,866,338	565,000	698,443
2018-19	6,314,159	2,595,874	8,910,033	650,000	664,877
2019-20	6,429,474	2,386,212	8,815,686	750,000	625,779
2020-21	6,481,230	2,166,842	8,648,072	850,000	580,667
2021-22	5,919,459	1,925,073	7,844,532	965,000	529,539
2022-23	5,713,345	1,692,452	7,405,797	1,085,000	471,495
2023-24	5,428,402	1,456,153	6,884,555	1,215,000	406,232
2024-25	4,926,536	1,214,477	6,141,013	1,360,000	332,178
2025-26	4,833,322	1,000,831	5,834,153	1,515,000	249,286
2026-27	5,119,145	778,975	5,898,120	1,680,000	156,946
2027-28	4,025,092	548,997	4,574,089	895,000	54,553
2028-29	2,906,262	376,678	3,282,940	-	-
2029-30	2,852,213	261,397	3,113,610	-	-
2030-31	2,845,000	146,441	2,991,441	-	-
2031-32	1,990,000	57,776	2,047,776	-	-
Total	\$ 77,862,137	\$ 22,375,352	\$ 100,237,489	\$ 12,015,000	\$ 5,496,913

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City of Bend, Oregon
Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)
For the fiscal year ended June 30, 2016

Fiscal Year	Police Facility Expansion/Ambulance Series 2006		Police Facility, Cooley Rd, and Fire Equipment Series 2008		Fire Stations Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
2016-17	\$ 310,000	\$ 112,240	\$ 210,000	\$ 113,164	\$ 210,000	\$ 70,763
2017-18	160,000	99,940	215,000	106,789	215,000	64,463
2018-19	170,000	93,668	220,000	99,989	225,000	55,863
2019-20	175,000	87,026	230,000	92,389	235,000	46,863
2020-21	185,000	80,050	235,000	84,104	240,000	37,463
2021-22	190,000	72,738	250,000	75,001	260,000	29,363
2022-23	140,000	66,268	260,000	64,958	265,000	19,938
2023-24	145,000	60,639	265,000	54,458	285,000	10,327
2024-25	150,000	54,775	275,000	43,520	-	-
2025-26	160,000	48,575	285,000	32,040	-	-
2026-27	165,000	41,972	305,000	19,793	-	-
2027-28	170,000	35,063	315,000	6,691	-	-
2028-29	180,000	27,844	-	-	-	-
2029-30	185,000	20,316	-	-	-	-
2030-31	195,000	12,478	-	-	-	-
2031-32	205,000	4,226	-	-	-	-
Total	\$ 2,885,000	\$ 917,818	\$ 3,065,000	\$ 792,896	\$ 1,935,000	\$ 335,043

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City of Bend, Oregon
Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)
For the fiscal year ended June 30, 2016

Fiscal Year	Accessibility Series 2010		Transportation System Series 2010		Airport Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
2016-17	\$ 215,000	\$ 91,633	\$ 370,000	\$ 73,332	\$ 125,000	\$ 14,230
2017-18	225,000	83,463	385,000	62,232	130,000	10,480
2018-19	235,000	74,124	398,000	46,832	132,000	5,280
2019-20	240,000	64,137	410,000	30,912	-	-
2020-21	255,000	53,337	430,000	14,513	-	-
2021-22	265,000	41,352	-	-	-	-
2022-23	280,000	28,500	-	-	-	-
2023-24	290,000	14,500	-	-	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
2028-29	-	-	-	-	-	-
2029-30	-	-	-	-	-	-
2030-31	-	-	-	-	-	-
2031-32	-	-	-	-	-	-
Total	\$ 2,005,000	\$ 451,046	\$ 1,993,000	\$ 227,821	\$ 387,000	\$ 29,990

Continued on next page

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)
For the fiscal year ended June 30, 2016

Fiscal Year	Water & Sewer RZEDB Series 2010C		Street, Sewer, Police, Facilities Series 2012	
	Principal	Interest	Principal	Interest
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	28,363	-	-
2031-32	-	-	-	-
Total	\$ 11,210,000	\$ 5,027,561	\$ 6,650,000	\$ 1,180,250

Continued on next page

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)
For the fiscal year ended June 30, 2016

Fiscal Year	GO Bond Construction Series 2012		Transportation System Series 2013		Juniper Ridge Series 2013 Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2016-17	\$ 1,100,000	\$ 736,050	\$ 793,073	\$ 64,722	\$ 358,917	\$ 41,072
2017-18	1,135,000	703,050	805,014	52,781	364,321	35,668
2018-19	1,170,000	669,000	817,135	40,661	369,806	30,182
2019-20	1,205,000	633,900	829,368	28,358	375,310	24,678
2020-21	1,240,000	597,750	841,925	15,869	381,025	18,964
2021-22	1,290,000	548,150	425,858	3,193	386,762	13,227
2022-23	1,340,000	496,550	-	-	392,585	7,404
2023-24	1,395,000	442,950	-	-	198,485	1,493
2024-25	1,450,000	387,150	-	-	-	-
2025-26	1,495,000	343,650	-	-	-	-
2026-27	1,540,000	298,800	-	-	-	-
2027-28	1,585,000	252,600	-	-	-	-
2028-29	1,635,000	205,050	-	-	-	-
2029-30	1,680,000	156,000	-	-	-	-
2030-31	1,735,000	105,600	-	-	-	-
2031-32	1,785,000	53,550	-	-	-	-
Total	\$ 22,780,000	\$ 6,629,800	\$ 4,512,373	\$ 205,584	\$ 2,827,211	\$ 172,688

Continued on next page

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)
For the fiscal year ended June 30, 2016

Fiscal Year	Murphy Crossing Urban Renewal Series 2015 Note		Fire Equipment Series 2015B	
	Principal	Interest	Principal	Interest
2016-17	\$ 172,271	\$ 71,410	\$ 285,214	\$ 73,925
2017-18	176,866	66,815	292,822	66,316
2018-19	181,584	62,097	300,634	58,505
2019-20	186,275	57,407	308,521	50,618
2020-21	191,397	52,284	316,883	42,256
2021-22	196,503	47,179	325,336	33,803
2022-23	201,745	41,937	334,015	25,124
2023-24	207,030	36,652	342,887	16,252
2024-25	212,649	31,032	353,887	7,067
2025-26	218,322	25,360	-	-
2026-27	224,145	19,536	-	-
2027-28	230,092	13,590	-	-
2028-29	236,262	7,419	-	-
2029-30	102,213	1,358	-	-
2030-31	-	-	-	-
2031-32	-	-	-	-
Total	\$ 2,737,354	\$ 534,076	\$ 2,860,199	\$ 373,866

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Revenue Bonds
For the fiscal year ended June 30, 2016

Fiscal Year	Total Requirements			Series 2005		Series 2008	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2016-17	\$ 440,000	\$ 290,638	\$ 730,638	\$ -	\$ -	\$ 440,000	\$ 290,638
2017-18	455,000	273,306	728,306	-	-	455,000	273,306
2018-19	475,000	255,275	730,275	-	-	475,000	255,275
2019-20	495,000	234,638	729,638	-	-	495,000	234,638
2020-21	520,000	213,100	733,100	-	-	520,000	213,100
2021-22	540,000	191,900	731,900	-	-	540,000	191,900
2022-23	560,000	169,900	729,900	-	-	560,000	169,900
2023-24	585,000	147,000	732,000	-	-	585,000	147,000
2024-25	605,000	123,200	728,200	-	-	605,000	123,200
2025-26	630,000	98,500	728,500	-	-	630,000	98,500
2026-27	660,000	72,700	732,700	-	-	660,000	72,700
2027-28	685,000	44,944	729,944	-	-	685,000	44,944
2028-29	715,000	15,192	730,192	-	-	715,000	15,192
Total	\$ 7,365,000	\$ 2,130,293	\$ 9,495,293	\$ -	\$ -	\$ 7,365,000	\$ 2,130,293

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Notes Payable
For the fiscal year ended June 30, 2016

Fiscal Year	Total Requirements			Pacific Aviation Composites 1998	
	Principal	Interest	Total	Principal	Interest
2016-17	\$ 426,016	\$ 338,430	\$ 764,446	\$ 60,805	\$ 6,487
2017-18	1,554,062	545,379	2,099,441	66,357	3,385
2018-19	2,474,787	2,438,727	4,913,514	-	-
2019-20	4,517,021	1,594,467	6,111,488	-	-
2020-21	4,602,024	1,512,231	6,114,255	-	-
2021-22	4,252,682	1,428,026	5,680,708	-	-
2022-23	3,898,223	1,348,886	5,247,109	-	-
2023-24	3,974,215	1,270,292	5,244,507	-	-
2024-25	4,056,933	1,189,913	5,246,846	-	-
2025-26	4,136,427	1,107,472	5,243,899	-	-
2026-27	4,217,738	1,023,166	5,240,904	-	-
2027-28	4,305,903	936,957	5,242,860	-	-
2028-29	4,390,974	848,573	5,239,547	-	-
2029-30	4,477,997	758,184	5,236,181	-	-
2030-31	4,572,024	665,737	5,237,761	-	-
2031-32	4,665,367	570,962	5,236,329	-	-
2032-33	4,512,948	473,964	4,986,912	-	-
2033-34	4,410,129	382,866	4,792,995	-	-
2034-35	4,299,709	300,263	4,599,972	-	-
2035-36	4,379,876	220,096	4,599,972	-	-
2036-37	4,461,701	138,244	4,599,945	-	-
2037-38	3,694,151	58,908	3,753,059	-	-
2038-39	792,162	3,961	796,123	-	-
Total	\$ 87,073,069	\$ 19,155,704	\$ 106,228,773	\$ 127,162	\$ 9,872

* Total Debt Service Requirements of Notes Payable includes preliminary repayment schedules for Clean Water State Revolving Fund loans which are subject to change. Final repayment schedules will be determined when the final loan amount is drawn down.

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Notes Payable (Continued)
For the fiscal year ended June 30, 2016

Fiscal Year	Airport Eastside Improvements 2007		Safe Drinking Water Revolving Loan Fund Loan		Clean Water State Revolving Loan Fund Loan R14510	
	Principal	Interest	Principal	Interest	Principal	Interest
2016-17	\$ 30,009	\$ 27,664	\$ 117,512	\$ 71,128	\$ 217,690	\$ 191,801
2017-18	30,209	26,464	121,038	67,603	224,978	183,425
2018-19	30,417	25,255	124,669	63,972	232,508	174,770
2019-20	30,634	24,039	128,409	60,232	240,292	165,824
2020-21	35,867	22,775	132,261	56,380	248,336	156,578
2021-22	36,113	21,269	136,229	52,412	256,649	147,023
2022-23	36,373	19,734	140,316	48,325	265,241	137,148
2023-24	36,644	18,188	144,525	44,115	274,120	126,943
2024-25	41,929	16,612	148,861	39,780	283,296	116,396
2025-26	42,232	14,778	153,327	35,314	292,780	105,496
2026-27	42,549	12,930	157,927	30,714	302,581	94,231
2027-28	47,879	11,069	162,665	25,976	312,710	82,589
2028-29	48,224	8,974	167,545	21,096	323,178	70,558
2029-30	48,584	6,864	172,571	16,070	333,997	58,123
2030-31	53,959	4,739	177,748	10,893	345,177	45,273
2031-32	54,351	2,375	185,346	5,561	356,732	31,992
2032-33	-	-	-	-	368,674	18,266
2033-34	-	-	-	-	188,942	4,081
2034-35	-	-	-	-	-	-
2035-36	-	-	-	-	-	-
2036-37	-	-	-	-	-	-
2037-38	-	-	-	-	-	-
2038-39	-	-	-	-	-	-
Total	\$ 645,973	\$ 263,729	\$ 2,370,949	\$ 649,571	\$ 5,067,881	\$ 1,910,517

* Preliminary repayment schedule for Clean Water State Revolving loans R14511, R14512, R14515 and R14516. Final repayment schedule will be determined when final loan amount is drawn down.

Continued on next page

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Notes Payable (Continued)
For the fiscal year ended June 30, 2016

Fiscal Year	Clean Water State Revolving Loan Fund Loan R14511 *		Clean Water State Revolving Loan Fund Loan R14512 *		Clean Water State Revolving Loan Fund Loan R14513 *	
	Principal	Interest	Principal	Interest	Principal	Interest
2016-17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,350
2017-18	-	-	-	-	824,212	37,874
2018-19	291,050	636,701	379,988	958,026	832,972	29,114
2019-20	592,972	348,334	773,940	445,574	841,825	20,261
2020-21	607,769	333,537	792,939	426,575	850,771	11,315
2021-22	622,934	318,372	812,405	407,109	428,769	2,272
2022-23	638,479	302,827	832,349	387,165	-	-
2023-24	654,412	286,894	852,782	366,732	-	-
2024-25	670,741	270,565	873,717	345,797	-	-
2025-26	687,479	253,827	895,165	324,349	-	-
2026-27	704,634	236,672	917,141	302,373	-	-
2027-28	722,218	219,088	939,655	279,859	-	-
2028-29	740,239	201,067	962,723	256,791	-	-
2029-30	758,711	182,595	986,356	233,158	-	-
2030-31	777,644	163,662	1,010,571	208,943	-	-
2031-32	797,049	144,257	1,035,379	184,135	-	-
2032-33	816,938	124,368	1,060,796	158,718	-	-
2033-34	837,324	103,982	1,086,837	132,677	-	-
2034-35	858,218	83,088	1,113,518	105,996	-	-
2035-36	879,634	61,672	1,140,853	78,661	-	-
2036-37	901,585	39,721	1,168,860	50,654	-	-
2037-38	924,100	17,224	1,197,560	21,959	-	-
2038-39	-	-	-	-	-	-
Total	\$ 14,484,130	\$ 4,328,453	\$ 18,833,534	\$ 5,675,251	\$ 3,778,549	\$ 142,186

* Preliminary repayment schedule for Clean Water State Revolving loans R14511, R14512, R14515 and R14516. Final repayment schedule will be determined when final loan amount is drawn down.

Continued on next page

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Notes Payable (Continued)
For the fiscal year ended June 30, 2016

Fiscal Year	Clean Water State Revolving Loan Fund Loan R14515 *		Clean Water State Revolving Loan Fund Loan R14516 *	
	Principal	Interest	Principal	Interest
2016-17	\$ -	\$ -	\$ -	\$ -
2017-18	287,268	226,628	-	-
2018-19	583,183	263,753	-	287,136
2019-20	594,905	252,031	1,314,044	278,172
2020-21	606,863	240,073	1,327,218	264,998
2021-22	619,060	227,876	1,340,523	251,693
2022-23	631,504	215,432	1,353,961	238,255
2023-24	644,197	202,739	1,367,535	224,681
2024-25	657,145	189,791	1,381,244	210,972
2025-26	670,353	176,583	1,395,091	197,125
2026-27	683,828	163,108	1,409,078	183,138
2027-28	697,573	149,363	1,423,203	169,013
2028-29	711,594	135,342	1,437,471	154,745
2029-30	725,897	121,039	1,451,881	140,335
2030-31	740,488	106,448	1,466,437	125,779
2031-32	755,372	91,564	1,481,138	111,078
2032-33	770,554	76,382	1,495,986	96,230
2033-34	786,042	60,894	1,510,984	81,232
2034-35	801,842	45,094	1,526,131	66,085
2035-36	817,959	28,977	1,541,430	50,786
2036-37	834,373	12,536	1,556,883	35,333
2037-38	-	-	1,572,491	19,725
2038-39	-	-	792,162	3,961
Total	\$ 13,620,000	\$ 2,985,653	\$ 28,144,891	\$ 3,190,472

* Preliminary repayment schedule for Clean Water State Revolving loans R14511, R14512, R14515 and R14516. Final repayment schedule will be determined when final loan amount is drawn down.

(Concluded)

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Lines of Credit
For the fiscal year ended June 30, 2016

Fiscal Year	Total Requirements			Bank of the Cascades ERP Software Replacement Line of Credit		JP Morgan Water System Line of Credit	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2016-17	\$ 30,000,000	\$ 776,293	\$ 30,776,293	\$ -	\$ 35,293	\$ 30,000,000	\$ 741,000
2017-18	1,331,820	32,352	1,364,172	1,331,820	32,352	-	-
Total	<u>\$ 31,331,820</u>	<u>\$ 808,645</u>	<u>\$ 32,140,465</u>	<u>\$ 1,331,820</u>	<u>\$ 67,645</u>	<u>\$ 30,000,000</u>	<u>\$ 741,000</u>

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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 195 to 204)

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 205 to 208)

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

Debt Capacity (pages 209 to 214)

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 215 to 217)

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 218 to 220)

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.

City of Bend, Oregon
Net Position by Component
Last ten fiscal years
(accrual basis of accounting; amounts expressed in thousands)

	2007	2008	2009	2010	2011
<u>Governmental Activities</u>					
Net investment in capital assets	\$ 501,420	\$ 491,487	\$ 493,230	\$ 485,325	\$ 484,814
Restricted	5,522	6,782	13,119	15,370	13,915
Unrestricted	35,884	29,912	20,823	24,295	27,398
Total governmental activities net position	<u>\$ 542,826</u>	<u>\$ 528,181</u>	<u>\$ 527,172</u>	<u>\$ 524,990</u>	<u>\$ 526,127</u>
<u>Business-type Activities</u>					
Net investment in capital assets	\$ 186,218	\$ 237,030	\$ 237,706	\$ 242,003	\$ 241,176
Restricted	844	844	844	936	-
Unrestricted	10,028	8,329	20,638	23,050	32,522
Total business-type activities net position	<u>\$ 197,090</u>	<u>\$ 246,203</u>	<u>\$ 259,188</u>	<u>\$ 265,989</u>	<u>\$ 273,698</u>
<u>Primary Government</u>					
Net investment in capital assets	\$ 687,638	\$ 728,517	\$ 730,936	\$ 727,328	\$ 725,990
Restricted	6,366	7,626	13,963	16,306	13,915
Unrestricted	45,912	38,241	41,461	47,345	59,920
Total primary government net position	<u>\$ 739,916</u>	<u>\$ 774,384</u>	<u>\$ 786,360</u>	<u>\$ 790,979</u>	<u>\$ 799,825</u>

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

	2012	2013	Restated 2014	2015	2016
<u>Governmental Activities</u>					
Net investment in capital assets	\$ 474,505	\$ 474,356	\$ 472,258	\$ 477,809	\$ 476,817
Restricted	13,637	16,565	29,652	29,319	42,451
Unrestricted	30,167	29,610	4,056	18,412	11,632
Total governmental activities net position	<u>\$ 518,309</u>	<u>\$ 520,531</u>	<u>\$ 505,966</u>	<u>\$ 525,540</u>	<u>\$ 530,900</u>
<u>Business-type Activities</u>					
Net investment in capital assets	\$ 256,230	\$ 263,975	\$ 278,857	\$ 293,753	\$ 321,457
Restricted	676	1,289	1,265	1,678	3,536
Unrestricted	33,405	38,215	36,565	45,677	43,822
Total business-type activities net position	<u>\$ 290,311</u>	<u>\$ 303,479</u>	<u>\$ 316,687</u>	<u>\$ 341,108</u>	<u>\$ 368,815</u>
<u>Primary Government</u>					
Net investment in capital assets	\$ 730,735	\$ 738,331	\$ 751,115	\$ 771,562	\$ 798,274
Restricted	14,313	17,854	30,917	30,997	45,987
Unrestricted	63,572	67,825	40,621	64,089	55,454
Total primary government net position	<u>\$ 808,620</u>	<u>\$ 824,010</u>	<u>\$ 822,653</u>	<u>\$ 866,648</u>	<u>\$ 899,715</u>

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

	2007	2008	2009	2010	2011
Expenses					
Governmental Activities:					
General government	\$ 14,010	\$ 15,155	\$ 17,159	\$ 16,732	\$ 18,530
Public safety	24,178	26,176	27,812	28,025	27,958
Public ways and facilities	11,679	16,928	15,691	15,699	16,042
Community and economic development	8,673	8,728	8,087	6,216	8,012
Permanent maintenance	-	-	-	-	-
Urban renewal	302	585	1,841	358	192
Transit	1,854	1,902	1,941	1,851	1,800
Interest on long-term debt	2,936	2,909	2,373	2,287	1,973
Total governmental activities expenses	63,632	72,383	74,904	71,168	74,507
Business-Type Activities:					
Water	\$ 11,519	\$ 9,776	\$ 10,690	\$ 12,686	\$ 12,757
Water reclamation	10,250	10,184	10,844	11,832	12,045
Airport	690	733	731	746	951
Cemetery	151	182	141	110	75
Downtown parking	744	816	881	889	878
Stormwater	222	1,378	1,744	2,159	2,425
Total business-type activities expenses	23,576	23,069	25,031	28,422	29,131
Total primary government expenses	\$ 87,208	\$ 95,452	\$ 99,935	\$ 99,590	\$ 103,638
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 5,875	\$ 7,599	\$ 7,065	\$ 7,598	\$ 9,661
Public safety	4,303	4,057	3,396	3,615	3,389
Public ways and facilities	3,165	2,761	1,368	1,253	1,052
Community and economic development	8,177	7,869	5,282	3,083	4,015
Permanent maintenance	-	-	-	-	11
Urban renewal	64	98	1,611	57	35
Transit	208	172	234	269	74
Operating grants and contributions	10,219	9,372	9,209	11,610	15,714
Capital grants and contributions	17,014	16,641	11,208	4,176	6,659
Total governmental activities program revenues	49,025	48,569	39,373	31,661	40,610
Business-Type Activities:					
Charges for Services:					
Water	\$ 10,676	\$ 11,012	\$ 12,020	\$ 12,689	\$ 14,068
Water reclamation	9,099	10,206	12,393	13,257	13,920
Airport	702	684	700	773	777
Cemetery	111	102	69	50	45
Downtown parking	387	610	606	551	643
Stormwater	-	2,458	2,405	2,465	2,515
Other business activities	-	-	-	-	139
Capital grants and contributions	20,148	16,373	9,282	3,914	2,670
Total business-type activities	41,123	41,445	37,475	33,699	34,777
Total primary government program revenues	\$ 90,148	\$ 90,014	\$ 76,848	\$ 65,360	\$ 75,387
Net Revenues (Expenses)					
Governmental Activities	\$ (14,607)	\$ (23,814)	\$ (35,531)	\$ (39,507)	\$ (33,897)
Business-Type Activities	17,547	18,376	12,444	5,277	5,646
Total primary government net revenues (expenses)	\$ 2,940	\$ (5,438)	\$ (23,087)	\$ (34,230)	\$ (28,251)

Continued on next page

City of Bend, Oregon
Changes in Net Position (Continued)
Last ten fiscal years

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

	2012	2013	2014	2015	2016
Expenses					
Governmental Activities:					
General government	\$ 21,164	\$ 15,300	\$ 17,436	\$ 17,185	\$ 23,006
Public safety	28,952	30,695	30,873	26,332	44,350
Public ways and facilities	17,318	18,208	19,733	19,550	20,631
Community and economic development	7,031	7,771	8,720	7,249	14,248
Permanent maintenance	-	4	5	5	5
Urban renewal	1,567	30	64	41	40
Transit	-	-	-	-	-
Interest on long-term debt	1,772	2,335	2,321	2,171	2,164
Total governmental activities expenses	<u>77,804</u>	<u>74,343</u>	<u>79,152</u>	<u>72,533</u>	<u>104,444</u>
Business-Type Activities:					
Water	\$ 11,701	\$ 12,576	\$ 14,032	\$ 12,821	\$ 14,889
Water reclamation	12,528	13,968	14,427	13,196	17,197
Airport	1,010	1,053	1,243	1,279	1,359
Cemetery	85	83	134	125	149
Downtown parking	875	869	875	924	1,091
Stormwater	2,216	2,400	2,843	2,648	3,256
Total business-type activities expenses	<u>28,415</u>	<u>30,949</u>	<u>33,554</u>	<u>30,993</u>	<u>37,941</u>
Total primary government expenses	<u>\$ 106,219</u>	<u>\$ 105,292</u>	<u>\$ 112,706</u>	<u>\$ 103,526</u>	<u>\$ 142,385</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 5,404	\$ 6,475	\$ 7,827	\$ 8,279	\$ 9,516
Public safety	3,615	3,285	3,255	5,052	4,865
Public ways and facilities	1,736	2,507	3,652	2,722	3,091
Community and economic development	3,853	5,957	8,843	9,525	11,192
Permanent maintenance	4	6	3	5	13
Urban renewal	18	-	-	-	-
Transit	-	-	-	-	-
Operating grants and contributions	12,175	13,359	12,963	11,952	13,350
Capital grants and contributions	7,075	11,720	12,725	15,661	27,301
Total governmental activities program revenues	<u>33,880</u>	<u>43,309</u>	<u>49,268</u>	<u>53,196</u>	<u>69,328</u>
Business-Type Activities:					
Charges for Services:					
Water	\$ 14,809	\$ 15,815	\$ 17,296	\$ 17,768	\$ 18,708
Water reclamation	15,973	17,092	18,487	20,327	21,543
Airport	833	794	879	911	953
Cemetery	58	66	44	79	107
Downtown parking	569	639	753	825	919
Stormwater	2,519	2,534	2,540	2,599	3,228
Other business activities	10	-	-	-	-
Capital grants and contributions	7,815	2,767	3,809	6,548	10,916
Total business-type activities	<u>42,586</u>	<u>39,707</u>	<u>43,808</u>	<u>49,057</u>	<u>56,374</u>
Total primary government program revenues	<u>\$ 76,466</u>	<u>\$ 83,016</u>	<u>\$ 93,076</u>	<u>\$ 102,253</u>	<u>\$ 125,702</u>
Net Revenues (Expenses)					
Governmental Activities	\$ (43,924)	\$ (31,034)	\$ (29,884)	\$ (19,337)	\$ (35,116)
Business-Type Activities	14,171	8,758	10,254	18,064	18,433
Total primary government net revenues (expenses)	<u>\$ (29,753)</u>	<u>\$ (22,276)</u>	<u>\$ (19,630)</u>	<u>\$ (1,273)</u>	<u>\$ (16,683)</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>General Revenues and Other Changes in Net Position</u>					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 20,752	\$ 22,656	\$ 24,140	\$ 25,428	\$ 25,979
Transient room taxes	3,303	3,427	2,938	2,966	3,407
Franchise fees	5,644	6,158	6,386	7,447	7,241
Unrestricted investment income	2,245	2,204	968	412	425
Other revenues	1,029	3,976	-	2,293	15
Transfers	(9,980)	(29,253)	91	(1,220)	(2,035)
Total governmental activities	<u>22,993</u>	<u>9,168</u>	<u>34,523</u>	<u>37,326</u>	<u>35,032</u>
Business-type Activities:					
Franchise fees	\$ 556	\$ 604	\$ -	\$ -	\$ -
Unrestricted investment income	1,243	853	626	304	322
Other revenues	-	27	5	-	-
Transfers	9,980	29,253	(91)	1,220	2,035
Total business-type activities	<u>11,779</u>	<u>30,737</u>	<u>540</u>	<u>1,524</u>	<u>2,357</u>
Total primary government	<u>\$ 34,772</u>	<u>\$ 39,905</u>	<u>\$ 35,063</u>	<u>\$ 38,850</u>	<u>\$ 37,389</u>
<u>Change in Net Position</u>					
Governmental Activities	\$ 8,386	\$ (14,646)	\$ (1,008)	\$ (2,181)	\$ 1,135
Business-type Activities	29,326	49,113	12,984	6,801	8,003
Total primary government	<u>\$ 37,712</u>	<u>\$ 34,467</u>	<u>\$ 11,976</u>	<u>\$ 4,620</u>	<u>\$ 9,138</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>General Revenues and Other Changes in Net Position</u>					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 25,751	\$ 25,649	\$ 26,753	\$ 30,179	\$ 31,971
Transient room taxes	3,575	3,945	4,710	6,397	7,931
Franchise fees	7,204	7,170	7,645	7,834	8,280
Unrestricted investment income	338	546	703	636	1,118
Other revenues	1,456	43	-	-	-
Transfers	<u>(2,216)</u>	<u>(4,169)</u>	<u>(5,246)</u>	<u>(6,135)</u>	<u>(8,821)</u>
Total governmental activities	<u>36,108</u>	<u>33,184</u>	<u>34,565</u>	<u>38,911</u>	<u>40,479</u>
Business-type Activities:					
Franchise fees	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted investment income	225	243	290	221	453
Other revenues	-	-	-	-	-
Transfers	<u>2,216</u>	<u>4,169</u>	<u>5,246</u>	<u>6,135</u>	<u>8,821</u>
Total business-type activities	<u>2,441</u>	<u>4,412</u>	<u>5,536</u>	<u>6,356</u>	<u>9,274</u>
Total primary government	<u>\$ 38,549</u>	<u>\$ 37,596</u>	<u>\$ 40,101</u>	<u>\$ 45,267</u>	<u>\$ 49,753</u>
<u>Change in Net Position</u>					
Governmental Activities	\$ (7,816)	\$ 2,150	\$ 4,681	\$ 19,574	\$ 5,363
Business-type Activities	16,612	13,170	15,790	24,420	27,707
Total primary government	<u>\$ 8,796</u>	<u>\$ 15,320</u>	<u>\$ 20,471</u>	<u>\$ 43,994</u>	<u>\$ 33,070</u>

City of Bend, Oregon
Fund Balances (Deficits), Governmental Funds
Last ten fiscal years
(modified accrual basis of accounting; amounts expressed in thousands)
(accrual basis of accounting; amounts expressed in thousands)

	2007	2008	2009	2010	2011
<u>General Fund</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 4,639
Committed	-	-	-	-	1,263
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	9,251
Reserved	-	-	36	4,469	-
Unreserved	8,722	6,449	6,766	8,033	-
Total general fund	<u>\$ 8,722</u>	<u>\$ 6,449</u>	<u>\$ 6,802</u>	<u>\$ 12,502</u>	<u>\$ 15,153</u>
<u>All Other Governmental Funds</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 621
Restricted	-	-	-	-	7,644
Committed	-	-	-	-	10,869
Assigned	-	-	-	-	2,553
Unassigned	-	-	-	-	(316)
Reserved for:					
Debt service	5,522	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	15,833	7,659	5,123	7,209	-
Capital projects funds	(1,312)	5,139	-	(223)	-
Total all other governmental funds	<u>\$ 20,043</u>	<u>\$ 19,580</u>	<u>\$ 19,209</u>	<u>\$ 23,061</u>	<u>\$ 21,371</u>

Note: The City of Bend implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended 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)

	2012	2013	2014	2015	2016
<u>General Fund</u>					
Nonspendable	\$ 4,594	\$ 4,581	\$ 4,562	\$ 4,555	\$ 4,555
Committed	1,483	1,709	1,855	2,092	2,281
Assigned	-	-	-	4,232	5,411
Unassigned	10,669	10,325	11,030	10,775	9,378
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	<u>\$ 16,746</u>	<u>\$ 16,615</u>	<u>\$ 17,447</u>	<u>\$ 21,654</u>	<u>\$ 21,625</u>
<u>All Other Governmental Funds</u>					
Nonspendable	\$ 591	\$ 596	\$ 599	\$ 605	\$ 629
Restricted	6,903	26,669	29,413	23,189	22,551
Committed	11,032	12,997	11,792	12,342	18,947
Assigned	5,642	6,587	8,254	16,794	21,925
Unassigned	(340)	(360)	(360)	(360)	(360)
Reserved for:					
Debt service	-	-	-	-	-
Long-term loans and advances	-	-	-	-	-
Construction	-	-	-	-	-
Building program	-	-	-	-	-
Designations reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 23,828</u>	<u>\$ 46,489</u>	<u>\$ 49,698</u>	<u>\$ 52,570</u>	<u>\$ 63,692</u>

City of Bend, Oregon
Changes in Fund Balances (Deficits), Governmental Funds
Last ten fiscal years
(modified accrual basis of accounting, amounts expressed in thousands)

	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 23,856	\$ 25,619	\$ 26,500	\$ 28,340	\$ 29,446
Franchise fees	5,645	6,157	6,386	7,447	7,211
Intergovernmental	11,645	9,746	10,171	11,347	14,439
Assessments	332	263	204	201	154
Licenses and permits	4,105	4,589	2,397	2,181	2,850
Charges for services	8,408	7,420	6,259	5,772	6,159
System development charges	5,616	8,126	2,726	2,262	3,341
Contributions	451	-	325	92	55
Fines and forfeitures	1,119	1,235	1,041	1,059	1,231
Loan repayments	23	72	180	1,039	476
Permanent maintenance fees	-	-	-	-	11
Investment income	1,723	1,547	730	313	341
Miscellaneous	167	323	146	99	126
Total revenues	63,090	65,097	57,065	60,152	65,840
Expenditures					
General government	\$ 481	\$ 661	\$ 651	\$ 988	\$ 1,993
Public safety	26,430	29,160	28,790	29,375	29,925
Public ways and facilities	5,390	6,436	6,214	6,462	6,458
Community and economic development	11,210	11,639	9,044	7,063	8,948
Permanent maintenance	-	-	-	-	-
Urban renewal	511	886	1,590	581	405
Transit	2,700	2,600	2,483	2,442	1,744
Debt service:					
Principal	2,852	2,984	2,693	10,068	5,993
Interest	2,310	2,320	2,429	2,167	1,981
Capital outlay	12,228	17,869	7,094	4,589	4,231
Total expenditures	64,112	74,555	60,988	63,735	61,678
Other Financing Sources (Uses)					
Proceeds from sale of assets	1,029	4,145	20	2,293	15
Premium on issuance of long-term debt	-	-	1,550	-	-
Insurance proceeds	-	-	-	55	40
Issuance of short-term debt	-	-	-	-	-
Issuance of long-term debt	1,775	6,425	2,700	10,602	-
Premium on issuance of long-term debt	36	15	-	244	-
Discount on issuance of long-term debt	-	-	-	(1)	-
Payment to bond escrow agent	-	-	-	(4,215)	-
Interfund loan proceeds	-	-	-	-	1
Transfers in	13,827	29,951	19,558	23,754	15,527
Transfers out	(14,864)	(33,814)	(19,923)	(25,520)	(18,783)
Total other financing sources (uses)	1,803	6,722	3,905	7,212	(3,200)
Net changes in fund balances (deficits)	\$ 781	\$ (2,736)	\$ (18)	\$ 3,629	\$ 962
Debt services as a percentage of non-capital expenditures	9.9 %	9.4 %	9.5 %	20.7 %	14.0 %

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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)

	2012	2013	2014	2015	2016
Revenues					
Taxes	\$ 29,684	\$ 29,990	\$ 31,612	\$ 36,686	\$ 39,917
Franchise fees	7,188	7,154	7,641	7,973	8,280
Intergovernmental	12,444	12,745	12,471	11,715	12,515
Assessments	145	158	175	165	171
Licenses and permits	2,991	4,274	5,860	6,946	8,247
Charges for services	6,136	6,779	8,568	9,315	10,234
System development charges	4,133	7,113	9,091	10,239	18,414
Contributions	261	104	153	415	158
Fines and forfeitures	1,108	955	927	900	947
Loan repayments	1,131	1,189	1,223	1,502	738
Permanent maintenance fees	4	6	3	5	13
Investment income	269	473	615	545	968
Miscellaneous	83	47	89	99	94
Total revenues	<u>65,577</u>	<u>70,987</u>	<u>78,428</u>	<u>86,506</u>	<u>100,696</u>
Expenditures					
General government	\$ 2,208	\$ 2,266	\$ 2,253	\$ 2,319	\$ 2,240
Public safety	31,307	31,848	33,924	36,474	39,357
Public ways and facilities	7,714	7,771	8,118	10,960	8,835
Community and economic development	8,039	8,309	9,505	9,880	14,504
Permanent maintenance	-	4	5	5	5
Urban renewal	871	32	66	60	41
Transit	-	-	-	-	-
Debt service:					
Principal	5,372	5,606	13,466	3,917	4,252
Interest	1,755	2,275	2,340	2,174	2,168
Capital outlay	6,078	13,376	9,814	12,922	11,967
Total expenditures	<u>63,344</u>	<u>71,487</u>	<u>79,491</u>	<u>78,711</u>	<u>83,369</u>
Other Financing Sources (Uses)					
Proceeds from sale of assets	816	43	565	-	53
Premium on issuance of long-term debt	-	-	-	-	-
Insurance proceeds	25	17	16	31	14
Issuance of short-term debt	3,000	-	-	-	-
Issuance of long-term debt	1,425	26,805	9,983	3,055	2,945
Premium on issuance of long-term debt	103	1,550	-	-	-
Discount on issuance of long-term debt	-	-	-	(3)	-
Payment to bond escrow agent	-	-	-	-	-
Interfund loan proceeds	1	1	-	-	-
Transfers in	15,040	16,744	15,723	17,992	23,217
Transfers out	(18,591)	(22,131)	(21,772)	(24,351)	(32,464)
Total other financing sources (uses)	<u>1,819</u>	<u>23,029</u>	<u>4,515</u>	<u>(3,276)</u>	<u>(6,235)</u>
Net changes in fund balances (deficits)	<u>\$ 4,052</u>	<u>\$ 22,529</u>	<u>\$ 3,452</u>	<u>\$ 4,519</u>	<u>\$ 11,092</u>
Debt services as a percentage of non-capital expenditures	12.0 %	14.0 %	23.0 %	9.0 %	9.0 %

City of Bend, Oregon
Assessed Value and 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	Percentage of TAV to RMV
	RMV	TAV	RMV	TAV	RMV	TAV	RMV	TAV		
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 %
2013	9,407,517	7,953,279	238,467	238,462	147,527	146,324	9,793,511	8,338,065	3.16	85.1 %
2014	10,212,590	8,390,967	235,303	235,303	154,588	153,383	10,602,481	8,779,653	3.12	82.8 %
2015	12,045,245	8,928,435	246,371	246,369	172,566	170,424	12,464,182	9,345,228	3.32	75.0 %
2016	13,832,978	9,462,467	256,270	256,259	293,708	288,363	14,382,956	10,007,089	3.30	69.6 %

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)

Fiscal Year	City Direct Rates			Overlapping Rates							Total
	City of Bend	Bend Urban Renewal District	Total Direct	Bend Metro Park and Recreation District	Deschutes County (1)	County Library	Education Service District	Central Oregon Community College	Bend La-Pine Administrative School District #1		
2007	\$ 2.77	\$ 0.38	\$ 3.15	\$ 1.46	\$ 2.71	\$ 0.54	\$ 0.09	\$ 0.71	\$ 6.31	\$ 14.97	
2008	2.78	0.40	3.18	1.45	2.74	0.54	0.09	0.71	6.26	14.97	
2009	2.78	0.41	3.19	1.45	2.97	0.54	0.09	0.70	6.30	15.24	
2010	2.77	0.44	3.21	1.45	2.98	0.54	0.09	0.61	6.44	15.32	
2011	2.76	0.48	3.24	1.45	2.94	0.54	0.09	0.72	6.49	15.47	
2012	3.00	0.23	3.23	1.45	2.92	0.54	0.10	0.74	6.26	15.24	
2013	3.04	0.12	3.16	1.46	2.96	0.54	0.10	0.75	6.18	15.15	
2014	3.00	0.12	3.12	1.66	2.84	0.54	0.10	0.74	6.16	15.16	
2015	3.19	0.13	3.32	1.65	2.72	0.54	0.10	0.73	6.20	15.26	
2016	3.17	0.13	3.30	1.63	2.78	0.54	0.10	0.73	6.18	15.26	

Source:
Deschutes County Assessor's Office

Notes:
(1) Property tax rates are for a representative tax code area (1-001) within the City and include operating and debt service levies. Deschutes County includes the following: Deschutes County \$1.2645, Deschutes County Fairgrounds Bond \$0.126, Countywide Law Enforcement \$1.009, County Extension/4H \$0.0222, 9-1-1 \$0.1601, and 9-1-1 Local Option 2013 \$0.20.

City of Bend, Oregon
Principle Taxpayers
For the fiscal years ended June 30, 2016 and June 30, 2007
(amounts expressed in thousands)

Taxpayer	Type of Business	2016			2007		
		Rank	Net Assessed Valuation	Percentage of Total Net Assessed Valuation (1)	Rank	Net Assessed Valuation	Percentage of Total Net Assessed Valuation (1)
TDS Baja Broadband LLC	Internet provider	1	\$ 139,126	1.4 %		\$ -	0.0 %
Touchmark at Mount Bachelor Village LLC	Retirement community	2	44,466	0.4 %		-	0.0 %
Suterra LLC	Biorational products	3	47,417	0.5 %		-	0.0 %
Pacificorp (PP&L)	Electric utility	4	41,599	0.4 %	9	18,077	0.3 %
CVSC LLC	Shopping center	5	38,467	0.4 %		-	0.0 %
Bend Research Inc	Pharmaceutical	6	38,450	0.4 %		-	0.0 %
Deschutes Brewery Inc	Microbrewery	7	38,414	0.4 %	4	25,134	0.4 %
Forum Holdings LLC	Shopping center	8	26,331	0.3 %	7	20,648	0.3 %
Deschutes Properties LLC	Real estate developer	9	26,378	0.3 %	5	24,868	0.4 %
Cascade Natural Gas Corporation	Gas utility	10	26,737	0.3 %		-	0.0 %
Qwest Corporation	Telephone utility		-	- %	1	31,229	0.5 %
Bend Millwork Systems, Inc	Construction products		-	- %	3	25,183	0.4 %
River Bend Limited Partnership	Real estate developer		-	- %	8	20,388	0.3 %
West Bend Property Co. LLC	Real estate developer		-	- %	6	21,379	0.3 %
Sima Mountain View LLC	Shopping center		-	- %	2	25,227	0.4 %
Pfizer Incorporated	Pharmaceutical		-	-	10	9,294	0.1
Total			\$ 467,385	4.8 %		\$ 221,427	3.4 %

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 \$10,007,089,174 for 2016 and \$6,703,090,424 for 2007.

City of Bend, Oregon
Property Taxes Levies and Collections
Last ten fiscal years
(amounts expressed in thousands)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percentage of Levy Collected	Collections in Subsequent Years	Amount	Percentage of Levy Collected	
2007	\$ 21,198	\$ 19,973	94.2 %	\$ 811	\$ 20,784	98.0 %	
2008	23,200	21,443	92.4 %	1,222	22,665	97.7 %	
2009	24,715	22,491	91.0 %	1,715	24,206	97.9 %	
2010	26,040	23,896	91.8 %	1,618	25,514	98.0 %	
2011	26,642	24,690	92.7 %	1,101	25,791	96.8 %	
2012	26,393	24,843	94.1 %	982	25,825	97.8 %	
2013	26,356	24,849	94.3 %	663	25,512	96.8 %	
2014	27,457	26,065	94.9 %	568	26,633	97.0 %	
2015	30,965	29,504	95.3 %	399	29,903	96.6 %	
2016	33,014	31,334	94.9 %	-	31,334	94.9 %	

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 Primary Government	Total Debt Percentage of Personal Income (1)	Total Debt per Capita (1)	Personal Income	Population
	Full Faith & Credit Obligation Bonds	Certificates of Participation	Limited Tax Improvement Bonds	Urban Renewal Tax Increment Bonds	Line of Credit	Full Faith & Credit Obligation Bonds	Revenue Bonds	Notes Payable	Line of Credit						
2007	\$ 48,242	\$ 325	\$ 552	\$ 13,800	\$ -	\$ 1,383	\$ 16,580	\$ 1,641	\$ -	\$ 82,523	3.07 %	\$ 1,096	\$ 2,685,519	75,290	
2008	51,317	-	261	12,595	2,500	1,573	15,650	1,587	-	85,483	2.98 %	1,099	2,865,415	77,780	
2009	49,781	-	164	11,240	5,200	1,434	24,690	1,515	-	94,024	2.96 %	1,161	3,176,300	80,995	
2010	50,255	-	-	5,960	5,209	1,260	23,355	4,324	-	90,363	3.12 %	1,098	2,896,585	82,280	
2011	48,097	-	-	1,710	5,209	16,303	19,490	6,778	-	97,587	3.55 %	1,273	2,749,347	76,639	
2012	46,809	-	-	-	5,209	18,621	14,960	5,568	-	91,167	3.30 %	1,185	2,759,607	76,925	
2013	69,153	-	-	-	3,709	17,622	13,686	9,630	-	113,800	3.82 %	1,469	2,977,990	77,455	
2014	68,314	-	-	-	-	15,907	12,625	27,928	-	124,774	4.22 %	1,594	2,955,383	78,280	
2015	67,077	-	-	-	403	14,902	11,530	41,830	30,000	165,742	5.25 %	2,072	3,155,888	79,985	
2016	65,670	-	-	-	1,332	13,999	7,412	63,405	30,000	181,818	5.37 %	2,236	3,388,594	81,310	

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 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
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General Bonded Debt Outstanding			Amounts Restricted for Debt Service	Net General Bonded Debt Outstanding	Assessed Value	Ratio of Bonded Debt to Assessed Value	Population (1)	General Bonded Debt Per Capita
	Full Faith & Credit Obligation Bonds	Limited Tax Improvement Bonds	Total						
2007	\$ 49,625	\$ 552	\$ 50,177	\$ 1,846	\$ 48,331	\$ 6,703,090	0.75 %	75,290	666
2008	52,890	261	53,151	1,878	51,273	7,294,514	0.73 %	77,780	683
2009	51,215	164	51,379	1,878	49,501	7,764,371	0.66 %	80,995	634
2010	51,515	-	51,515	1,918	49,597	8,108,159	0.64 %	82,280	626
2011	64,400	-	64,400	1,911	62,489	8,218,386	0.78 %	76,639	840
2012	65,430	-	65,430	1,997	63,433	8,193,497	0.80 %	76,925	851
2013	89,079	-	89,079	1,471	87,608	8,338,066	1.07 %	77,455	1,150
2014	84,221	-	84,221	2,559	81,662	8,779,653	0.96 %	78,280	1,076
2015	81,979	-	81,979	2,831	79,148	9,345,229	0.88 %	79,985	1,025
2016	79,669	-	79,669	3,287	76,382	10,007,089	0.80 %	81,310	980

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 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 Years Ended June 30, 2016

<u>Jurisdiction</u>	<u>Net Property - Tax Backed Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Bend (2)</u>	<u>Amount Applicable to City of Bend</u>
Direct Debt			
City of Bend	\$ 40,860,000 (3)	100.00 %	\$ 40,860,000
Overlapping Debt			
Bend Metro Park & Rec District	30,671,413	96.77 %	29,680,726
Central Oregon Community College	56,958,936	41.72 %	23,763,268
Central Oregon Regional Housing Authority	4,618,128	49.66 %	2,293,362
Deschutes County	19,650,000	49.66 %	9,758,190
Deschutes City SD 1 (Bend-Lapine)	251,877,720	68.20 %	171,780,605
HFA Deschutes County	111,750,000	49.66 %	55,495,050
High Desert ESD	3,830,601	45.52 %	1,743,690
Total overlapping debt	<u>479,356,798</u>	<u>61.40 %</u>	<u>294,514,891</u>
Total direct debt and overlapping debt	<u>\$ 520,216,798</u>	<u>64.50 %</u>	<u>\$ 335,374,891</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 Full Faith and Credit Obligations, limited-tax general obligation bonds and unlimited-tax general obligation bonds. \$36,960,806 of this total is backed by sources other than taxes. Total direct debt reported does not include Revenue Bonds and Notes Payable funded by water and water reclamation revenues.

(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

	<u>June 30, 2016</u>
Real market value	\$ 14,382,955,731
	<u>3 %</u>
General obligation debt limit at 3% of real market value	<u>431,488,672</u>
General obligation debt subject to limit per ORS 287A.050(1) *	77,862,137
Less: Funds applicable to the payment of principal thereof per ORS 287A.050(2)	
General obligation debt service fund	<u>(1,100,088)</u>
Net debt subject to 3% limitation	<u>76,762,049</u>
Legal debt margin	<u>\$ 354,726,623</u>
Debt capacity percent	82 %

<u>Fiscal Year</u>	<u>3% Debt Limit (1)</u>	<u>Net Debt Subject to 3% Limit (1)</u>	<u>Legal Debt Margin (1)</u>	<u>Debt Capacity Percent</u>
2007	\$ 386,014	\$ -	\$ 386,014	100 %
2008	503,550	-	503,550	100 %
2009	512,528	-	512,528	100 %
2010	450,144	-	450,144	100 %
2011	323,776	-	323,776	100 %
2012	295,949	-	295,949	100 %
2013	293,805	25,174	268,631	91 %
2014	318,074	24,039	294,035	92 %
2015	373,925	22,863	351,062	94 %
2016	431,489	76,762	354,727	82 %

Source:

Real Market Value obtained from Deschutes County Assessor's Office

Notes:

(1) Amounts expressed in thousands.

* General obligation debt subject to limit per ORS 287A.050(1) includes all Full Faith and Credit Obligations

Oregon Revised Statutes (ORS) 287A.050(2) states: "Unless the city charter provides a lesser limitation, a city may not issue or have outstanding at the time of issuance general obligation bonds in a principal amount that exceeds three percent of the real market value of the taxable property within its boundaries, calculated as provided in ORS 308.207."

City of Bend, Oregon
Rate Covenant - Pledged Revenue Coverage
Last ten fiscal years
(amounts expressed in thousands)

First Lien Water System Revenue Bonds										
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	First Lien Annual Debt Service (3)			Coverage Ratio	Monthly Metered Rate(5)	Monthly Flat Rate(6)	
				Principal	Interest	Total				
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	12.3	18.40	21.77	
2012	14,883	9,139	5,744	-	-	-	N/A	19.69	23.29	
2013	16,045	9,520	6,525	-	-	-	N/A	20.67	24.45	
2014	17,610	10,892	6,718	-	-	-	N/A	21.29	N/A	
2015	17,773	9,833	7,940	-	-	-	N/A	22.36	N/A	
2016	18,796	11,799	6,997	-	-	-	N/A	22.02	N/A	

Subordinated Lien Safe Drinking Water Loan										
Fiscal Year	Net Revenue Available for Debt Service	First Lien Annual Debt Service	Net Revenue Available for Subordinated Debt Service	Subordinated Lien Annual Debt Service (4)			Coverage Ratio	Monthly Metered Rate(5)	Monthly Flat Rate(6)	
				Principal	Interest	Total				
2013	\$ 6,526	\$ -	\$ 6,526	\$ 103	\$ 111	\$ 214	30.5	\$ 20.67	\$ 24.45	
2014	6,718	-	6,718	108	79	187	35.9	21.29	N/A	
2015	7,940	-	7,940	111	76	187	42.5	22.36	N/A	
2016	6,997	-	6,997	114	75	189	37.0	22.02	N/A	

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. The costs of interest during construction are credited against any interest incurred pursuant to Master Resolution No. 2121.
- (4) Annual debt service on subordinated notes payable.
- (5) Utility rates were modified on July 1, 2015 to include a base charge plus a volume charge. The metered charge represents the minimum water charge for a 3/4" meter. The additional water usage charge of \$1.82 per 100 cubic feet of consumption within the City also applies. Other charges apply according to meter size.
- (6) 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. As of 2014, this is no longer in the Fee Resolution.

City of Bend, Oregon
Rate Covenant - Pledged Revenue Coverage
Last ten fiscal years
(amounts expressed in thousands)

First Lien Sewer System Revenue Bonds

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	First Lien Annual Debt Service (3)			Coverage Ratio	Monthly Sewer Rate(4)
				Principal	Interest	Total		
				2007	\$ 11,389	\$ 5,759		
2008	11,933	6,984	4,949	770	496	1,266	3.9	25.18
2009	12,396	7,043	5,353	790	823	1,613	3.3	28.83
2010	13,213	7,634	5,579	1,160	833	1,993	2.8	33.01
2011	14,071	8,130	5,941	1,200	786	1,986	3.0	35.90
2012	16,082	8,595	7,487	1,230	667	1,897	3.9	39.49
2013	17,726	9,765	7,961	1,275	543	1,818	4.4	41.86
2014	19,275	10,689	8,586	1,060	507	1,567	5.5	44.37
2015	21,179	9,622	11,557	1,095	469	1,564	7.4	48.36
2016	23,826	12,899	10,927	-	364	364	30.0	32.24

Subordinated Clean Water State Revolving Fund Loans

Fiscal Year	Net Revenue Available for Debt Service	First Lien Annual Debt Service	Net Revenues Available for Subordinated Debt Service	Subordinated Lien Annual Debt Service (5)			Coverage Ratio	Monthly Sewer Rate(4)
				Principal	Interest	Total		
				2013	\$ 7,960	\$ 1,818		
2014	8,585	1,567	7,018	-	-	-	N/A	44.37
2015	11,557	1,564	9,993	204	-	204	49.0	48.36
2016	11,285	4,529	6,756	211	-	211	32.0	32.24

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. The costs of interest during construction are credited against any interest incurred pursuant to Master Resolution No. 2122.
- (4) Utility rates were modified on July 1, 2015 to include a base charge plus a volume charge. The monthly sewer charge represents the base charge for single residential. An additional volume charge of \$3.38 per 100 cubic feet of water use based on the Winter Quarter Average (WQA) also applies. WQA is used to exclude increased use due to irrigation. Septic sewage dumping is \$0.13/gallon.
- (5) Annual debt service on Subordinated Clean Water State Revolving Fund Loans issued pursuant to Master Resolution No. 2122. The costs of interest during construction are credited against any interest incurred pursuant to Master Resolution No. 2122.

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 (3)</u>	<u>Unemployment Rate (4)</u>
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	3,176,300	39,216	15,834	14.7
2010	82,280	32.5	2,532	2,896,585	35,204	15,719	13.4
2011	76,639	32.5	2,358	2,749,347	35,874	15,818	12.0
2012	76,925	32.5	2,367	2,759,607	35,874	15,519	10.5
2013	77,455	32.5	2,383	2,977,990	38,448	16,473	10.0
2014	78,280	32.5	2,409	2,955,383	37,754	16,863	8.1
2015	79,985	32.5	2,461	3,155,888	39,456	17,163	6.2
2016	81,310	32.5	2,502	3,388,594	41,675	17,517	5.2

Source:

- (1) Population figures obtained from Portland State University Population Research Center
- (2) Per capita personal income figures are for the Bend Metropolitan Statistical Area and are obtained from the US. Department of Commerce, Bureau of Economic Analysis. Although the Bureau of Economic Analysis provides annual revisions to prior year data, the City, for consistency, continues to report the data that was originally reported in prior years.
- (3) School enrollment figures obtained from Bend-LaPine Administrative School District No. 1 and does not include alternative schools.
- (4) 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. Seasonally adjusted data for metropolitan areas and metropolitan divisions based on the 2010 Office of Management and Budget (OMB) delineations were introduced on July 1, 2015.

City of Bend, Oregon
Principle Employers
For the fiscal years ended June 30, 2016 and June 30, 2007

Employer	Product or Service	2016			2007		
		Rank	Employees	Percentage of Total City Employment (1)	Rank	Employees	Percentage of Total City Employment (1)
St. Charles Medical Center	Health care	1	2,468	3.0 %	1	2,176	2.7 %
Bend-Lapine School Dist. No. 1	Education	2	1,797	2.2 %	3	1,661	2.1 %
Deschutes County	Government	3	1,062	1.3 %	2	850	1.1 %
COCC - Bend Campus	Education	4	884	1.1 %		-	- %
Mt. Bachelor Ski Resort	Recreation	5	769	0.9 %	4	765	1.0 %
Bend Memorial Clinic	Health care	6	679	0.8 %	9	480	0.6 %
City of Bend	Government	7	596	0.7 %	8	507	0.6 %
Dept of Forestry	Government	8	550	0.7 %		-	- %
IBEX Global (formerly iSKY)	Call center	9	545	0.7 %	5	700	0.9 %
Jeld Wen Window and Doors	Manufacture	10	517	0.6 %	6	550	0.7 %
Columbia Aircraft Manufacturing	Private Aircraft		-	- %	7	545	0.7 %
Hap and Taylor & Son	Construction		-	- %	10	450	0.6 %
	Total		9,867	12.0 %		8,684	11.0 %

Source:

Economic Development for Central Oregon, 2016 Bend Profile.

Note:

The above listing of principal employers represents major employers in Bend, Oregon

- (1) Percent of total city employment represents percent of employer's employees to total employment for the Bend Metropolitan Statistical Area of 81,310 for June 2016 and 79,948 for June 2007 (obtained from Bureau of Labor Statistics)

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

Fiscal Year	Construction Activity				Bank Deposits (1)
	Commercial		Residential		
	Units	Value	Units	Value	
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
2013	218	57,402	959	178,436	2,450,537
2014	225	117,995	1,126	251,939	2,682,783
2015	291	170,118	1,192	267,184	3,000,666
2016	311	162,559	1,400	332,161	3,839,584

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

<u>Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Administration, finance & legal	35.7	33.8	36.3	36.3	37.3	38.0	38.0	37.5	48.5	52.3
Information technology	11.0	11.0	12.5	12.5	13.0	13.0	14.0	14.0	17.0	22.0
Public works										
administration/laboratory	25.5	16.0	16.0	18.0	18.0	14.0	12.0	13.0	13.0	7.0
Facility management	4.0	5.0	5.0	5.0	5.0	4.5	3.0	3.0	4.0	5.0
Garage	7.0	9.0	8.0	8.0	8.0	8.0	7.0	6.7	6.7	7.7
Accessibility program	-	4.0	1.0	1.0	1.0	1.5	1.0	1.0	1.0	1.0
Economic development										
administration	3.5	3.5	2.5	2.0	1.8	2.0	2.0	2.0	2.0	2.0
Public Safety										
Police	111.5	110.0	110.0	110.0	110.0	108.0	108.0	112.0	120.0	122.0
Fire/EMS	84.0	87.8	85.8	85.8	89.8	87.8	87.5	85.5	112.7	129.2
Municipal Court	4.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public Ways and Facilities										
Street operations	32.0	31.0	32.0	31.0	31.0	31.0	31.0	34.5	38.5	41.0
Engineering	36.0	36.0	15.0	8.0	8.0	16.0	18.0	20.0	21.0	22.0
Community and Economic Development										
Community development										
administration	8.0	6.0	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Planning	28.0	33.0	16.0	13.0	13.0	13.0	12.0	15.0	14.0	15.0
Building	57.5	42.0	24.0	17.0	17.0	18.0	21.0	28.0	34.0	43.0
Private development engineering	-	-	-	2.0	2.0	1.0	1.0	4.0	6.0	8.0
Code enforcement	-	-	-	1.0	1.0	1.0	1.0	2.0	4.0	4.0
Growth management	-	-	-	-	-	-	-	-	8.0	8.5
Business advocacy	-	-	-	-	-	-	-	1.0	1.0	1.0
Community development block grant program	1.0	1.0	1.0	1.0	2.0	2.0	2.0	3.0	2.0	2.0
Other										
Urban renewal	1.0	2.0	1.0	-	-	-	-	-	-	-
Transit	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Airport	1.0	1.0	1.0	1.5	1.6	1.5	1.8	1.8	1.8	2.5
Water	26.0	30.0	31.0	26.5	26.5	29.5	30.5	29.5	32.0	38.0
Water reclamation	27.0	37.5	32.0	21.5	21.5	34.0	33.0	34.0	36.0	34.0
Stormwater	-	5.0	4.0	3.0	6.0	6.0	6.0	6.0	6.0	8.0
Utility support division	-	-	12.5	30.5	32.5	14.5	14.5	7.5	9.5	14.0
Data support division	-	-	-	-	-	-	-	5.0	5.0	6.0
Other business-type	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	507.7	511.6	457.6	441.6	453.0	450.3	450.3	472.0	549.7	601.2

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

<u>Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety										
Police:										
Physical arrest (1)	2,050.0	4,302.0	3,841.0	3,616.0	3,744.0	3,843.0	3,652.0	3,916.0	3,504.0	3,453.0
Traffic violations (1)	8,472.0	12,324.0	9,355.0	9,563.0	13,143.0	10,119.0	12,878.0	11,432.0	11,802.0	10,717.0
Calls for service	57,184.0	58,010.0	56,168.0	51,336.0	55,229.0	53,973.0	49,286.0	48,676.0	46,943.0	48,763.0
Fire/EMS:										
Fire responses	1,954.0	1,880.0	1,787.0	1,380.0	2,110.0	1,535.0	1,492.0	1,671.0	1,633.0	1,781.0
Ambulance response	5,764.0	5,842.0	5,785.0	6,096.0	6,649.0	6,484.0	6,755.0	7,292.0	7,585.0	7,928.0
Inspections conducted	3,229.0	3,382.0	3,473.0	2,919.0	2,298.0	2,073.0	1,476.0	1,385.0	1,271.0	2,015.0
Public Ways and Facilities										
Streets resurfaced (lane miles)	20.1	15.1	11.9	12.9	13.6	39.0	28.0	47.2	41.0	62.5
Streets cleaned (lane miles)	34,573.0	34,628.0	36,058.0	35,850.0	31,165.0	29,000.0	23,111.0	29,930.0	26,107.0	19,912.0
Street signs repaired/replaced	2,502.0	2,531.0	2,426.0	1,850.0	559.0	665.0	1,216.0	632.0	777.0	835.0
Community and Economic Development										
Permits issued	12,174.0	8,968.0	5,651.0	4,443.0	4,901.0	5,919.0	8,894.0	9,799.0	10,963.0	12,959.0
Building inspections performed	59,407.0	41,137.0	22,869.0	16,262.0	17,552.0	20,221.0	30,775.0	33,947.0	43,189.0	44,270.0
Transit (in thousands) (2)										
Total miles	413.0	365.0	318.0	414.0	416.0	-	-	-	-	-
Total service hours	40.0	40.0	35.0	35.0	36.0	-	-	-	-	-
Total rides	301.0	326.0	354.0	377.0	434.0	-	-	-	-	-
Water										
New connections	998.0	514.0	122.0	107.0	419.0	147.0	377.0	667.0	597.0	769.0
Maximum Day Demand (MDD) (million gallons)	26.0	28.5	29.2	27.0	25.6	21.9	22.0	24.8	25.9	27.1
Water Reclamation										
New connections	1,006.0	483.0	208.0	216.0	260.0	373.0	566.0	555.0	1,146.0	1,423.0
Daily average treatment (million gallons)	5.8	6.2	5.8	5.6	5.4	5.5	5.4	5.7	5.8	5.8
Sewerlines cleaned (miles)	70.0	75.0	108.5	122.0	105.4	126.7	78.1	94.7	97.7	46.3
Downtown Parking										
Tickets issued	7,243.0	13,611.0	13,713.0	14,506.0	14,813.0	11,194.0	10,378.0	11,574.0	13,671.0	15,271.0
Permits issued	4,808.0	5,142.0	4,823.0	4,596.0	5,669.0	5,004.0	4,779.0	5,337.0	6,923.0	8,009.0

(1) Physical Arrests and Traffic Violation figures were corrected back to 2013 in Fiscal Year 2016

(2) All transit assets contributed to the Central Oregon Intergovernmental Council for the operation of transit services.

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

<u>Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety										
Police:										
Main station	1	1	1	1	1	1	1	1	1	1
Patrol units	29	29	31	32	37	37	37	37	37	37
Fire/EMS stations	5	5	5	5	5	5	5	5	5	5
Public Ways and Facilities										
Street (lane miles) (1)	736	748	783	825	825	831	1,157	1,157	1,161	1,143
Streetlights (2)	2,051	2,102	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,595
Traffic signals (3)	57	59	60	65	65	65	65	36	35	35
Transit										
Buses (4)	27	27	28	27	32	-	-	-	-	-
Airport										
Runway (feet)	5,005	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Hangars	14	14	14	15	15	15	15	15	15	15
Water										
Water mains (miles)	410	445	475	475	455	461	463	466	475	479
Reservoirs	13	15	15	18	16	16	16	16	16	16
Wells	16	16	16	16	23	22	23	23	23	23
Fire hydrants	4,900	4,945	4,984	5,074	5,061	5,073	5,108	5,168	5,245	5,285
Total Reservoir Capacity (million gallons)	34.0	34.0	34.0	31.0	31.0	31.0	30.4	30.4	30.4	30.5
Service connections	22,313	22,827	22,949	23,056	23,475	23,622	23,999	23,457	24,228	24,997
Water Reclamation										
Treatment plant	1	1	1	1	1	1	1	1	1	1
Sewerlines (miles)	450	450	432	424	430	430	412	446	453	457
Large pump stations	92	93	93	88	88	88	88	88	88	88
Small pump stations	271	271	271	324	325	325	326	326	326	326
Maximum daily capacity of plant (million gallons)	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	20.8
Service connections	26,373	26,856	27,064	27,280	27,540	27,913	28,479	27,420	28,672	30,095
Downtown Parking										
Parking garages	1	1	1	1	1	1	1	1	1	1

(1) Now includes bike paths and paved shoulders; GIS based calculations

(2) Includes CEC (146), PPL (2,103) and City of Bend (346)

(3) 2014-Removed state-owned signals from count; 1 City signal installation removed

(4) All transit assets contributed to Central Oregon Intergovernmental Council for the operation of transit services.

COMPLIANCE SECTION



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

Honorable Mayor and City Council
City of Bend, Oregon
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, 2016, and have issued our report thereon dated March 20, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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 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).



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

Page 2

COMPLIANCE (Continued)

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*, except as follows:

- The Facility Management Division Fund reported an over-expenditure of \$245,267 in capital outlay expenditures.
- The Administration and Financial Services Division Fund reported an over-expenditure of \$2,250 in transfers out.
- The Legal and Risk Management Division Fund reported an over-expenditure of \$8 in transfers out.
- The Administration and Financial Services Division Fund reported a deficit net position of \$739,629 on a GAAP basis.
- The Legal and Risk Management Division Fund reported a deficit net position of \$134,724 on a GAAP basis.

OAR 162-10-0230 INTERNAL CONTROL

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

RESTRICTIONS ON USE

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

Talbot, Kowola & Warwick LLP

Lake Oswego, Oregon
March 20, 2017

SINGLE AUDIT COMPLIANCE



**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**

INDEPENDENT AUDITOR'S REPORT

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

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& Warwick, LLP**

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We have audited, in accordance with the 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, 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Talbot, Kowola & Warwick LLP

Lake Oswego, Oregon
March 20, 2017



ACHIEVE MORE

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the City of Bend, Oregon (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. 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.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the City complied, in all material respects, with the types of 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, 2016.



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Talbot, Kowala & Warwick LLP

Lake Oswego, Oregon
March 20, 2017

City of Bend, Oregon
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2016

<u>Federal Grantor/ Pass-through Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Total Federal Expenditures</u>	<u>Amount Paid to Subrecipients</u>
<u>Department of Housing and Urban Development</u>				
Direct				
Community Development Block Grants - Entitlement Grants Cluster				
CDBG/Entitlement Grants	14.218	n/a	\$ 716,411	\$ 611,030
Total CDBG - Entitlement Grants Cluster			<u>716,411</u>	
Pass-through				
Oregon Housing and Community Services				
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)	14.256	n/a	400,103	-
Total Department of Housing and Urban Development			1,116,514	
<u>Department of Justice</u>				
Direct				
Bureau of Justice Assistance				
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2013-MO-BX-0022	50,887	-
Pass-through				
Oregon Department of Justice/Deschutes County				
Office of National Drug Crime Prevention - High Intensity Drug Trafficking Area Program	95.001	None	25,744	-
Total Department of Justice			76,631	
<u>Department of Transportation</u>				
Direct				
Federal Aviation Administration				
Airport Improvement Program	20.106	n/a	579,973	-
Pass-through				
Highway Safety Cluster				
Oregon Department of Transportation				
Drug Recognition Expert	20.601	n/a	<u>244</u>	-
Total Highway Safety Cluster			<u>244</u>	
Total Department of Transportation			580,217	
<u>Department of General Services Administration</u>				
Pass-through				
Oregon Department of Administrative Services:				
Donation of Federal Surplus Personal Property	39.003	n/a	222	-
Total Department of General Services Administration			222	
<u>Environmental Protection Agency</u>				
Pass-through				
Clean Water State Revolving Fund Cluster				
State of Oregon Department of Environmental Quality				
Capitalization Grants for Clean Water State Revolving Funds	66.458	R14511	1,951,336	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	R14513	273,721	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	R14515	4,128,805	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	R14516	<u>6,876,743</u>	-
Total Clean Water State Revolving Fund Cluster			<u>13,230,605</u>	
Total Environmental Protection Agency			13,230,605	

City of Bend, Oregon
Schedule of Expenditures of Federal Awards (Continued)
For the fiscal year ended June 30, 2016

<u>Federal Grantor/ Pass-through Agency/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Total Federal Expenditures</u>	<u>Amount Paid to Subrecipients</u>
<u>Department of Energy</u>				
Direct				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) (Recovery Act Funded)	81.128	n/a	6,633	-
Total Department of Energy			6,633	
<u>Department of Homeland Security</u>				
Direct				
USDA - Forest Service Fire Management Assistance Grant	97.046	n/a	77,061	-
Pass-through				
State of Oregon Department of Forestry	97.046	n/a	6,058	-
Total Department of Homeland Security			83,119	
Total Federal Expenditures			\$ 15,093,940	\$ 611,030

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of Bend under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Loans Receivable

The City had the following gross loan balances from current and prior year federal expenditures outstanding at June 30, 2016

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Loans Receivable</u>
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) (Recovery Act Funded)	81.128	\$ 175,418
Community Development Block Grants/Entitlement Grants	14.218	1,011,530
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)	14.256	2,273,670
		<u>\$ 3,460,618</u>

Note 4 - Program Income

The City received Program Income from repayment of federally funded loans receivable and/or interest income on repaid funds which accounted for a portion of federal expenditures for the associated Federal CFDA Number.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)	14.256	\$ 400,103
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) (Recovery Act Funded)	81.128	6,633
Community Development Block Grants/Entitlement Grants	14.218	26,089
		<u>\$ 432,825</u>

In addition, in fiscal year 2015-2016, the City received \$107,530 from loan repayment of federally funded Neighborhood Stabilization loans that have not yet been lent back out as of June 30, 2016.

City of Bend, Oregon
Schedule of Expenditures of Federal Awards (Continued)
For the fiscal year ended June 30, 2016

Note 5 - Revenue Recognition

The City received pass-through federal revenue of \$6,058 from the Department of Homeland Security in fiscal year 2015-2016 for expenditures of a prior fiscal year.

Note 6 - Outstanding Loans

The City has an outstanding loan balance payable of \$2,370,949 in Oregon Business Development Department Capitalization Grants for Safe Drinking Water Revolving Loan Funds (Federal CFDA Number 66.468).

The City has an outstanding loan balance payable of \$18,833,534 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458). The federally funded portion of this loan is \$2,415,248.

The City has an outstanding loan balance payable of \$5,067,881 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458).

The City has an outstanding loan balance payable of \$3,778,548 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458). The federally funded portion of this loan is \$3,636,412.

The City has an outstanding loan balance payable of \$13,663,853 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458). The federally funded portion of this loan is \$8,181,776.

The City has an outstanding loan balance payable of \$8,400,159 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458). The federally funded portion of this loan is \$4,128,805.

The City has an outstanding loan balance payable of \$10,516,546 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458). The federally funded portion of this loan is \$7,130,190.

CITY OF BEND, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
20.106	Airport Improvement Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

CITY OF BEND, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016

Finding 2015-001

Federal Program: CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds

Agency: Environmental Protection Agency

Audit Finding: In accordance with OMB Circular A-133, the City is required to maintain a structure of internal control to ensure compliance with suspension and debarment requirements. The authoritative requirements for maintaining internal control are contained in OMB Circular A-133 § ____,300 (b). The City did not check the excluded parties list before entering into contracts exceeding \$25,000 as required. In addition, the City lacked effective review of required checks for suspension and debarment of parties with whom the City entered into contract agreements.

Corrective Action Taken: The City implemented policies, procedures and a contracting checklist to ensure documentation is maintained as evidence that required review is completed for suspension and debarment for contracts under federal programs.